

REFINITIV

# DELTA REPORT

## 10-Q

HBIOV - HARVARD BIOSCIENCE INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1280

<span style="color: yellow;">█</span>	CHANGES	120
<span style="color: pink;">█</span>	DELETIONS	721
<span style="color: green;">█</span>	ADDITIONS	439

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549  
FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2023 March 31, 2024

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number 001-33957

HARVARD BIOSCIENCE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

04-3306140

(State or other jurisdiction of Incorporation or  
organization)

(I.R.S. Employer Identification No.)

84 October Hill Road, Holliston, Massachusetts 01746

(Address of Principal Executive Offices, including zip code)

(508) 893-8999

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	HBIO	The Nasdaq Global Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of **October 31, 2023** **April 30, 2024**, there were **42,688,246** **43,429,626** shares of the registrant's common stock issued and outstanding.

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## HARVARD BIOSCIENCE, INC.

### FORM 10-Q

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**PART I. FINANCIAL INFORMATION****Item 1.****Item 1. Financial Statements.****HARVARD BIOSCIENCE, INC.****CONSOLIDATED BALANCE SHEETS****(Unaudited, in thousands, except share and per share data)**

	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,340	\$ 4,508
Accounts receivable, net	14,983	16,705
Inventories	25,818	26,439
Other current assets	4,345	3,472
Total current assets	50,486	51,124
Property, plant and equipment, net	3,358	3,366
Operating lease right-of-use assets	5,061	5,816
Goodwill	56,222	56,260
Intangible assets, net	17,095	21,014
Other long-term assets	7,513	7,780
Total assets	<u><u>\$ 139,735</u></u>	<u><u>\$ 145,360</u></u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		

Current portion of long-term debt	\$ 3,470	\$ 3,811
Current portion of operating lease liabilities	2,125	2,135
Accounts payable	6,269	6,447
Deferred revenue	4,005	3,370
Other current liabilities	8,336	7,486
Total current liabilities	24,205	23,249
Long-term debt, net	35,273	43,013
Deferred tax liability	661	590
Operating lease liabilities	4,418	5,282
Other long-term liabilities	892	1,006
Total liabilities	65,449	73,140
Commitments and contingencies - Note 13		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized	-	-
Common stock, par value \$0.01 per share, 80,000,000 shares authorized:		
42,688,246 shares issued and outstanding at September 30, 2023;		
42,081,707 shares issued and outstanding at December 31, 2022	457	454
Additional paid-in-capital	232,896	229,008
Accumulated deficit	(143,787 )	(142,190 )
Accumulated other comprehensive loss	(15,280 )	(15,052 )
Total stockholders' equity	74,286	72,220
Total liabilities and stockholders' equity	\$ 139,735	\$ 145,360

See accompanying notes to condensed consolidated financial statements.

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### HARVARD BIOSCIENCE, INC.

#### CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022

Revenues	\$ 25,363	\$ 26,922	\$ 84,097	\$ 84,908
Cost of revenues	10,636	14,750	34,351	39,922
Gross profit	14,727	12,172	49,746	44,986
Sales and marketing expenses	5,732	5,819	17,888	19,093
General and administrative expenses	5,807	6,324	17,494	18,630
Research and development expenses	2,760	2,763	8,614	9,480
Amortization of intangible assets	1,361	1,572	4,138	4,492
Litigation settlement - Note 14	-	(544 )	-	(233 )
Total operating expenses	15,660	15,934	48,134	51,462
Operating (loss) income	(933 )	(3,762 )	1,612	(6,476 )
Other income (expense):				
Unrealized gain (loss) on equity securities - Note 14	1,208	-	(373 )	-
Interest expense	(882 )	(749 )	(2,797 )	(1,648 )
Other income (expense), net	45	(179 )	105	(163 )
Total other income (expense)	371	(928 )	(3,065 )	(1,811 )
Loss before income taxes	(562 )	(4,690 )	(1,453 )	(8,287 )
Income tax expense (benefit)	677	(1,285 )	144	(437 )
Net loss	\$ (1,239 )	\$ (3,405 )	\$ (1,597 )	\$ (7,850 )
Loss per share:				
Basic and diluted loss per share	\$ (0.03 )	\$ (0.08 )	\$ (0.04 )	\$ (0.19 )
Weighted-average common shares:				
Basic and diluted	42,688	41,637	42,345	41,353

### HARVARD BIOSCIENCE, INC.

### CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except share and per share data)

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,255	\$ 4,283
Accounts receivable, net	15,309	16,099
Inventories	24,136	24,716
Other current assets	4,448	3,940
Total current assets	48,148	49,038
Property, plant and equipment, net	4,492	3,981
Operating lease right-of-use assets	4,359	4,773
Goodwill	56,699	57,065
Intangible assets, net	14,678	16,036
Other long-term assets	4,785	6,473
Total assets	<u>\$ 133,161</u>	<u>\$ 137,366</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,720	\$ 5,859
Current portion of operating lease liabilities	1,197	1,416
Accounts payable	6,044	5,554
Contract liabilities	4,388	4,508
Other current liabilities	10,328	9,205
Total current liabilities	25,677	26,542
Long-term debt, net	31,890	30,704
Deferred tax liability	772	776
Operating lease liabilities	4,557	4,794
Other long-term liabilities	1,453	1,476
Total liabilities	64,349	64,292
Commitments and contingencies - Note 13		
Stockholders' equity:		
Preferred stock, par value \$0.01 per share, 5,000,000 shares authorized	-	-

Common stock, par value \$0.01 per share, 80,000,000 shares authorized:		
43,421,251 shares issued and outstanding at March 31, 2024; 43,394,509 shares issued and outstanding at December 31, 2023	434	434
Additional paid-in-capital	233,451	232,435
Accumulated deficit	(150,299 )	(145,605 )
Accumulated other comprehensive loss	(14,774 )	(14,190 )
Total stockholders' equity	68,812	73,074
Total liabilities and stockholders' equity	\$ 133,161	\$ 137,366

See accompanying notes to condensed consolidated financial statements.

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<b>HARVARD BIOSCIENCE, INC.</b>			
CONSOLIDATED STATEMENTS OF OPERATIONS			
(Unaudited, in thousands, except per share data)			
			Three Months Ended March 31,
	2024	2023	
Revenues	\$ 24,512	\$ 29,975	
Cost of revenues	9,740	11,629	
Gross profit	<u>14,772</u>	<u>18,346</u>	
Sales and marketing expenses	5,904	5,978	
General and administrative expenses	5,963	6,334	
Research and development expenses	2,885	2,897	
Amortization of intangible assets	1,333	1,388	
Other operating expenses	966	-	
Total operating expenses	<u>17,051</u>	<u>16,597</u>	
Operating (loss) income	<u>(2,279 )</u>	<u>1,749</u>	

Other (expense) income:			
Interest expense		(751 )	(974 )
Loss on equity securities - Note 6		(1,312 )	-
Other (expense) income, net		(142 )	432
Total other (expense) income		(2,205 )	(542 )
(Loss) income before income taxes		(4,484 )	1,207
Income tax expense		210	585
Net (loss) income	\$	(4,694 )	\$ 622
(Loss) income per share:			
Basic (loss) income per share	\$	(0.11 )	\$ 0.01
Diluted (loss) income per share	\$	(0.11 )	\$ 0.01
Weighted-average common shares:			
Basic		43,402	42,119
Diluted		43,402	42,783

**HARVARD BIOSCIENCE, INC.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited, in thousands) See accompanying notes to condensed consolidated financial statements.

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2023	2022	2023	2022
Net loss	\$ (1,239 )	\$ (3,405 )	\$ (1,597 )	\$ (7,850 )
Other comprehensive (loss) income:				
Foreign currency translation				
adjustments	(1,343 )	(2,936 )	(354 )	(6,152 )
Derivatives qualifying as hedges, net				
of tax	117	-	126	-

Other comprehensive loss	(1,226 )	(2,936 )	(228 )	(6,152 )
Comprehensive loss	\$ (2,465 )	\$ (6,341 )	\$ (1,825 )	\$ (14,002 )

		Three Months Ended March 31,	
		2024	2023
Net (loss) income		\$ (4,694 )	\$ 622
Other comprehensive (loss) income:			
Foreign currency translation adjustments		(783 )	837
Derivative instruments qualifying as cash flow hedges, net of tax of \$-0-		199	(440 )
Other comprehensive (loss) income		(584 )	397
Comprehensive (loss) income		\$ (5,278 )	\$ 1,019

See accompanying notes to condensed consolidated financial statements.

		Accumulated					
Three Months Ended	Number	Additional			Other	Total	
	of	Shares	Common	Paid-in	Accumulated	Comprehensive	Stockholders'
		Issued	Stock	Capital	Deficit	Loss	Equity
March 31, 2024							
Balance at							
December 31, 2023		43,395	\$ 434	\$ 232,435	\$ (145,605 )	\$ (14,190 )	\$ 73,074
Stock option exercises		4	-	15	-	-	15

Vesting of restricted stock units	34	-	-	-	-	-	-
Shares withheld for taxes	(12 )	-	(47 )	-	-	-	(47 )
Stock-based compensation expense	-	-	1,048	-	-	-	1,048
Net loss	-	-	-	(4,694 )	-	-	(4,694 )
Other comprehensive loss	-	-	-	-	-	(584 )	(584 )
Balance at March 31, 2024	<u>43,421</u>	<u>\$ 434</u>	<u>\$ 233,451</u>	<u>\$ (150,299 )</u>	<u>\$ (14,774 )</u>	<u>\$ 68,812</u>	
						Accumulated	
Three Months Ended	Number of	Common	Additional	Other	Total		
March 31, 2023	Shares Issued	Common Stock	Paid-in Capital	Accumulated Deficit	Comprehensive Loss	Stockholders' Equity	
Balance at December 31, 2022	42,082	\$ 454	\$ 229,008	\$ (142,190 )	\$ (15,052 )	\$ 72,220	
Stock option exercises	39	1	103	-	-	104	
Vesting of restricted stock units	125	-	-	-	-	-	
Shares withheld for taxes	(56 )	-	(156 )	-	-	(156 )	
Stock-based compensation expense	-	-	1,153	-	-	1,153	
Net income	-	-	-	622	-	622	

Other								
comprehensive								
income	-	-	-	-	-	-	397	397
Balance at March 31,								
2023	<u>42,190</u>	<u>\$ 455</u>	<u>\$ 230,108</u>	<u>\$ (141,568 )</u>	<u>\$ (14,655 )</u>	<u>\$ 74,340</u>		

See accompanying notes to condensed consolidated financial statements.

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HARVARD BIOSCIENCE, INC.							
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY							
(Unaudited, in thousands)							
Three Months Ended		Number		Additional		Other	
		of					
September 30, 2023		Shares	Common	Paid-in	Accumulated	Comprehensive	Stockholders'
		Issued	Stock	Capital	Deficit	Loss	Equity
Balance at June 30,							
2023		42,688	\$ 457	\$ 231,533	\$ (142,548 )	\$ (14,054 )	\$ 75,388
Stock-based							
compensation							
expense		-	-	1,363	-	-	1,363
Net loss		-	-	-	(1,239 )	-	(1,239 )
Other							
comprehensive							
loss		-	-	-	-	(1,226 )	(1,226 )

Balance	at							
September 30, 2023		42,688	\$ 457	\$ 232,896	\$ (143,787)	\$ (15,280)	\$ 74,286	
<b>Accumulated</b>								
Three Months								
Ended		Number		Additional		Other		Total
		of						
September 30, 2022		Shares	Common	Paid-in	Accumulated	Comprehensive	Stockholders'	
		Issued	Stock	Capital	Deficit	Loss	Equity	
Balance at June 30,								
2022		41,500	\$ 453	\$ 227,413	\$ (137,119)	\$ (13,243)	\$ 77,504	
Stock option exercises		24	-	64	-	-	-	64
Vesting of restricted stock units		233	-	-	-	-	-	-
Shares withheld for taxes		(100)	-	(387)	-	-	-	(387)
Stock-based compensation expense		-	-	1,139	-	-	-	1,139
Net loss		-	-	-	(3,405)	-	-	(3,405)
Other comprehensive loss		-	-	-	-	(2,936)	-	(2,936)
Balance	at							
September 30, 2022		41,657	\$ 453	\$ 228,229	\$ (140,524)	\$ (16,179)	\$ 71,979	
<b>Accumulated</b>								
Nine Months Ended		Number		Additional		Other		Total
		of						
September 30, 2023		Shares	Common	Paid-in	Accumulated	Comprehensive	Stockholders'	
		Issued	Stock	Capital	Deficit	Loss	Equity	
Balance	at							
December 31, 2022		42,082	\$ 454	\$ 229,008	\$ (142,190)	\$ (15,052)	\$ 72,220	

Stock option exercises	214	3	506	-	-	509
Stock purchase plan	91	-	215	-	-	215
Vesting of restricted stock units	413	-	-	-	-	-
Shares withheld for taxes	(112 )	-	(451 )	-	-	(451 )
Stock-based compensation expense	-	-	3,618	-	-	3,618
Net loss	-	-	-	(1,597 )	-	(1,597 )
Other comprehensive loss	-	-	-	-	(228 )	(228 )
Balance at September 30, 2023	<u>42,688</u>	<u>\$ 457</u>	<u>\$ 232,896</u>	<u>\$ (143,787 )</u>	<u>\$ (15,280 )</u>	<u>\$ 74,286</u>
<b>Accumulated</b>						
Nine Months Ended	<b>Number</b>		<b>Additional</b>		<b>Other</b>	<b>Total</b>
	<b>of</b>					
September 30, 2022	<b>Shares</b>	<b>Common</b>	<b>Paid-in</b>	<b>Accumulated</b>	<b>Comprehensive</b>	<b>Stockholders'</b>
	<b>Issued</b>	<b>Stock</b>	<b>Capital</b>	<b>Deficit</b>	<b>Loss</b>	<b>Equity</b>
Balance at December 31, 2021	41,143	\$ 452	\$ 225,650	\$ (132,674 )	\$ (10,027 )	\$ 83,401
Stock option exercises	40	1	106	-	-	107
Stock purchase plan	78	-	239	-	-	239
Vesting of restricted stock units	628	-	-	-	-	-
Shares withheld for taxes	(232 )	-	(1,167 )	-	-	(1,167 )

Stock-based compensation expense	-	-	3,401	-	-	3,401
Net loss	-	-	-	(7,850 )	-	(7,850 )
Other comprehensive loss	-	-	-	-	(6,152 )	(6,152 )
Balance at September 30, 2022	<u>41,657</u>	<u>\$ 453</u>	<u>\$ 228,229</u>	<u>\$ (140,524)</u>	<u>\$ (16,179 )</u>	<u>\$ 71,979</u>

See accompanying notes to condensed consolidated financial statements

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### HARVARD BIOSCIENCE, INC.

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

#### HARVARD BIOSCIENCE, INC.

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

#### HARVARD BIOSCIENCE, INC.

#### CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, in thousands)

	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Cash flows from operating activities:				
Net loss	\$ (1,597)	\$ (7,850)		
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Net (loss) income			\$ (4,694)	\$ 622
Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	1,083	1,122	404	333
Amortization of intangible assets	4,138	4,492	1,377	1,388
Amortization of deferred financing costs	210	210	70	70
Stock-based compensation expense	3,618	3,401	1,048	1,153

Deferred income taxes and other	92	(160)	178	(55)
Unrealized loss on equity securities - Note 14	373	-		
Convertible Preferred Stock received in Biostage settlement - Note 14	-	(3,900)		
Gain on sale of product line	(403)	-		
Loss on equity securities - Note 6			1,312	-
Gain on sale of product line - Note 14			-	(403)
Changes in operating assets and liabilities:				
Accounts receivable	1,751	6,060	704	(923)
Inventories	173	(329)	(617)	(292)
Other assets	(50)	(811)	(298)	(308)
Accounts payable and other current liabilities	695	(2,379)	2,469	(150)
Deferred revenue	635	(551)		
Contract liabilities			(120)	741
Other liabilities	(993)	(832)	(430)	(364)
Net cash provided by (used in) operating activities	9,725	(1,527)		
Net cash provided by operating activities			1,403	1,812
Cash flows from investing activities:				
Additions to property, plant and equipment	(958)	(1,355)	(645)	(224)
Acquisition of intangible assets	(292)	-		
Capitalized software development costs			(75)	-
Proceeds from sale of product line	512	-	-	512
Net cash used in investing activities	(738)	(1,355)		
Proceeds from sale of marketable equity securities			495	-
Net cash (used in) provided by investing activities			(225)	288
Cash flows from financing activities:				
Borrowing from revolving line of credit	3,500	7,800	2,500	1,500
Repayment of revolving line of credit	(8,450)	(4,650)	(500)	(2,500)
Repayment of term debt	(3,341)	(2,436)	(3,023)	(1,841)
Proceeds from exercise of stock options and employee stock purchase plan	724	346	15	104
Taxes paid related to net share settlement of equity awards	(451)	(1,167)	(47)	(156)
Net cash used in financing activities	(8,018)	(107)	(1,055)	(2,893)
Effect of exchange rate changes on cash	(137)	312	(151)	74

Increase (decrease) in cash and cash equivalents	832	(2,677)	
Decrease in cash and cash equivalents		(28)	(719)
Cash and cash equivalents at beginning of period	4,508	7,821	4,283
Cash and cash equivalents at end of period	\$ 5,340	\$ 5,144	\$ 4,255
Supplemental disclosures of cash flow information:			Supplemental disclosures of cash flow information:
Cash paid for interest	\$ 3,006	\$ 1,529	\$ 768
Cash paid for income taxes, net of refunds	\$ 168	\$ 493	\$ 26
			\$ (134)

See accompanying notes to condensed consolidated financial statements.

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## NOTES TO CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

### 1. Basis of Presentation and Summary of Significant Accounting Policies and Risks and Uncertainties

#### ***Basis of Presentation and Summary of Significant Accounting Policies***

The unaudited consolidated financial statements of Harvard Bioscience, Inc. and its wholly-owned subsidiaries (collectively, the "Company") as of **September 30, 2023** **March 31, 2024** and for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations. The December 31, **2022** **2023** consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by U.S. GAAP. However, the Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, **2022, 2023**.

In the opinion of management, all adjustments, which include normal recurring adjustments necessary to present a fair statement of financial position as of **September 30, 2023**, **March 31, 2024**, results of operations and comprehensive income (loss) and cash flows for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**,

as applicable, have been made. The results of operations for the three and nine months ended **September 30, 2023**, **March 31, 2024**, are not necessarily indicative of the operating results for the full fiscal year or any future periods.

The accounting policies underlying the accompanying unaudited consolidated financial statements are set forth in Note 2 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, **2022**, **2023**. **Except as described below, there** **There** have been no material changes in the Company's significant accounting policies during the three and nine months ended **September 30, 2023**, **March 31, 2024**.

#### **Marketable Equity Securities Use of Estimates**

**Equity securities traded** The preparation of financial statements in **active markets** are marked to market at each balance sheet date based on their prices as quoted on the relevant stock exchange. Fair value mark-to-market adjustments are recorded as non-operating gains (losses) conformity with generally accepted accounting principles in the consolidated statement **United States requires the use of** operations. The Company's investments in marketable equity securities **management estimates**. Such estimates include the determination and establishment of certain accruals and provisions, including those for income taxes, credit losses on receivables, and defined benefit pension obligations. Estimates are **classified in** also required to evaluate the **consolidated balance sheet** value for inventories reported at lower of cost or net realizable value, stock-based compensation expense, and the recoverability of long-lived and intangible assets, including goodwill. On an ongoing basis, the Company reviews its estimates based **on the nature of the securities** and **their availability for use in current operations**, **upon** currently available information. Actual results could differ materially from those estimates.

#### **Risks and Uncertainties Other Operating Expenses**

The global supply chain has experienced significant disruptions over **Other operating expenses** for the **last few years** due **three months ended March 31, 2024** included a fee of \$0.5 million in connection with the receipt of employee retention credits (See Note 5) and an estimated loss of \$0.5 million related to electronic component and labor shortages and other macroeconomic factors which have emerged since the onset of COVID- an unclaimed property audit (See Note 19, 13). This has led to increased cost of freight, purchased materials, and manufacturing labor costs, while also delaying customer shipments. Additionally, the global economy has recently experienced increasing uncertainty, including inflationary pressure, rising interest rates, and fluctuations in exchange rates. These conditions have negatively impacted the Company's past business, results of operations, and cash flow. Recent events in Ukraine and the Middle East, as well as delays in U.S. government funding may lead to additional economic uncertainties. If these factors are prolonged or are more severe than anticipated, the Company's business, results of operations, and cash flow may be materially impacted.).

## 2. Recently Adopted Accounting Pronouncements

### Recently

### Issued

### Accounting

### Pronouncements

### Yet to Be

### Adopted

In January 2017, December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-04, 09, *Intangibles—Goodwill and Other Income Taxes (Topic 350) 740: Simplifying the Test for Goodwill Impairment Improvements to Income Tax* ("ASU 2017-04"), which eliminates enhances disclosures related to the performance of Step 2 from the goodwill impairment test. In performing its annual or interim impairment testing, an entity will instead compare the fair value of the reporting unit with its carrying amount effective tax rate reconciliation, income taxes paid, as well as other disclosures. The new standard impacts footnote disclosures and recognize any impairment charge is effective for the amount by which Company's annual financial statements for the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss. year ended December 31, 2025. The Company adopted ASU 2016-13 effective January 1, 2023 with nois currently evaluating the potential impact to the consolidated financial statements. The Company will perform future goodwill impairment test according to ASU 2017-04.

In September 2016, the FASB issued of adopting ASU No. 2016 2023-13, 09 *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses will have on Financial Instruments* ("ASU 2016-13"), which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result disclosures in the earlier recognition of allowances for losses. The FASB issued several ASUs after ASU 2016-13 to clarify implementation guidance and to provide transition relief for certain entities. The Company adopted ASU 2016-13 effective January 1, 2023, which resulted in an immaterial impact to the its consolidated financial statements.

## 2. Earnings (Loss) per Share

Basic earnings (loss) per share (EPS) is calculated by dividing net income (loss) by the number of weighted average shares of common stock outstanding during the period. The calculation of diluted earnings per share assumes conversion of stock options and restricted stock units into common stock using the treasury method.

The following table summarizes the calculation of basic and diluted net income (loss) per share of common stock:

(in thousands, except per share data)	Three Months Ended March 31,	
	2024	2023

Net (loss) income	\$ (4,694 )	\$ 622
Weighted average shares outstanding - basic	43,402	42,119
Dilutive effect of equity awards	-	664
Weighted average shares outstanding - diluted	43,402	42,783
Basic (loss) income per share	\$ (0.11 )	\$ 0.01
Diluted (loss) income per share	\$ (0.11 )	\$ 0.01
Shares excluded from diluted (loss) income per share due to their anti-dilutive effect	3,207	1,167

### 3. Revenues

The following tables represent a disaggregation of revenue from contracts with customers for the three months ended March 31, 2024 and 2023:

Revenues by type were as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Instruments, equipment, software and accessories	\$ 22,759	\$ 28,493
Service, maintenance and warranty contracts	1,753	1,482
Total revenues	\$ 24,512	\$ 29,975

Revenues by timing of recognition were as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Goods and services transferred at a point in time	\$ 23,743	\$ 29,306
Goods and services transferred over time	769	669
Total revenues	\$ 24,512	\$ 29,975

Revenue by geographic destination were as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
United States	\$ 10,983	\$ 12,302
Europe	6,578	7,441
Greater China	4,382	6,505
Rest of the world	2,569	3,727
Total revenues	\$ 24,512	\$ 29,975

### Contract Liabilities

The following table provides details of contract liabilities as of the periods indicated:

(dollars in thousands)	March 31,	December 31,	Change	Percentage
	2024	2023		
Service, maintenance and warranty contracts	\$ 2,748	\$ 2,849	\$ (101 )	-3.5
Customer advances	1,640	1,659	(19 )	-1.1
<b>Total contract liabilities</b>	<b>\$ 4,388</b>	<b>\$ 4,508</b>	<b>\$ (120 )</b>	<b>-2.7</b>

Changes in the Company's contract liabilities are primarily due to the timing of receipt of payments under service, maintenance and warranty contracts. During the three months ended March 31, 2024 and 2023, the Company recognized revenue of \$1.6 million and \$1.0 million from contract liabilities existing at December 31, 2023 and 2022, respectively.

### Provision for Expected Credit Losses on Receivables

Activity in the provision for expected losses on receivables was as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Balance, beginning of period	\$ 160	\$ 191
Provision for expected credit losses	1	(3)
Charge-offs and other	(34 )	(21)
<b>Balance, end of period</b>	<b>\$ 127</b>	<b>\$ 167</b>

### Concentrations

No customer accounted for more than 10% of revenues for the three months ended March 31, 2024 and 2023. At March 31, 2024 and December 31, 2023, no customer accounted for more than 10% of net accounts receivable.

### Warranties

Activity in the product warranty accrual was as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Balance, beginning of period	\$ 336	\$ 268
Expense	105	83
Warranty claims	(82 )	(72)
<b>Balance, end of period</b>	<b>\$ 359</b>	<b>\$ 279</b>

## 4. Goodwill and Intangible Assets

The change in the carrying amount of goodwill for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** was as follows:

(in thousands)			
Carrying amount at December 31, 2022		\$ 56,260	
Carrying amount at December 31, 2023		\$ 57,065	
Effect of change in currency translation		(38)	(366)
Carrying amount at September 30, 2023		\$ 56,222	
Carrying amount at March 31, 2024		\$ 56,699	

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Intangible assets at September 30, 2023 March 31, 2024 and December 31, 2022 2023 consisted of the following:

(in thousands)	Average	September 30, 2023			December 31, 2022		
		Gross	Amortization	Net	Gross	Amortization	Net
Amortizable intangible assets:	Life*						
Distribution agreements/customer relationships	6	\$ 16,017	\$ (9,467)	\$ 6,550	\$ 16,124	\$ (8,727)	\$ 7,397
Existing technology & software development	2	37,490	(28,851)	8,639	37,549	(26,482)	11,067
Trade names and patents	3	7,484	(5,774)	1,710	7,523	(5,197)	2,326
Total amortizable intangible assets		\$ 60,991	\$ (44,092)	\$ 16,899	\$ 61,196	\$ (40,406)	\$ 20,790
Indefinite-lived intangible assets:				196			224
Total intangible assets				\$ 17,095			\$ 21,014

\*Weighted average life in years as of September 30, 2023

(in thousands)	March 31, 2024			December 31, 2023		
	Gross	Amortization	Net	Gross	Amortization	Net
Amortizable intangible assets:						

Distribution											
agreements/customer											
relationships	\$ 15,816	\$ (9,798 )	\$ 6,018	\$ 16,038	\$ (9,706 )	\$ 6,332					
Technology and											
software development	34,987	(27,891 )	7,096	35,007	(27,029 )	7,978					
Trade names and											
patents	7,530	(6,166 )	1,364	7,613	(6,094 )	1,519					
Total amortizable											
intangible assets	\$ 58,333	\$ (43,855 )	\$ 14,478	\$ 58,658	\$ (42,829 )	\$ 15,829					
Indefinite-lived											
intangible assets:		200				200					
Total intangible assets		\$ 14,678				\$ 16,036					

Intangible asset amortization expense was \$1.4 million and \$1.6 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023 respectively, and \$4.1 million and \$4.5 million for the was as follows:

(in thousands)	Three Months Ended March 31,	
	2024	2023
Cost of revenues	\$ 44	\$
Operating expense	1,333	1,388
Total amortization of intangible assets	\$ 1,377	\$ 1,388

As of nine March 31, 2024, months ended September 30, 2023 and 2022, respectively. Estimated estimated future amortization expense of existing amortizable intangible assets for each of the five succeeding years and thereafter as of September 30, 2023, is as follows:

(in thousands)		
2023 (remainder of the year)	\$ 1,383	
2024	5,234	
2024 (remainder of the year)		\$ 4,051
2025	4,019	4,197
2026	2,358	2,536
2027	1,261	1,264
2028	1,308	1,093
Thereafter	1,336	1,337
Total	\$ 16,899	\$ 14,478

## 4.5. Balance Sheet Information

The following tables provide details of selected balance sheet items as of the periods indicated:

<b>Inventories:</b> (in thousands)			March 31,	December 31,
	September 30, 2023	December 31, 2022	2024	2023
Finished goods	\$ 6,047	\$ 5,223	\$ 5,917	\$ 5,120
Work in process	4,642	3,776	2,865	4,188
Raw materials	15,129	17,440	15,354	15,408
<b>Total</b>	<b>\$ 25,818</b>	<b>\$ 26,439</b>	<b>\$ 24,136</b>	<b>\$ 24,716</b>

<b>Other Current Liabilities:</b> (in thousands)	March 31,		December 31,
	2024	2023	
Compensation	\$ 3,215	\$ 3,929	
Customer credits	1,548	3,201	
Employee retention credit funds	3,154		
Professional fees	514	499	
Warranty costs	359	336	
Other	1,538	1,240	
<b>Total</b>	<b>\$ 10,328</b>	<b>\$ 9,205</b>	

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<b>Other Current Liabilities:</b> (in thousands)	September 30,		December 31, 2022
	2023	2022	
Compensation	\$ 3,373	\$ 3,476	
Customer credits	3,111	2,368	
Professional fees	599	392	
Warranty costs	308	268	
Other	945	982	

Total	\$ 8,336	\$ 7,486
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## 5. Restructuring and Other Exit Costs

On The Coronavirus Aid, Relief, and Economic Security Act of 2020 ("CARES Act") provided an ongoing basis, employee retention credit ("ERC") that was a refundable tax credit against certain employer taxes. The Company has elected to account for the credit as a government grant. As there is no authoritative guidance under U.S. GAAP on accounting for grants to for-profit business entities from government entities, the Company reviews accounts for government assistance by analogy to International Accounting Standards Topic 20, *Accounting for Government Grants and Disclosure of Government Assistance* (IAS 20). Under IAS 20, government grants are recognized when there is reasonable assurance that the global economy, grant will be received and that all conditions related to the healthcare industry, and the markets in which it competes to identify operational efficiencies, enhance commercial capabilities, and align its cost base and infrastructure with customer needs and its strategic plans. In order to realize these opportunities, the Company undertakes restructuring-type activities from time to time to transform its business. A portion of these transformation activities are considered restructuring costs under ASC 420 – *Exit or Disposal Cost Obligations* and are discussed below. grant will be met.

The Company received an ERC refund of \$3.2 million during the quarter ended March 31, 2024. Due to the subjectivity of the credit, the Company has included the refund received in other current liabilities in the consolidated balance sheet as of March 31, 2024, subject to a determination that the refund is recognizable under IAS 20.

The Company engaged a professional services firm under a commission fee arrangement to assist with determining program eligibility and in accumulating the necessary support that was used as a basis in the filing. During the three months ended September 30, 2022, March 31, 2024, the Company completed paid a review fee of its product portfolio in \$0.5 million for these services, which the Company identified certain non-strategic products for discontinuation, and recorded charges of \$1.3 million is included in cost other operating expenses in the consolidated statement of revenues, in connection with excess and obsolete inventory, and \$0.6 million in severance expense included in general and administrative expense, in connection with headcount reductions in Europe and North America operations.

## 6. Marketable Equity Securities

In April 2023, the Company obtained shares of common stock of Harvard Apparatus Regenerative Technologies, Inc. ("HRGN" formerly known as Biostage, Inc.) in connection with settlement of indemnification obligations related to litigation which occurred during the year ended December 31, 2022. These shares had an estimated fair value of \$1.7 million and \$3.5 million, as of March 31, 2024, and December 31, 2023, respectively, and are included in the consolidated balance sheets as a component of other long-term assets.

The Company received cash proceeds of \$0.5 million from the sale of HRGN shares sold during the three months ended March 31, 2024, which resulted in a realized loss on sale of \$0.3 million. The Company incurred an unrealized loss of \$1.0 million on HRGN shares held during the three months ended March 31, 2024. The Company determines the fair value of its HRGN common stock based on the closing price as quoted on the OTCQB Marketplace at the reporting date.

Due to HRGN's limited operating history, its overall financial condition and the limited trading volumes and liquidity of its common stock, the value of the Company's investment in this common stock could fluctuate considerably or become worthless.

## 7. Leases

The Company has noncancelable operating leases for offices, manufacturing facilities, warehouse space, automobiles and equipment expiring at various dates through 2030.

The components of lease expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, are as follows:

(in thousands)	Three Months Ended		Nine Months Ended		Three Months Ended March 31,	
	September 30,		September 30,		2024	
	2023	2022	2023	2022	2024	2023
Operating lease cost	\$ 491	\$ 486	\$ 1,517	\$ 1,483	\$ 511	\$ 543
Short-term lease cost	19	58	150	180	50	67
Sublease income	(25)	(25)	(76)	(76)	(25)	(25)
Total lease cost	<u>\$ 485</u>	<u>\$ 519</u>	<u>\$ 1,591</u>	<u>\$ 1,587</u>	<u>\$ 536</u>	<u>\$ 585</u>

Supplemental cash flow information related to the Company's operating leases is as follows:

(in thousands)	Nine Months Ended		Three Months Ended March 31,	
	September 30,		2024	
	2023	2022	2024	2023
Cash paid for amounts included in the measurement of lease liabilities	\$ 1,764	\$ 1,759	\$ 597	\$ 653
Right-of-use assets obtained in exchange for lease obligations	277	248		

Supplemental balance sheet information related to the Company's operating leases is as follows:

March 31,	December 31,
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(in thousands)	September 30, 2023	December 31, 2022	2024	2023
Operating lease right-of-use assets	\$ 5,061	\$ 5,816	\$ 4,359	\$ 4,773
Current portion, operating lease liabilities	\$ 2,125	\$ 2,135	\$ 1,197	\$ 1,416
Operating lease liabilities, long-term	4,418	5,282	4,557	4,794
Total operating lease liabilities	\$ 6,543	\$ 7,417	\$ 5,754	\$ 6,210
Weighted average remaining lease term (years)	5.8	6.2	6	
Weighted average discount rate	9.4 %	9.4 %	9.5 %	

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Future minimum lease payments for operating leases, with initial terms in excess of one year at **September 30, 2023, March 31, 2024**, are as follows:

Year Ending December 31,		
(in thousands)		
2023 (remainder of the year)	\$ 550	
2024	1,909	
2024 (remainder of the year)		\$ 1,377
2025	1,155	1,172
2026	1,052	1,069
2027	1,046	1,057
2028		1,057
Thereafter	2,963	1,867
Total lease payments	8,675	7,599
Less imputed interest	(2,132)	(1,845)
Total operating lease liabilities	\$ 6,543	\$ 5,754

## 7.8. Long-Term Debt

As of **September 30, 2023** **March 31, 2024** and **December 31, 2022, 2023**, the Company's borrowings were as follows:

(in thousands)	March 31, 2024	December 31, 2023

Long-term debt:

Term loan	\$ 27,700	\$ 30,723
Revolving line	8,400	6,400
Less: unamortized deferred financing costs	(490 )	(560 )
<b>Total debt</b>	<b>35,610</b>	<b>36,563</b>
Less: current portion of long-term debt	(4,000 )	(6,139 )
Current unamortized deferred financing costs	280	280
<b>Long-term debt</b>	<b>\$ 31,890</b>	<b>\$ 30,704</b>

The aggregate amounts of debt maturities are as follows:

(in thousands)	September 30,		December 31,	
	2023	2022	2023	2022
Long-term debt:				
Term loan	\$ 31,473	\$ 34,814		
Revolving line	7,900	12,850		
Less: unamortized deferred financing costs	(630 )	(840 )		
<b>Total debt</b>	<b>38,743</b>	<b>46,824</b>		
Less: current portion of long-term debt	(3,750 )	(4,091 )		
Current unamortized deferred financing costs	280	280		
<b>Long-term debt</b>	<b>\$ 35,273</b>	<b>\$ 43,013</b>		

(in thousands)			
2024		\$	4,000
2025			32,100
		\$	36,100

In December, 2020, the Company entered into a Credit Agreement (the (as amended, the "Credit Agreement") with Citizens Bank, N.A., Wells Fargo Bank, National Association, and Silicon Valley First Citizens Bank & Trust Company (together, the "Lenders"). Effective March 27, 2023, all commitments and obligations under the Credit Agreement previously held by Silicon Valley Bank were assumed by First-Citizens Bank & Trust Company. The Credit Agreement provides for a term loan of \$40.0 million and a \$25.0 million senior revolving credit facility (including a \$10.0 million sub-facility for the issuance of letters of credit and a \$10.0 million swingline loan sub facility) (collectively, the

“Credit Facility”). The Company’s obligations under the Credit Agreement are guaranteed by certain of the Company’s direct, domestic wholly-owned subsidiaries; none of the Company’s direct or indirect foreign subsidiaries has guaranteed the Credit Facility. The Company’s obligations under the Credit Agreement are secured by substantially all of the assets of Harvard Bioscience, Inc., and each guarantor (including all or a portion of the equity interests in certain of the Company’s domestic and foreign subsidiaries). The Credit Facility matures on December 22, 2025. Issuance costs of \$1.4 million are amortized over the contractual term to maturity date on a straight-line basis, which approximates the effective interest method. Available and unused borrowing capacity under the revolving line of credit was ~~\$13.0 million~~ \$4.4 million as of September 30, 2023 ~~March 31, 2024~~ based on the Credit Agreement, as ~~amended~~ amended pursuant to the March 2024 Amendment as described below. Total revolver borrowing capacity is limited by the consolidated net leverage ratio as defined under the amended Credit Agreement.

Borrowings under the ~~amended~~ Credit Facility will, at the option of the Company, bear interest at either (i) a rate per annum based on the Secured Overnight Financing Rate (“SOFR”) for an interest period of one, two, three or six months, plus an applicable interest rate margin determined as provided in the Credit Agreement, as ~~amended~~ (a “SOFR Loan”), or (ii) an alternative base rate plus an applicable interest rate margin, each as determined as provided in the Credit Agreement (an “ABR Loan”). SOFR interest under the Credit Agreement is subject to applicable market rates and a floor of 0.50%. The alternative base rate is based on the Citizens Bank prime rate or the federal funds effective rate of the Federal Reserve Bank of New York and is subject to a floor of 1.0%. The applicable interest rate margin varies from 2.0% per annum to 3.25% per annum for SOFR Loans, and from 1.5% per annum to 3.0% per annum for ABR Loans, in each case depending on the Company’s consolidated net leverage ratio and is determined in accordance with a pricing grid set forth in the Credit Agreement. ~~Interest on SOFR Loans is payable in arrears on the last day of each applicable interest period, and interest on ABR Loans is payable in arrears at the end of each calendar quarter.~~ There are no prepayment penalties in the event the Company elects to prepay and terminate the Credit Facility prior to its scheduled maturity date, subject to SOFR Loan breakage and redeployment costs in certain circumstances.

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The effective interest rate on the Company borrowings for the three months ended ~~September 30, 2023~~ March 31, 2024 and ~~2022, 2023~~, was ~~8.3%~~ 7.7% and ~~5.8%~~ 7.9%, respectively, and ~~for the nine months ended September 30, 2023 and 2022, was 8.2% and 4.3%, respectively. The weighted average interest rate as of September 30, 2023, March 31, 2024, inclusive~~ net of the effect of the Company’s interest rate swaps, was ~~7.7%~~ 7.4%. The carrying value of the debt approximates fair value because the interest rate under the obligation approximates market rates of interest available to the Company for similar instruments.

~~The As of March 31, 2024, the term loan amortizes in~~ requires quarterly installments of ~~\$0.75 million for the quarter ended December 31, 2023 and \$1.0 million per quarter during the next seven quarters thereafter, with a balloon payment at maturity. Furthermore, within ninety days after the end of the Company’s fiscal year, the term loan may be permanently reduced pursuant to certain mandatory prepayment events including an annual “excess cash flow sweep” of 50% of the~~

consolidated excess cash flow, as defined in the agreement; provided that, in any fiscal year, any voluntary prepayments of the term loans loan shall be credited against the Company's "excess cash flow" prepayment obligations on a dollar-for-dollar basis for such fiscal year. As of December 31, 2022, 2023, the current portion of long-term debt included an amounts due under the excess cash flow sweep of \$1.1 million \$2.0 million which was paid during the quarter ended on March 31, 2023, 29, 2024. Amounts outstanding under the revolving credit facility can be repaid at any time but are due in full at maturity.

The Credit Agreement as amended, includes customary affirmative, negative, and financial covenants binding on the Company. The negative covenants limit the ability of the Company, among other things, to incur debt, incur liens, make investments, sell assets and pay dividends on its capital stock. The financial covenants include a maximum consolidated net leverage ratio and a minimum consolidated fixed charge coverage ratio. The Credit Agreement as amended, also includes customary events of default.

In April, 2022, March, 2024, the Company entered into an amendment to the Credit Agreement (the "March 2024 Amendment") pursuant to which modified, among other things, the financial covenant relating to the consolidated net leverage ratio, Lenders and also provided consent for the Biostage Settlement (as defined in Note 14). In November, 2022, the Company entered into a subsequent amendment to the Credit Agreement which administrative agent modified among other things, the financial covenant relating to the consolidated net leverage ratio, and the definition of Consolidated EBITDA used in the calculation of certain financial covenants. covenants to adjust for charges related to the ongoing abandoned property audit (See Note 13) and commission fees expected to be paid in connection with the employee retention credit filings (See Note 5). The Company was in compliance with the covenants of the Credit Agreement, as amended, as of September 30, 2023, March 31, 2024.

## 8.9. Derivatives

The Company uses interest-rate-related derivative instruments to manage its exposure related to changes in interest rates on its variable-rate debt instruments. The Company does not enter into derivative instruments for any purpose other than cash flow hedging.

By using derivative financial instruments to hedge exposure to changes in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty and, therefore, the Company is not exposed to the counterparty's credit risk in those circumstances. The Company minimizes counterparty credit risk in derivative instruments by entering into transactions with carefully selected major financial institutions based upon their credit profile.

Market risk is the adverse effect on the value of a derivative instrument that results from a change in interest rates. The market risk associated with interest-rate contracts is managed by establishing and monitoring parameters that

limit the types and degree of market risk that may be undertaken. The Company monitors interest rate risk attributable to both its outstanding and forecasted debt obligations by the use of cash flow sensitivity analysis, which estimates the expected impact of changes in interest rates on the Company's future cash flows.

On February 28, 2023, the Company entered into an interest rate swap contract to improve the predictability of cash flows from interest payments related to its variable, SOFR-based debt. The swap contract ~~had~~ had a notional amount of \$28.8 million \$25.9 million as of September 30, 2023 March 31, 2024 and matures on December 22, 2025. This swap contract effectively converts the SOFR-based variable portion of the interest payable under the Credit Agreement into fixed-rate debt at an annual rate of 4.75%. The swap contract does not impact the additional interest related to the applicable interest rate margin as discussed above in Note 7, Long-Term Debt. The interest rate swap contract is considered an effective cash flow hedge, and as a result, the net gains or losses on such instrument are reported as a component of other comprehensive income (loss) ("OCI") in the consolidated financial statements and are reclassified as net income when the underlying hedged interest impacts earnings. An assessment is performed quarterly to evaluate the ongoing hedge effectiveness.

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The following table presents the notional amount and fair value of the Company's derivative instrument instruments as of September 30, March 31, 2024 and December 31, 2023:

(in thousands)	(in thousands)	September 30, 2023	(in thousands)	March 31, 2024	December 31, 2023
Derivatives instruments	Balance sheet classification	Notional Amount	Fair Value (a)		
Derivatives Instruments				Balance Sheet Notional Classification Amount	Fair Value Notional Amount Fair Value (a) (a)
Interest rate swap	Other long term assets	\$ 28,847	\$ 126	Other long-term liabilities	\$ 25,920 \$ * \$ 27,375 \$ (199)

\* Amount not significant.

(a) See Note 9 for the fair value measurements related to this these financial instrument instruments.

The following table summarizes the effect of derivatives designated as the cash flow hedging instruments hedge on other comprehensive income (loss) and earnings for the three and nine months ended September 30, 2023: periods presented was as follows:

	Three Months		Nine Months	
	Ended		Ended	
	September 30,	2023	September 30,	2023
<b>Derivatives qualifying as hedges, net of tax (in thousands)</b>				
Amount of gain recognized in OCI on derivatives (effective portion)	\$	163	\$	198
Amounts reclassified from accumulated other comprehensive loss to interest expense		(46 )		(72 )
<b>Total</b>	<b>\$</b>	<b>117</b>	<b>\$</b>	<b>126</b>

	Three Months		Three Months	
	Ended		Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Derivatives Qualifying as Hedges, net of tax (in thousands)</b>				
Gain (loss) recognized in OCI on derivatives (effective portion)	\$	199	\$	(440)
Gain (loss) reclassified from OCI to interest expense		47		(1)

## 9.10. Fair Value Measurements

The following tables present the fair value hierarchy for those assets **or** and liabilities measured at fair value on a recurring basis:

Assets (in thousands)	Fair Value as of September 30, 2023			Fair Value as of March 31, 2024				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets (Liabilities) (in thousands)</b>					Level 1	Level 2	Level 3	Total
Equity securities - common stock	\$ 3,788	\$ -	\$ -	\$ 3,788	\$ 1,704	\$ -	\$ -	\$ 1,704
Interest rate swap agreements	-	126	-	126	\$ -	\$ * -	\$ -	\$ -
Fair Value as of December 31, 2023								
	Level 1	Level 2	Level 3	Total		Level 2	Level 3	Total
Equity securities - common stock	\$ 3,511	\$ -	\$ -	\$ 3,511	\$ 3,511	\$ -	\$ -	\$ 3,511
Interest rate swap agreements	\$ -	\$ -	\$ (199 )	\$ (199 )	\$ -	\$ -	\$ -	\$ (199 )

\* Amount not significant.

The Company uses the market approach technique to value its financial assets and liabilities. The Company's financial assets and liabilities carried at fair value include, when applicable, investments in common stock and derivative instruments used to hedge the Company's interest rate risks. The fair value of the Company's investment in HRGN common stock of Harvard Apparatus Regenerative Technologies ("HART" formerly known as Biostage, Inc.) (see Note 14 for information regarding the Biostage Settlement) was based on the closing price as quoted on the OTCQB Marketplace at the reporting date. The fair value of the Company's interest rate swap agreements was based on SOFR-yield SOFR yield curves at the reporting date.

## 10.11 Capital Stock and Stock-Based Compensation

### Stock-Based Payment Awards

Stock-based awards consist of stock options, time-based restricted stock units, market condition restricted stock units, and shares issued under the Company's employee stock purchase plan. Activity under the Company's equity incentive plans for the nine months ended September 30, 2023 is as follows:

	Weighted			Market		
	Average			Condition		
	Stock	Exercise	Restricted	Grant	Restricted	Grant
	Options	Price	Stock Units	Fair Value	Stock Units	Fair Value
Balance at December 31, 2022	1,238,776	\$ 3.15	1,093,801	\$ 3.94	646,235	\$ 4.51
Granted	-	-	1,306,445	2.82	558,958	2.61
Exercised	(213,644 )	2.38	-	-	-	-
Vested (RSUs)	-	-	(295,531 )	2.97	(115,976 )	2.98
Cancelled/Forfeited	(101,065 )	2.47	(86,440 )	3.90	(87,138 )	4.64
Balance at September 30, 2023	<u>924,067</u>	<u>3.37</u>	<u>2,018,275</u>	<u>3.36</u>	<u>1,002,079</u>	<u>3.62</u>

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Stock-based compensation expense for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 was allocated as follows:

Three Months Ended September 30,	Nine Months Ended September 30,	Three Months Ended March 31,
-------------------------------------	------------------------------------	---------------------------------

(in thousands)	2023	2022	2023	2022	2024	2023
Cost of revenues	\$ 58	\$ -	\$ 222	\$ 88	\$ 52	\$ 69
Sales and marketing expenses	193	147	533	493	130	145
General and administrative expenses	1,012	919	2,585	2,633	771	869
Research and development expenses	100	73	278	187	95	70
<b>Total stock-based compensation expenses</b>	<b>\$ 1,363</b>	<b>\$ 1,139</b>	<b>\$ 3,618</b>	<b>\$ 3,401</b>		
<b>Total stock-based compensation expense</b>					<b>\$ 1,048</b>	<b>\$ 1,153</b>

As of **September 30, 2023**, **March 31, 2024**, the total compensation costs related to unvested awards not yet recognized **\$6.0 million** was **\$8.4 million** and the weighted average period over which it is expected to be recognized is approximately **1.7** **2.3** years. The Company did not capitalize any stock-based **compensation** during the three and nine month periods ended September 30, 2023.

The weighted average estimated fair value of the market condition restricted stock awards that were granted during the nine months ended September 30, 2023 was \$2.61 per unit. The estimate of the fair value was determined using a Monte-Carlo valuation simulation, which included the following assumptions:

Volatility	56.8 %
Risk-free interest rate	4.6 %
Correlation coefficient	41.7 %
Dividend yield	- %

#### **Earnings (Loss) Per Share**

Basic earnings (loss) per share (EPS) is calculated by dividing net income (loss) by the number of weighted average shares of common stock outstanding during the period. The calculation of diluted earnings per share assumes conversion of stock options and restricted stock units into common stock using the treasury method. The weighted average number of shares used to compute basic and diluted EPS consisted of the following:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(in thousands, except per share data)				
Net loss available to common stockholders	\$ (1,239 )	\$ (3,405 )	\$ (1,597 )	\$ (7,850 )
Weighted average shares outstanding - basic	42,688	41,637	42,345	41,353
Dilutive effect of equity awards	-	-	-	-
Weighted average shares outstanding - diluted	42,688	41,637	42,345	41,353
Basic loss per share	\$ (0.03 )	\$ (0.08 )	\$ (0.04 )	\$ (0.19 )
Diluted loss per share	\$ (0.03 )	\$ (0.08 )	\$ (0.04 )	\$ (0.19 )
Shares excluded from diluted loss per share due to their anti-dilutive effect	3,952	3,594	3,847	3,676

## 11. Revenues

The following tables represent a disaggregation of revenue from contracts with customers for the three and nine months ended September 30, 2023 and 2022:

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Instruments, equipment, software and accessories	\$ 23,500	\$ 25,705	\$ 79,261	\$ 81,008
Service, maintenance and warranty contracts	1,863	1,217	4,836	3,900
<b>Total revenues</b>	<b>\$ 25,363</b>	<b>\$ 26,922</b>	<b>\$ 84,097</b>	<b>\$ 84,908</b>

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The following tables represent a disaggregation of revenue by geographic destination for the three and nine months ended September 30, 2023 and 2022:

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
United States	\$ 12,017	\$ 11,511	\$ 36,655	\$ 38,278
Europe	7,063	7,344	23,836	22,361
Greater China	3,489	4,497	13,824	11,624
Rest of the world	2,794	3,570	9,782	12,645
<b>Total revenues</b>	<b>\$ 25,363</b>	<b>\$ 26,922</b>	<b>\$ 84,097</b>	<b>\$ 84,908</b>

### Concentrations

No customer accounts for more than 10% of revenues for the three and nine months ended September 30, 2023 and 2022. At September 30, 2023 and December 21, 2022, no customer accounts for more than 10% of net accounts receivable.

### Contract Liabilities

The following tables provide details of contract liabilities as of the periods indicated:

(in thousands)	September		December	
	30, 2023	31, 2022	Change	% Change
Service contracts	\$ 2,234	\$ 1,530	\$ 704	46 %
Customer advances	1,771	1,840	(69 )	-4 %
<b>Total deferred revenue</b>	<b>\$ 4,005</b>	<b>\$ 3,370</b>	<b>\$ 635</b>	<b>19 %</b>

The overall increase in contract liabilities was primarily due to receipt of payments under service and warranty contracts. During the three months ended September 30, 2023 and 2022, the Company recognized revenue of \$1.0 million and \$0.8 million from deferred revenue existing at December 31, 2022 and 2021, respectively. During the nine

months ended September 30, 2023 and 2022, the Company recognized revenue of \$2.3 million and \$2.1 million from deferred revenue existing at December 31, 2022 and 2021, respectively.

#### ***Allowance for Expected Credit Losses on Receivables***

The allowance for expected credit losses on receivables is used to present accounts receivable, net at an amount that represents the Company's estimate of the related transaction price recognized as revenue. The allowance represents an estimate of expected credit losses over the lifetime of the receivables, even if the loss is considered remote, and reflects expected recoveries of amounts previously written-off. The Company estimates the allowance on the basis of specifically identified receivables that are evaluated individually for impairment and an analysis of the remaining receivables determined by reference to past default experience. The Company considers the need to adjust historical information to reflect the extent to which current conditions and reasonable forecasts are expected to differ from the conditions that existed for the historical period considered. Losses on receivables have not historically been significant.

Management judgments are used to determine when to charge off uncollectible trade accounts receivable. The Company bases these judgments on the age of the receivable, credit quality of the customer, current economic conditions, and other factors that may affect a customer's ability and intent to pay. Customers are generally not required to provide collateral for purchases.

Activity in the allowance for expected losses on receivables is as follows:

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
(in thousands)		
Balance, beginning of period	\$ 191	\$ 136
Provision for bad debts	9	103
Charge-offs and other	(56 )	(60 )
Balance, end of period	<u><u>\$ 144</u></u>	<u><u>\$ 179</u></u>

compensation.

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Restricted stock unit ("RSU") activity for the three months ended March 31, 2024 was as follows:

		Market-		Performance-	
		Time-Based		Based	
		<b>Restricted</b>	<b>Grant Date</b>	<b>Restricted</b>	<b>Grant Date</b>
		<b>Stock Units</b>	<b>Fair Value</b>	<b>Stock Units</b>	<b>Fair Value</b>
Balance	at				
December	31,				
2023		1,164,996	\$ 3.28	801,845	\$ 3.37
Granted		779,629	4.19	-	-
				375,895	4.19

Vested	(33,979 )	2.58	-	-	-	-
Forfeited	(16,083 )	3.27	-	-	-	-
Balance at March						
31, 2024	<u>1,894,563</u>	\$ 3.67	<u>801,845</u>	\$ 3.37	<u>375,895</u>	\$ 4.19

Unvested shares related to market-based and performance-based vesting conditions are reflected at 100% of their target vesting amount in the table above. Actual vesting could range from zero up to 150% of their target amounts.

Performance-based RSU awards are contingent on the achievement of certain performance metrics. Compensation cost associated with performance-based RSUs are recognized based on the estimated number of shares that the Company ultimately expects will be earned. If the estimated number of shares to be earned is revised in the future, then stock-based compensation expense will be adjusted accordingly.

Stock option activity for the three months ended March 31, 2024 was as follows:

	Number of Options	Weighted-Average		Weighted-Average	
		Exercise Price	Contractual Term	Remaining	Aggregate
					Intrinsic Value (in thousands)
Outstanding and Exerciseable at December 31, 2023	924,067	\$ 3.37			
Exercised	<u>(3,899 )</u>	3.96			
Outstanding and Exerciseable at March 31, 2024	<u>920,168</u>	\$ 3.37	3.2 years	\$ 96	

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of \$4.24 as of the end of the reporting period, which would have been received by the option holders had all option holders exercised their options as of that date. The aggregate intrinsic value of options exercised during the three months ended March 31, 2024, was not significant.

## 12. Income Tax

Income tax expense (benefit) was \$0.7 million and \$(1.3) million for the three months ended September 30, 2023 and 2022, respectively, and was \$0.1 million and \$(0.4) million for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rates for the three months ended September 30, 2023 and 2022, were (120.2)% and 27.4%, respectively. The effective tax rates for the nine months ended September 30, 2023 and 2022, were (9.9)% and 5.3%, respectively.

The difference between the Company's effective tax rates in 2023 compared to the U.S. statutory tax rate of 21% was primarily due to the mix of forecasted income or losses in the U.S. and foreign tax jurisdictions and a Global Intangible Low-Taxed Income ("GILTI") inclusion to taxable income. The effective tax rates in both the three and nine months ended September 30, 2023 and 2022, were also impacted by changes in valuation allowances associated with

the Company's assessment of the likelihood of the recoverability of deferred tax assets. The Company has valuation allowances against substantially all of its net operating loss carryforwards and tax credit carryforwards.

The determination of the annual effective tax rate is based upon a number of significant estimates and judgments, including the estimated annual pretax income in each tax jurisdiction in which the Company operates and the development of tax planning strategies during the year. In addition, as a global commercial enterprise, the Company's tax expense can be impacted by changes in tax rates or laws, the finalization of tax audits and reviews and other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

Income tax expense was \$0.2 million and \$0.6 million for the three months ended March 31, 2024 and 2023, respectively. The Company's effective tax rate of (4.7%) for the three months ended March 31, 2024 was lower than the U.S. statutory rate primarily due to the inclusion of non-deductible executive compensation and changes in valuation allowances associated with the Company's assessment of the likelihood of the recoverability of deferred tax assets. The Company's effective tax rate of 48.5% for the three months ended March 31, 2023 was higher than the U.S. statutory rate primarily due to a Global Intangible Low-Taxed Income ("GILTI") inclusion to taxable income and changes in valuation allowances. The Company has valuation allowances against substantially all of its tax credit carryforwards.

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### 13. Commitments and Contingent Liabilities

On April 27, 2022, the Company and Biostage, Inc. ("Biostage") executed a settlement with the plaintiffs in the Biostage Litigation (as defined below) which resolved all claims relating to the litigation as described in Note 14, Litigation Settlement.

The Company is involved in various other claims and legal proceedings arising in the ordinary course of business. After consultation with legal counsel, the Company has determined that the ultimate disposition of such proceedings is not likely to have a material adverse effect on its business, financial condition, results of operations or cash flows. Although unfavorable outcomes in the proceedings are possible, the Company has not accrued loss contingencies relating to any such matters as they are not considered to be probable and reasonably estimable. If one or more of these matters are resolved in a manner adverse to the Company, the impact on the Company's business, financial condition, results of operations and cash flows could be material.

In addition, the Company has entered into indemnification agreements with its directors. It is not possible to determine the maximum potential liability amount under these indemnification agreements due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. The Company has not recorded any liability for costs related to contingent indemnification obligations as of September 30, 2023. March 31, 2024.

The Company is subject to unclaimed property laws in the ordinary course of its business. State escheat laws generally require entities to report and remit abandoned and unclaimed property to the state. Failure to timely report and remit the property can result in assessments that could include interest and penalties, in addition to the payment of the escheat liability itself. The Company is currently undergoing an unclaimed property audits conducted in various states. audit. Based on the Company's evaluation of the current stage of the audits, audit, the Company accrued \$0.5 million of loss contingencies during the three months ended March 31, 2024, which has not accrued any significant losses related to these audits as been included in other operating expenses in the consolidated statement of September 30, 2023. operations.

#### 14. Litigation Settlement

On April 14, 2017, representatives for the estate of an individual plaintiff filed a wrongful death complaint with the Suffolk Superior Court, in the County of Suffolk, Massachusetts, against the Company and other defendants, including Biostage, a former subsidiary of the Company that was spun off in 2013, as well as another third party (the "Biostage Litigation"). The complaint sought payment for an unspecified amount of damages and alleged that the plaintiff sustained terminal injuries allegedly caused by products, including one synthetic trachea scaffold and two bioreactors, provided by certain of the named defendants and utilized in connection with surgeries performed by third parties in Europe in 2012 and 2013.

On April 27, 2022, the Company and Biostage executed a settlement with the plaintiffs of the Biostage Litigation and Biostage's products liability insurance carriers (the "Biostage Settlement"), which resolved all claims by and between the parties and Biostage's product liability insurance carriers and resulted in the dismissal with prejudice of the wrongful death claim and all claims between the Company, Biostage and the insurance carriers. The Biostage Settlement was entered into solely by way of compromise and settlement and was not in any way an admission of liability or fault by the Company or Biostage. Biostage has indemnified the Company for all losses and expenses, including legal expenses that the Company incurred in connection with the Biostage Litigation and the Biostage Settlement.

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During the nine months ended September 30, 2022, the Company recorded a net credit of \$0.2 million related to the Biostage Settlement consisting of charges (credits) as follows:

- During the three months ended March 31, 2022, the Company accrued \$5.2 million of costs related to legal fees and the Biostage Settlement. Additionally, during the year ended December 31, 2021, the Company had incurred \$0.3 million in legal fees in connection with the Biostage Litigation. Due to the financial condition of Biostage, the Company determined that it was uncertain as to whether Biostage would be able to meet its indemnification obligation and had fully reserved any receivable from Biostage.

- During the three months ended June 30, 2022, the Company recorded credit adjustments of \$4.9 million to the reserve against the indemnification receivable from Biostage. These adjustments reflected: i) the issuance by Biostage of 4,000 shares of its Series E Convertible Preferred Stock (the "Series E Preferred Stock") to the Company on June 10, 2022, in satisfaction of \$4.0 million of Biostage's total indemnification obligation, ii) the payment by Biostage of a portion of the legal fees associated with the Biostage Settlement, and iii) other accrual adjustments. The Series E Preferred Stock was initially recorded at an estimated fair value of \$3.9 million using a Monte Carlo valuation simulation incorporating information from selected guideline companies.
- During the three months ended September 30, 2022, the Company recorded a credit adjustment of \$0.5 million to the reserve against the indemnification receivable from Biostage due to the final payment by Biostage of the legal fees associated with the Biostage Settlement.

As of December 31, 2022, the book value of the shares of Series E Preferred Stock, inclusive of accrued dividends, was \$4.0 million and was included in the consolidated balance sheet as a component of Other long-term assets. The Company elected the provisions within ASC 321, *Investment Securities*, to subsequently measure the Series E Preferred Stock at its original cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of Biostage. As of December 31, 2022, there were no observable price changes or indicators of impairment and therefore, there was no measurement adjustments to the carrying value of the Series E Preferred Stock.

On April 6, 2023, Biostage completed a private placement of its common stock for an aggregate offering amount of approximately \$6.0 million at a purchase price of \$6.00 per share. This transaction triggered a mandatory conversion of the Company's remaining Series E Preferred Stock into shares of Biostage common stock at the offering price of \$6.00 per share.

On July 20, 2023, Biostage, Inc. changed its corporate name to Harvard Apparatus Regenerative Technology, Inc. ("HART") and began to trade under the OTCQB Marketplace symbol HRGN.

As of September 30, 2023, the Company held 706,626 shares of HART common stock with an estimated fair value of \$3.8 million, which have been included in the consolidated balance sheet as a component of Other long-term assets. During the three and nine months ended September 30, 2023, the Company recorded an unrealized gain (loss) related to these shares of \$1.2 million and \$(0.4) million, respectively, which were recorded in the Other income (expense) section in the consolidated statements of operations.

The Company determines the fair value of its HART common stock based on the closing price as quoted on the OTCQB Marketplace at the reporting date. Due to HART's limited operating history, its overall financial condition and the limited trading volumes and liquidity of its common stock, the value of the Company's investment in this common stock could fluctuate considerably or become worthless.

## 15. Product Line Disposition

On ~~In~~ February 17, 2023, the Company completed the disposition of ~~sold~~ its Hoefer product line for cash consideration of \$0.5 million. The carrying value of assets sold was \$0.1 million resulting in a gain on disposition of \$0.4

million which **is was** recorded in Other income, net in the consolidated statement of operations for the **nine three** months ended **September 30, March 31, 2023**. Revenue and gross profit of this disposed product line included in the condensed consolidated statement of operations for the **nine three** months ended **September 30, March 31, 2023** and for the three and nine months ended **September 30, 2022**, were not significant.

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## **16. Financial Statement Reclassifications**

During the three months ended September 30, 2023, the Company identified immaterial misclassification errors in the financial statement footnote describing the components **Item 2. Management's Discussion and Analysis of accumulated other comprehensive loss as Financial Condition and Results of December 31, 2022 and 2021**. These misclassifications overstated the amount attributed to the defined benefit pension plans, net of tax, by \$5.4 million and \$5.1 million and understated the amount attributed to foreign currency translation adjustments by \$(5.4) million and \$(5.1) million as of December 31, 2022 and 2021, respectively. This had no impact on total other comprehensive income (loss) for the years ended December 31, 2022 and 2021, included in the Consolidated Statements of Comprehensive Income (Loss), or the total accumulated other comprehensive loss included in the Consolidated Balance Sheets as of December 31, 2022, and 2021. This also had no impact on any of the Company's previously reported Consolidated Statements of Operations, Stockholders' Equity, or Cash Flows. These offsetting misclassifications had no impact on any of the periods presented in the interim financial statements and disclosures in this Quarterly Report on Form 10-Q as of September 30, 2023, and applicable corrections will be included in the annual financial statements and disclosures in the Company's Annual Report on Form 10-K as of December 31, 2023 and for the year then ended. **Operations**.

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## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

### **Forward-Looking Statements**

*This Quarterly Report on Form 10-Q contains statements that are not statements of historical fact and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). The forward-looking statements are principally, but not exclusively, contained in "Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations." 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. Forward-looking statements include, but are not limited to, statements about management's*

confidence or expectations, and our plans, objectives, expectations, and intentions that are not historical facts. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "seek," "expects," "plans," "aim," "anticipates," "believes," "estimates," "projects," "predicts," "intends," "think," "potential," "objectives," "optimistic," "strategy," "goals," "sees," "new," "guidance," "future," "continue," "drive," "growth," "long-term," "projects," "develop," "possible," "emerging," "opportunity," "pursue" and similar expressions intended to identify forward-looking statements. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss many of these risks in detail in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 and our other filings with the SEC. You should carefully review all of these factors, as well as other risks described in our public filings, and you should be aware that there may be other factors, including factors of which we are not currently aware, that could cause these differences. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this report. 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. Harvard Bioscience, Inc. is referred to herein as "we," "our," "us," and "the Company."

## Recent Overview

Harvard Bioscience, Inc., a Delaware corporation, is a leading developer, manufacturer and seller of technologies, products and services that enable fundamental advances in life science applications, including research, pharmaceutical and therapy discovery, bioproduction and preclinical testing for pharmaceutical and therapy development. Our products and services are sold globally to customers ranging from renowned academic institutions and government laboratories to the world's leading pharmaceutical, biotechnology and contract research organizations ("CROs"). With operations in the United States, Europe and China, we sell through a combination of direct and distribution channels to customers around the world.

## Trends and Developments

### Global Economic Environment

The Our business is affected by global supply chain has experienced significant disruptions over the last few years due to electronic component and labor shortages regional economic trends and other macroeconomic factors which have emerged since the onset of COVID-19. This has led to increased cost of freight, purchased materials, and manufacturing labor costs, while also delaying customer shipments. Additionally, the uncertainties. The global economy has recently experienced increasing uncertainty as a result of developments including inflationary pressure, rising higher interest rates, and fluctuations in exchange rates. These rates, economic conditions have negatively impacted our past business, results of operations, in China, and cash flow. Recent the events in Ukraine and the Middle East, East. Our business has also been affected by the softening of certain international markets, especially in China and the Asia-Pacific region, as well as by delays in U.S. government funding may lead for certain customers. Our business has been affected by a reduced demand from our biotechnology and pharmaceutical company customers, due principally to additional economic uncertainties. the increased cost of capital and a reduction in spending following the COVID-19 pandemic.

If these **factors****trends** are prolonged or are more severe, or if the recovery is less robust or takes longer than anticipated, our business, results of operations, and cash flow may be materially impacted.

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### Selected Results of Operations

**Three months ended September 30, 2023** **March 31, 2024** compared to **three months ended September 30, 2022** **March 31, 2023**

(dollars in thousands)	Three Months Ended September 30,				Three Months Ended March 31,			
	2023	% of revenue	2022	% of revenue	2024	% of revenue	2023	% of revenue
Revenues	\$ 25,363		\$ 26,922		\$ 24,512		\$ 29,975	
Gross profit	14,727	58.1 %	12,172	45.2 %	14,772	60.3 %	18,346	61.2 %
Sales and marketing expenses	5,732	22.6 %	5,819	21.6 %	5,904	24.1 %	5,978	19.9 %
General and administrative expenses	5,807	22.9 %	6,324	23.5 %	5,963	24.3 %	6,334	21.1 %
Research and development expenses	2,760	10.9 %	2,763	10.3 %	2,885	11.8 %	2,897	9.7 %
Amortization of intangible assets	1,361	5.4 %	1,572	5.8 %	1,333	5.4 %	1,388	4.6 %
Litigation settlement	-	-	(544)	-2.0 %				
Unrealized gain on equity securities	(1,208)	-4.8 %	-	-				
Other operating expenses					966	3.9 %	-	-
Interest expense	882	3.5 %	749	2.8 %	751	3.1 %	974	3.2 %
Income tax expense (benefit)	677	2.7 %	(1,285)	-4.8 %				
Loss on equity securities					1,312	5.4 %	-	-
Income tax expense					210	0.9 %	585	2.0 %

## Revenue Revenues

Revenue was \$25.4 million. Revenues decreased \$5.5 million, or 18.2%, to \$24.5 million for the three months ended September 30, 2023 (March 31, 2024), compared to \$26.9 million (\$30.0 million) for the three months ended September 30, 2022, (March 31, 2023). The decrease in revenue was primarily due to the softening of \$1.5 million, or 5.8%. This decline included a net decrease of \$1.3 million from non-strategic products discontinued worldwide demand, in particular in the second half of 2022 and decreases Asia-Pacific region compared to a strong first quarter in cellular and molecular product revenue, which were largely offset by growth in preclinical products and services. Revenue declines in Asia were partially offset by growth in North America. 2023.

### Gross profit

Gross profit was \$14.7 million decreased \$3.5 million, or 19.5%, to \$14.8 million for the three months ended September 30, 2023 (March 31, 2024) compared with \$12.2 million (\$18.3 million) for the three months ended September 30, 2022 (March 31, 2023), primarily due to the decrease in revenues. Gross margin increased decreased to 58.1% (60.3%) for the three months ended September 30, 2023 (March 31, 2024), compared with 45.2% (61.2%) for the three months ended September 30, 2022 (March 31, 2023). The increase decrease in gross margin was due primarily to a higher mix the result of preclinical products, service and software, which generally have higher gross margins than our other product lines, as well as reduced revenue from lower margin products discontinued during the second half under-absorption of 2022. Costs of goods sold for the three months ended September 30, 2022, also included a \$1.3 million inventory reserve related manufacturing overhead costs due to the discontinuation of certain non-strategic products. decrease in revenues.

### Sales and marketing expenses

Sales and marketing expenses decreased \$0.1 million, or 1.5%, to \$5.7 million (\$5.9 million) for the three months ended September 30, 2023 (March 31, 2024), compared were comparable to \$5.8 million for the three months ended September 30, 2022. A reduction \$6.0 million during the same period in salaries due to lower headcount 2023. Reduced variable compensation was mostly offset by increases increased investments in variable compensation personnel to support our growth strategy, product launches and travel expenses. costs related to industry trade shows.

### General and administrative expenses

General and administrative expenses decreased \$0.5 million (\$0.3 million), or 8.2% (5.9%), to \$5.8 million (\$6.0 million) for the three months ended September 30, 2023 (March 31, 2024), compared with \$6.3 million for the three months ended September 30, 2022 (March 31, 2023). We undertook a restructuring during the three months ended September 30, 2022, which resulted in higher severance costs in the prior period. The decrease was primarily due to reduced variable compensation.

## **Research and development expenses**

Research and development expenses were \$2.8 million for both the three months ended September 30, 2023 and March 31, 2024, and 2022. A reduction in salaries due to lower headcount and a reduction in consulting costs were mostly offset by increases in variable compensation.

## **Amortization of intangible assets**

Amortization of intangible assets included in operating expenses remained relatively unchanged and decreased to \$1.3 million for the three months ended March 31, 2024, compared with \$1.4 million for the three months ended September 30, 2023, compared with \$1.6 million March 31, 2023.

## **Other operating expenses**

Other operating expenses for the three months ended September 30, 2022. Amortization expense decreased due to March 31, 2023 included a fee of \$0.5 million in connection with the receipt of employee retention credits and an estimated loss of \$0.5 million related to the completion of amortizing certain intangible assets during 2022, an unclaimed property audit.

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## **Litigation settlement (2022) Interest expense**

During Interest expense decreased \$0.2 million, or 22.9%, to \$0.8 million for the three months ended September 30, 2022 March 31, 2024, we released a reserve of \$0.5 million against compared with \$1.0 million for the indemnification receivable from Biostage three months ended March 31, 2023. The decrease was primarily due to reflect lower average borrowings during the final payment by Biostage of the legal fees associated with the Biostage Settlement period.

## **Unrealized gain Loss on equity securities**

On April 6, 2023, Biostage completed a private placement As of its March 31, 2024 and December 31, 2023 we held shares of common stock for an aggregate offering amount of approximately \$6.0 million at a purchase price of \$6.00 per share. As the proceeds of the private placements were in excess of \$4.0 million, the transaction triggered a mandatory conversion of our Series E Preferred Stock into shares of Biostage common stock at the offering price of \$6.00 per share. On July 20, 2023, Biostage, Inc. changed its corporate name to Harvard Apparatus Regenerative Technology ("HART") and began to trade under the OTCQB Marketplace symbol HRGN. As of September 30, 2023, we held 706,626 shares of HART common stock HRGN with an estimated fair value of \$3.8 million \$1.7 million and \$3.5 million, respectively. These shares were received in April 2023 in connection with settlement of indemnification obligations related to litigation which occurred during the year ended December 31, 2022. During the three months ended September 30, 2023 March 31, 2024,

we recorded a loss of \$1.3 million consisting of a realized loss of \$0.3 million for shares sold and an unrealized gain/loss of \$1.2 million related to these shares.

\$1.0 million for shares held. We determine the fair value of our **HART** **HRGN** common stock based on the closing price as quoted on the OTCQB Marketplace at the reporting date. Due to **HART's** **HRGN's** limited operating history, its overall financial condition and the limited trading volumes and liquidity of its common stock, the value of our investment in this common stock could fluctuate considerably or become worthless.

#### **Interest expense**

Interest expense was \$0.9 million and \$0.7 million for the three months ended September 30, 2023 and 2022, respectively. The increase was the result of higher interest costs in a rising rate environment, which was partially offset by lower average borrowings during the period.

#### **Income tax expense**

Income tax expense (benefit) was \$0.2 million and \$0.6 million for the three months ended September 30, 2023 was \$0.7 million March 31, 2024 and for the three months ended September 30, 2022 was \$(1.3) million. 2023, respectively. The effective tax rates for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were (120.2) (4.7)% and 27.4% 48.5%, respectively. The difference between our effective tax rates rate decreased in the first quarter of 2024 compared to 2023 due to a decrease in the GILTI inclusion. The effective tax rate for both the three months ended September 30, 2023, compared to first quarters of 2024 and 2023 differed from the U.S. statutory tax rate of 21% is primarily due to the mix inclusion of forecasted income or losses in our U.S. non-deductible executive compensation and foreign tax jurisdictions and a Global Intangible Low-Taxed Income ("GILTI") inclusion to taxable income. The effective tax rates in both the three months ended September 30, 2023 and 2022, were also impacted by changes in valuation allowances associated with our assessment of the likelihood of the recoverability of our deferred tax assets. We have valuation allowances against substantially all of our net operating loss carryforwards and tax credit carryforwards.

#### **Nine months ended September 30, 2023 compared to nine months ended September 30, 2022.**

(dollars in thousands)	Nine Months Ended September 30,			
	2023	% of revenue	2022	% of revenue
Revenues	\$ 84,097		\$ 84,908	
Gross profit	49,746	59.2 %	44,986	53.0 %
Sales and marketing expenses	17,888	21.3 %	19,093	22.5 %
General and administrative expenses	17,494	20.8 %	18,630	21.9 %
Research and development expenses	8,614	10.2 %	9,480	11.2 %
Amortization of intangible assets	4,138	4.9 %	4,492	5.3 %

Litigation settlement	-	-	(233 )	-0.3 %
Unrealized loss on equity securities	373	0.4 %	-	-
Interest expense	2,797	3.3 %	1,648	1.9 %
Income tax expense (benefit)	144	0.2 %	(437 )	-0.5 %

#### **Revenue**

Revenue was \$84.1 million for the nine months ended September 30, 2023, compared to \$84.9 million for the nine months ended September 30, 2022, a decrease of \$0.8 million, or 1.0%. Revenue included a net decrease of \$4.1 million from the discontinuation of non-strategic products which was largely offset by growth in preclinical product and service revenue.

#### **Gross profit**

Gross profit was \$49.7 million for nine months ended September 30, 2023, compared with \$45.0 million for the nine months ended September 30, 2022. Gross margin increased to 59.2% for the nine months ended September 30, 2023, compared with 53.0% for the nine months ended September 30, 2022. The increase in gross margin was due primarily to a higher mix of preclinical products, services and software, which generally have higher gross margins than our other product lines, as well as reduced revenue from lower margin products discontinued during the second half of 2022. Costs of goods sold for the three months ended September 30, 2022, also included a \$1.3 million inventory reserve related to the discontinuation of certain non-strategic products.

#### **Sales and marketing expenses**

Sales and marketing expenses decreased \$1.2 million, or 6.3%, to \$17.9 million for the nine months ended September 30, 2023, compared to \$19.1 million for the nine months ended September 30, 2022. A reduction in salaries due to lower headcount was partially offset by increases in variable compensation.

#### **General and administrative expenses**

General and administrative expenses decreased \$1.1 million, or 6.1%, to \$17.5 million for the nine months ended September 30, 2023, compared with \$18.6 million for the nine months ended September 30, 2022. The decrease was primarily due to reduced consulting costs and severance costs incurred with restructuring activities in the prior period, partially offset by increases in salaries and variable compensation in the current period.

#### **Research and development expenses**

Research and development expenses decreased \$0.9 million, or 9.1%, to \$8.6 million for the nine months ended September 30, 2023, compared with \$9.5 million for the nine months ended September 30, 2022. The decrease was primarily due to reduced salaries and consulting costs, partially offset by increases in variable compensation.

#### **Amortization of intangible assets**

Amortization of intangible asset expenses were \$4.1 million for the nine months ended September 30, 2023, compared with \$4.5 million for the nine months ended September 30, 2022. Amortization expense decreased as we completed the amortization of certain intangible assets during 2022.

#### **Litigation settlement (2022)**

During the nine months ended September 30, 2022, we recorded a net credit of \$0.2 million related to the Biostage Settlement consisting of \$5.2 million in settlement and legal expenses accrued during the three months ended March 31, 2022, offset by credits of \$4.9 million and \$0.5 million recorded during the three months ended June 30, 2022 and September 30, 2022, respectively. The credits consisted of adjustments to the reserve against the indemnification receivable from Biostage to reflect: i) the issuance by Biostage of Series E Convertible Preferred Stock to us on June 10, 2022, in satisfaction of \$4.0 million of Biostage's total indemnification obligations, ii) the payment by Biostage of legal fees associated with the Biostage Settlement, and iii) other accrual adjustments.

#### ***Unrealized loss on equity securities***

As discussed above, we held 706,626 shares of HART common stock with an estimated fair value of \$3.8 million as of September 30, 2023. During the nine months ended September 30, 2023, we recorded an unrealized loss of \$0.4 million related to these shares.

We determine the fair value of our HART common stock based on the closing price as quoted on the OTCQB Marketplace at the reporting date. Due to HART's limited operating history, its overall financial condition and the limited trading volumes and liquidity of its common stock, the value of our investment in this common stock could fluctuate considerably or become worthless.

#### ***Interest expense***

Interest expense increased \$1.2 million, or 69.7%, to \$2.8 million for the nine months ended September 30, 2023, compared with \$1.6 million for the nine months ended September 30, 2022. The increase was the result of higher interest costs in a rising rate environment, which was partially offset by lower average borrowings during the period.

#### ***Income tax***

Income tax expense (benefit) for the nine months ended September 30, 2023 was \$0.1 million and for the nine months ended September 30, 2022 was \$(0.4) million. The effective tax rates for the nine months ended September 30, 2023 and 2022 were (9.9)% and 5.3%, respectively. The difference between our effective tax rates for the nine months ended September 30, 2023, compared to the U.S. statutory tax rate of 21% was primarily due to the mix of forecasted income or losses in our U.S. and foreign tax jurisdictions and a GILTI inclusion to taxable income. The effective tax rates in both the nine months ended September 30, 2023 and 2022, were also impacted by changes in valuation allowances associated with our assessment of the likelihood of the recoverability of our deferred tax assets. We have valuation allowances against substantially all of our net operating loss carryforwards and tax credit carryforwards.

## Liquidity and Capital Resources

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations and our revolving credit facility. Our expected cash outlays relate primarily to cash payments due under our Credit Agreement described below salaries as well as capital expenditures, salaries, inventory, and capital expenditures.

As of September 30, 2023, we held cash and cash equivalents of \$5.3 million at both March 31, 2024, compared with \$4.5 million at December 31, 2022 and December 31, 2023. Borrowings outstanding were \$39.4

million \$36.1 million and \$47.7 million \$37.1 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

On December 22, 2020, we entered into We maintain a Credit Agreement which provides for a term loan of \$40.0 million and a \$25.0 million senior revolving credit facility both maturing on December 22, 2025. On March 28, 2024, we entered into an amendment to the Credit Agreement pursuant to which the Lenders and administrative agent modified the definition of Consolidated EBITDA used in the calculation of certain financial covenants to adjust for charges related to the ongoing abandoned property audit and commission fees expected to be paid in connection with our employee retention credit filings. We were in compliance with the covenants of the Credit Agreement, as amended, as of March 31, 2024. (See Note 8 to the Consolidated Condensed Financial Statements included in Part I, Item 1. of this report).

As of September 30, 2023 March 31, 2024, the weighted average interest rate on our borrowings, inclusive net of the effect of our the interest rate swaps, was 7.7% 7.4%, and the available and unused borrowing capacity was \$13.0 million \$4.4 million. Total revolver borrowing capacity is limited by our consolidated net leverage ratio as defined under the Credit Agreement, as amended. As of September 30, 2023, we were in compliance with the covenants of the Credit Agreement, as amended.

Based on our current operating plans, we expect that our available cash, cash generated from current operations and debt capacity will be sufficient to finance current operations and capital expenditures for at least the next 12 months. This assessment includes consideration of our best estimates of the impact of macroeconomic conditions on our financial results described above. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary as a result of a number of factors.

#### CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(in thousands)	Nine Months Ended September 30,		Three Months Ended March 31,	
	2023	2022	2024	2023
Cash provided by (used in) operating activities	\$ 9,725	\$ (1,527)		
Cash used in investing activities	(738)	(1,355)		
Cash provided by operating activities			\$ 1,403	\$ 1,812
Cash (used in) provided by investing activities			(225)	288

Cash used in financing activities	(8,018)	(107)	(1,055)	(2,893)
Effect of exchange rate changes on cash	(137)	312	(151)	74
Increase (decrease) in cash and cash equivalents	\$ 832	\$ (2,677)		
Decrease in cash and cash equivalents			\$ (28)	\$ (719)

Cash provided by operating activities was \$9.7 million \$1.4 million and \$1.8 million for the nine three months ended September 30, 2023, compared with cash used in operating activities of \$1.5 million March 31, 2024 and 2023, respectively. Cash flow from operations for the nine three months ended September 30, 2022. Cash provided by operating activities March 31, 2024 was negatively impacted as a result of the decline in net income for the nine months ended September 30, 2023 improved due to reductions in our net loss period adjusted for non-cash items and increases in deferred revenue for service contracts. During the nine months ended September 30, 2022, cash used in operating activities was negatively positively impacted by the payment receipt of approximately \$4.0 million in connection with the Biostage Settlement. \$3.2 million of employee retention credits.

Cash used in investing activities was \$0.7 million \$0.2 million for the nine three months ended September 30, 2023, and primarily consisted of \$1.2 million of capital expenditures in manufacturing, information technology infrastructure, and intangible asset acquisitions, offset by \$0.5 million from proceeds of the sale our Hoefer product line. Cash used in investing activities was \$1.4 million for the nine months ended September 30, 2022, March 31, 2024 and primarily consisted of capital expenditures in manufacturing and information technology infrastructure. infrastructure of \$0.7 million partially offset by \$0.5 million from the proceeds from the sale of marketable equity securities. Cash provided by investing activities was \$0.3 million for the three months ended March 31, 2023 and primarily consisted of \$0.5 million from proceeds of the sale our Hoefer product line partially offset by \$0.2 million of capital expenditures.

Cash used in financing activities was \$8.0 million \$1.1 million and \$0.1 million \$2.9 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. During the nine three months ended September 30, 2023 March 31, 2024, debt outstanding under our credit facility decreased by \$8.3 million \$1.0 million, consisting of net borrowings under our revolver of \$2.0 million, and payments of \$3.0 million against the term loan. During the three months ended March 31, 2023, debt outstanding under our credit facility decreased by \$2.8 million, consisting of net payments against our revolving line revolver of credit of \$5.0 million \$1.0 million, and payments of \$3.3 million \$1.8 million against the term loan. We also received proceeds of \$0.7 million from the exercise of stock options and employee stock purchases and paid \$0.5 million for taxes related to net share settlement of equity awards. During the nine months ended September 30, 2022, debt outstanding under our credit facility increased by \$0.7 million, consisting of net drawings against our revolver of \$3.1 million, offset by payments of \$2.4 million against the term loan. We also paid \$1.2 million for taxes related to net share settlement of equity awards.

#### Impact of Foreign Currencies

Our international operations in some instances operate in a natural hedge, as we sell our products in many countries and a substantial portion of our revenues, costs and expenses are denominated in foreign currencies, primarily the euro and British pound.

During the three months ended **September 30, 2023** **March 31, 2024**, changes in foreign currency exchange rates resulted in a favorable translation had an insignificant effect on our consolidated revenues of approximately \$0.7 million and an unfavorable effect on expense of approximately \$0.5 million. During the nine months ended September 30, 2023, changes in foreign currency exchange rates resulted in a favorable translation effect on our consolidated revenues of approximately \$0.3 million and a unfavorable effect on expense of approximately \$0.1 million.

expenses. The loss gain (loss) associated with the translation of our foreign equity into U.S. dollars included as a component of other comprehensive income (loss) during the three months ended March 31, 2024 was a loss was \$1.3 million and \$2.9 million of \$(0.8) million, compared to a gain of \$0.8 million for the three months ended September 30, 2023 and 2022, respectively, and was \$0.4 million and \$6.2 million for the nine months ended September 30, 2023 and 2022, respectively.

In addition, currency **March 31, 2023**. Currency exchange rate fluctuations included as a component of net loss resulted in currency gains (losses) of approximately \$0.2 million and \$(0.3) million for income (loss) during the three months ended September 30, 2023 **March 31, 2024**, and 2022, respectively, and \$0.1 million and \$(0.6) million for the nine months ended September 30, 2023 and 2022, respectively. **March 31, 2023** were not significant.

#### Critical Accounting Policies

The There have been no material changes to the critical accounting policies underlying the accompanying unaudited consolidated financial statements are those and as set forth in Part II, Item 7 included in our Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 31, 2023**.

#### Recent Accounting Pronouncements

For information on recent accounting pronouncements impacting our business, see "Recently Issued Accounting Pronouncements" **Pronouncements Yet to Be Adopted** included in Note **21** to our Condensed Consolidated Financial Statements included in "Part **Part** I, Item 1. **Financial Statements**" of this report.

**Item 3.**

#### **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Not Applicable.

Item 4.

#### Item 4. Controls and Procedures.

##### *Evaluation of Disclosure Controls and Procedures*

As of **September 30, 2023** **March 31, 2024**, the end of the period covered by this report, our management, including our Chief Executive Officer and our Chief Financial Officer, reviewed and evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) of the Exchange Act). Based upon management's review and evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified by the SEC and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

##### *Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting during the **third** **first** quarter of fiscal **2023** **2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

##### *Limitations on Effectiveness of Controls and Procedures*

In designing and evaluating our controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud within the Company have been detected.

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## PART II. OTHER INFORMATION

Item 1.

#### Item 1. Legal Proceedings.

The information included in Note 13 and Note 14 to the Condensed Consolidated Financial Statements (Unaudited) included in "Part I, Item 1 Financial Statements" of this quarterly report is incorporated herein by reference.

**Item 1A. Item 1A.Risk Factors.**

You should carefully consider the risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, which could materially affect our business, financial position, or future results of operations. The risks described in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial position, or future results of operations.

**Item 2. Item 2.Unregistered Sales of Equity Securities and Use of Proceeds.**

There were no unregistered sales of equity securities during the period covered by this report.

**Item 3. Item 3.Defaults Upon Senior Securities.**

None.

**Item 4. Item 4.Mine Safety Disclosures.**

Not applicable.

**Item 5. Item 5.Other Information.**

**None.** The information included in Part II, Item 9B in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 is incorporated herein by reference.

**Item 6.Exhibits**

Item 6.10.1 [Exhibits](#)[Third Amendment to Credit Agreement dated March 28, 2024, among Harvard Bioscience, Inc., Citizen Bank, N. A., as the administrative agent, and the lenders party thereto. \(previously filed as an exhibit to the Company's Current Report on Form 8-K on April 3, 2024 and incorporated by reference thereto\).](#)

31.1 [Certification of Chief Financial Officer of Harvard Bioscience, Inc., pursuant to Rules 13a-14\(a\) and 15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)

<u>31.2</u>	<a href="#"><u>Certification of Chief Executive Officer of Harvard Bioscience, Inc., pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
<u>32.1*</u>	<a href="#"><u>Certification of Chief Financial Officer of Harvard Bioscience, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
<u>32.2*</u>	<a href="#"><u>Certification of Chief Executive Officer of Harvard Bioscience, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

\* This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by undersigned thereunto duly authorized.

HARVARD BIOSCIENCE, INC.

Date: **November 7, 2023** **May 7, 2024**

By: /s/ JAMES GREEN

James Green

Chief Executive Officer

By:

/s/ JENNIFER COTE

Jennifer Cote

Chief Financial Officer

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EXHIBIT 31.1

Certification

I, Jennifer Cote, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harvard Bioscience, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date **November 7, 2023** **May 7, 2024**

/s/ JENNIFER COTE

Jennifer Cote  
Chief Financial Officer

EXHIBIT 31.2

Certification

I, James Green, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Harvard Bioscience, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 7, 2024

/s/ JAMES GREEN

James Green  
Chief Executive Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORT PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned officer of Harvard Bioscience, Inc. (the "Company") hereby certifies to her knowledge that the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 March 31, 2024 (the "Report") to which this certification is being furnished as an exhibit, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b) (32) of Regulation S-K (Item 601(b)(32)) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: November 7, 2023 May 7, 2024

/s/ JENNIFER COTE

Name: Jennifer Cote

Title: Chief Financial Officer

EXHIBIT 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORT PURSUANT TO 18 U.S.C. SECTION 1350

The undersigned officer of Harvard Bioscience, Inc. (the "Company") hereby certifies to his knowledge that the Company's Quarterly Report on Form 10-Q for the quarterly period ended **September 30, 2023** **March 31, 2024** (the "Report") to which this certification is being furnished as an exhibit, as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K (Item 601(b)(32)) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: **November 7, 2023** **May 7, 2024**

/s/ JAMES GREEN

Name: James Green

Title: Chief Executive Officer

## DISCLAIMER

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