



Enabling discovery, safety and  
production of tomorrow's therapeutics

# NASDAQ: HBIO Q3'23 Earnings Presentation

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Jennifer Cote, CFO & Treasurer  
November 07, 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 financial and operational performance including revenues, gross margins, earnings, cash and debt position, growth and the introduction of new products, 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 document includes non-GAAP financial information including one or more of adjusted operating income (loss), adjusted net income (loss), adjusted EBITDA, adjusted EBITDA margin, adjusted diluted earnings (loss) per share, foreign exchange adjusted revenue, net debt and net leverage ratio. 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, litigation settlement, restructuring and other costs, unrealized gain/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 forward-looking measures, we provide an outlook for adjusted EBITDA margin, and net leverage ratio. Many of the items that we exclude from these forward-looking measure calculations 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 reported net income and other 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: Q3'23 Highlights

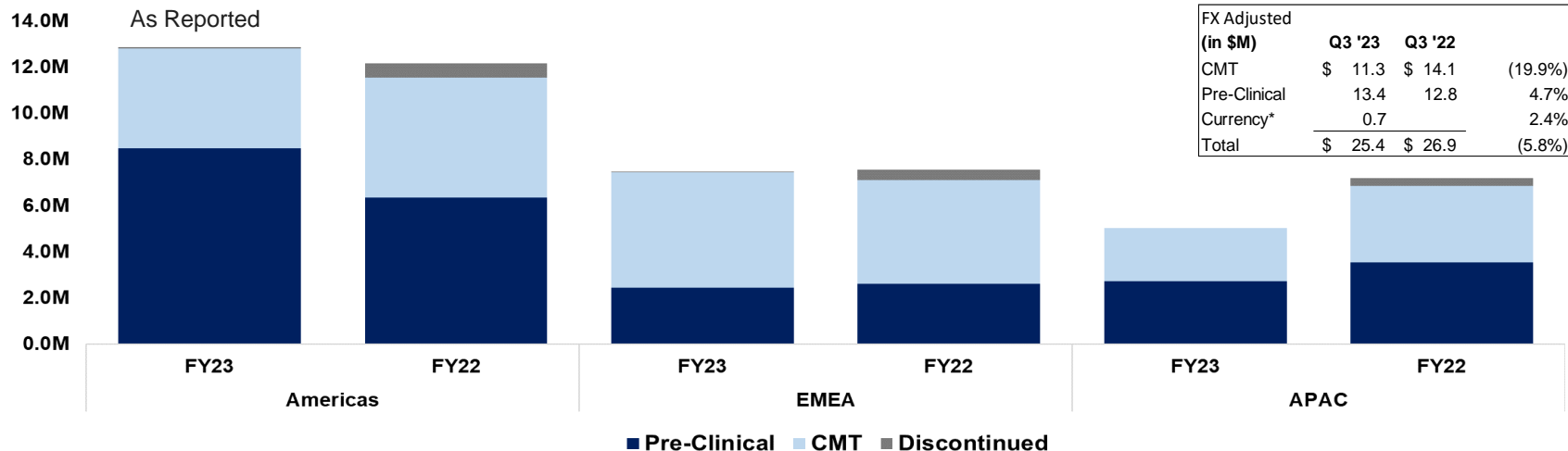
*Strong growth in Americas impacted by post-Covid-19 headwinds from Asia Pacific*

*\$ Million except  
per share data*

<b>Income Statement Components</b>	<b>Q3' 2023</b>	<b>Q3' 2022</b>
<b>Revenue (GAAP)</b>	<b>25.4</b>	<b>26.9</b>
Growth Rate	-5.8%	
<b>Favorable FX Impact</b>	<b>0.7</b>	
<b>Net Reduction in Discontinued Products vs Q3'22</b>	<b>(1.3)</b>	
<b>Gross Margin</b>	<b>14.7</b>	<b>12.2</b>
% of Revenue	58.1%	45.2%
<b>Adj. Operating Profit*</b>	<b>1.8</b>	<b>0.7</b>
% of Revenue	7.3%	2.6%
<b>Adj. EBITDA*</b>	<b>2.2</b>	<b>1.0</b>
% of Revenue	8.9%	3.9%
<b>Diluted (Loss) per Share</b>	<b>(0.03)</b>	<b>(0.08)</b>
<b>Adj. Diluted Earnings (Loss) per Share*</b>	<b>0.01</b>	<b>(0.01)</b>
<b>Cash Flows from Operations (GAAP)</b>	<b>4.4</b>	<b>0.6</b>

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

# Q3'23 Revenue by Geography: Challenges in APAC



## Americas

- **Overall:** Up 5.9% as reported, includes 5.2% net reduction in discontinued products
- **Pre-clinical:** Strong growth in Telemetry and Ponemah enterprise software with modest reductions in respiratory
- **CMT:** Down, with decreases in discontinued products and cell-based testing systems

## EMEA

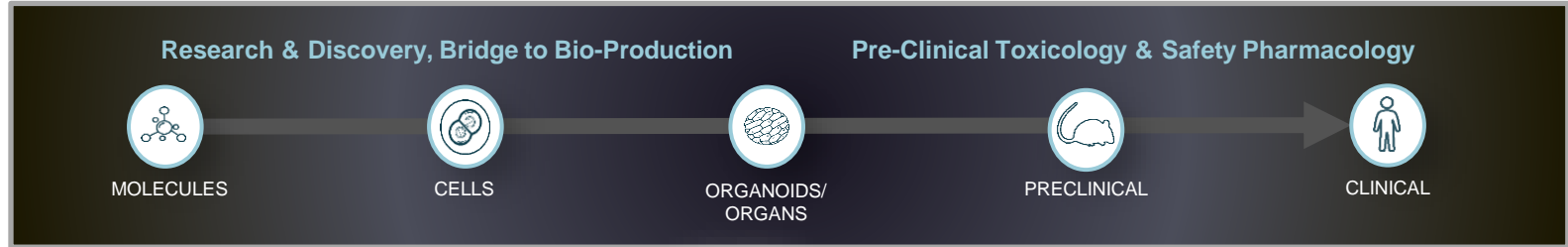
- **Overall:** Down 1.4% as reported, includes 6.2% net reduction in discontinued products, positive FX impact of 7.7%
- **Pre-clinical:** Down modestly
- **CMT:** Up modestly with increases in cell-based testing systems largely offset by decline in discontinued products.

## APAC

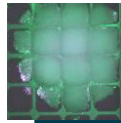
- **Overall:** Down 30% as reported, includes 3% net reduction in discontinued products, negative FX impact of 1.5%
- **Pre-clinical:** Down substantially from decrease in post COVID Respiratory demand, Telemetry & Ponemah remained roughly about flat
- **CMT:** Down, with decreases in discontinued products and the CMT product line generally

\* Global currency impact was \$0.4 for CMT and \$0.3 for Preclinical

# NPI: Maintain Leadership in Academia, Expand in Industrials of CRO/Pharma



## Showcasing at SfN



### Mesh MEA Organoid Platform

- Advanced technology builds on leadership position in *in vitro* MEAs for academic discovery
- Allows electrophysiology measurements from inside the organoid in real time
- Targets emerging use of organoids in research and pharma/therapy development and government/academic labs



### VivaMARS™ Behavior Monitoring System

- Builds on Ponemah™ preclinical software platform and Panlab® activity monitoring technology
- Supports longitudinal studies by leading research and academic institutes
- Provides hi throughput, GLP-compliant solution ideal for CRO and pharma customers
- Initial CRO customer delivery expected in Q4



### SoHo™ Implantable Telemetry Solution

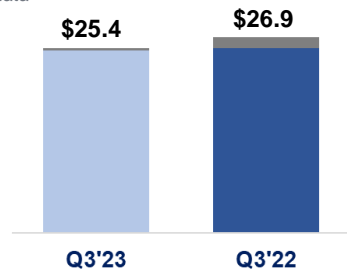
- Next gen implantable telemetry solution for small animal models
- Integrated with Ponemah™ preclinical platform
- Supports concurrent data collection from multiple models in a shared housing environment
- Improved throughput and test cycle times support reduced customer operating cost and revenue growth

# Financials

# Q3'23 Performance versus Q3'22

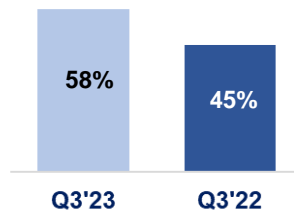
\$ Million except  
per share data

## REVENUE



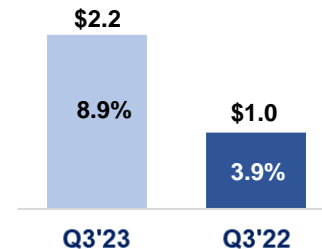
Q3'23 Revenue includes \$0.1 million and Q3'22 includes \$1.4 million in sales of discontinued products

## GROSS MARGIN

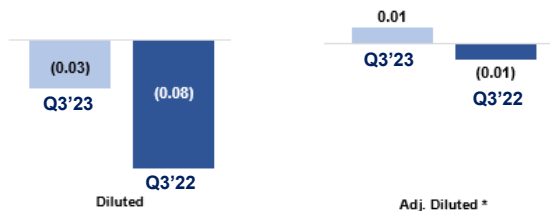


Q3'22 includes \$1.3 million inventory charge related to discontinued products

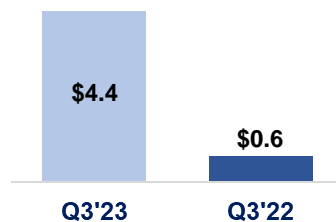
## ADJUSTED EBITDA\*



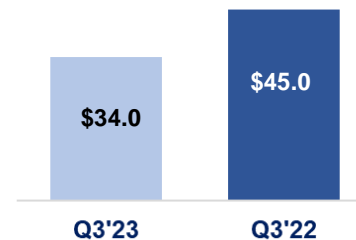
## (LOSS) EARNINGS PER SHARE



## CASH FLOW FROM OPERATIONS



## NET DEBT\*



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

# 2023 Outlook



# 2023 Full Year Outlook

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## For FY2023, we expect:

- Reported revenue roughly flat compared to prior year, includes approx. 5 percentage points of discontinued products compared to 2022
- Gross Margins to remain strong in the 60% range
- Adjusted EBITDA margins in the 13% to 14% range
- Improved EBITDA and cash flow from operations support significant debt pay down in FY 2023
- Reduce net leverage to ~2X level by end of 2023



*New Product Introductions and Service Offerings to Drive Future Growth*

# Appendix

# Reconciliation to GAAP P&L

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>GAAP operating (loss) income</b>	<b>\$ (933)</b>	<b>\$ (3,762)</b>	<b>\$ 1,612</b>	<b>\$ (6,476)</b>
Stock-based compensation	1,363	1,139	3,618	3,401
Acquired asset amortization	1,369	1,596	4,167	4,588
Restructuring & other	42	2,273	450	4,924
Settlement	-	(544)	-	(311)
<b>Adjusted operating income</b>	<b>\$ 1,841</b>	<b>\$ 702</b>	<b>\$ 9,847</b>	<b>\$ 6,126</b>
Operating margin	-3.7%	-14.0%	1.9%	-7.6%
Adjusted operating margin	7.3%	2.6%	11.7%	7.2%
<b>GAAP net loss</b>	<b>\$ (1,239)</b>	<b>\$ (3,405)</b>	<b>\$ (1,597)</b>	<b>\$ (7,850)</b>
Stock-based compensation	1,363	1,139	3,618	3,401
Acquired asset amortization	1,369	1,596	4,167	4,588
Restructuring & other	42	2,193	46	4,844
Settlement	-	(544)	-	(311)
Unrealized (gain) loss on equity securities	(1,208)	-	374	-
Income taxes	196	(1,244)	(1,919)	(1,409)
<b>Adjusted net income (loss)</b>	<b>523</b>	<b>(265)</b>	<b>4,689</b>	<b>3,263</b>
Depreciation	405	341	1,054	1,024
Interest and other expense, net	837	1,006	3,095	1,889
Adjusted income taxes (1)	481	(41)	2,063	972
<b>Adjusted EBITDA</b>	<b>\$ 2,246</b>	<b>\$ 1,041</b>	<b>\$ 10,901</b>	<b>\$ 7,148</b>
Adjusted EBITDA margin	8.9%	3.9%	13.0%	8.4%
<b>Diluted loss per share (GAAP)</b>	<b>\$ (0.03)</b>	<b>\$ (0.08)</b>	<b>\$ (0.04)</b>	<b>\$ (0.19)</b>
<b>Diluted adjusted earnings (loss) per share</b>	<b>\$ 0.01</b>	<b>\$ (0.01)</b>	<b>\$ 0.11</b>	<b>\$ 0.08</b>
Weighted-average common shares:				
Diluted GAAP	42,688	41,637	42,345	41,353
Diluted Adjusted	44,563	41,637	44,195	42,665
	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<b>Debt, including unamortized deferred financing costs</b>	<b>\$ 38,743</b>	<b>\$ 41,423</b>	<b>\$ 46,824</b>	<b>\$ 49,254</b>
Unamortized deferred financing costs	630	700	840	910
Cash and cash equivalents	(5,340)	(4,324)	(4,508)	(5,144)
<b>Net debt</b>	<b>\$ 34,033</b>	<b>\$ 37,799</b>	<b>\$ 43,156</b>	<b>\$ 45,020</b>

(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.

Net leverage ratio is defined herein as net debt divided by our trailing twelve months adjusted EBITDA.



**HB**