

AZENTA
LIFE SCIENCES

Conference Call
Azenta Life Sciences
Second Quarter FY22
Preliminary Financial Results

May 9, 2022

Safe Harbor Statement



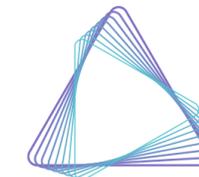
“Safe Harbor” Statement under the U.S. Private Securities Litigation Reform Act of 1995; certain matters in this presentation, including forecasts of future demand and future Company performance, are forward-looking statements that are subject to risks and uncertainties that could cause actual results to materially differ, either better or worse, from those projected. Further discussions of risk factors are available in the Company’s most recent SEC filings including form 10-K for the fiscal year ended September 30, 2021. The Company assumes no obligation to update the information in this presentation.

Regulation G

This presentation contains certain non-GAAP measures which are provided to assist in an understanding of the Azenta business and its operational performance. These measures should always be considered in conjunction with the appropriate GAAP measure. Reconciliations of all non-GAAP amounts to the relevant GAAP amount are provided in either an attachment to our second quarter financial results press release issued on May 9, 2022 or as an attachment to call slides used to accompany prepared comments made during our financial results conference call of the same date. Both documents are available on our website at www.azenta.com.

Azenta Q2 2022 Overview

Continuing Operations – Quarter Ended Mar 31, 2022 (Preliminary)



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- ✓ **Continued momentum with Q2 revenue growth of 12% YtY**
 - **2% YtY growth in Life Sciences Products and 19% YtY growth in Life Sciences Services**
 - **Excluding the estimated impact of COVID in both periods, revenue was up 20% YtY**

- ✓ **Non-GAAP EPS \$0.12, flat sequentially and down \$0.02 YtY; Adj. EBITDA of 13.3%**
 - **GAAP EPS \$(0.02) on continuing operations**

- ✓ **Closed the sale of the Semiconductor Automation business February 1st**
 - **Net cash proceeds estimated at \$2.5B**



Azenta Life Sciences Operating Performance

Continuing Operations – Quarter Ended Mar 31, 2022 (Preliminary)



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\$ millions, except EPS	GAAP		non-GAAP		
	Q2'22	QtQ	Q2'22	QtQ	YtY
Revenue	146	4%	146	4%	12%
Gross profit	71	6%	72	5%	10%
%	48.7%	0.7 pts.	49.6%	0.3 pts.	(0.9) pts.
R&D	7	6%	7	6%	32%
SG&A	69	13%	56	11%	18%
Operating Income	(5)	nm	10	(21%)	(26%)
%	(3.2%)	(3.0) pts.	6.7%	(2.1) pts.	(3.5) pts.
Interest Income (Expense)	2	\$2	2	\$2	\$2
Loss on Debt Extinguishment	(1)	(\$1)	n/a	n/a	n/a
Other Income (Expense)	(1)	\$0	(1)	\$0	(\$1)
Tax Benefit (Provision)	3	(\$2)	(1)	\$1	\$1
Net Income - continuing ops	(2)	nm	9	(2%)	(14%)
%	(1.2%)	(3.3) pts.	6.0%	(0.4) pts.	(1.9) pts.
Continuing Ops - Diluted EPS	\$ (0.02)	\$ (0.06)	\$ 0.12	\$ 0.00	\$ (0.02)
Total Azenta - Diluted EPS	\$ 28.15	\$ 27.57			
Adjusted EBITDA			19	(2%)	(18%)
%			13.3%	(0.9) pts.	(5.0) pts.

- **12% organic growth with 1 percentage point benefit from M&A & 1 percentage point headwind from FX**

Life Science Products Performance

Continuing Operations – Quarter Ended Mar 31, 2022 (Preliminary)



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\$ millions	<u>Q2'22</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	54	7%	2%
Gross profit	27	16%	9%
%	49.5%	3.6 pts.	3.1 pts.
Operating expenses	21	15%	24%
Operating income	5	20%	(27%)
%	9.9%	1.1 pts.	(4.0) pts.
Adjusted EBITDA	8	26%	(19%)
%	15.5%	2.3 pts.	(4.1) pts.

- **2% YtY revenue growth; 12% YtY growth excluding estimated COVID impact**
 - **Strong growth in non-COVID Consumables & Instruments, and in Automated stores driven by Cryo Systems**
- **Gross margin improved 310 bps YtY and 360 bps QtQ due to C&I product mix and improved large automated stores performance**

Life Science Services Performance

Continuing Operations – Quarter Ended Mar 31, 2022 (Preliminary)



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\$ millions	<u>Q2'22</u>	<u>QtQ</u>	<u>YtY</u>
Revenue	92	2%	19%
Gross profit	46	(1%)	11%
%	49.6%	(1.5) pts.	(3.6) pts.
Operating expenses	41	7%	15%
Operating income	5	(38%)	(13%)
%	5.3%	(3.5) pts.	(2.0) pts.
Adjusted EBITDA	13	(12%)	(5%)
%	13.7%	(2.2) pts.	(3.5) pts.

- **19% YtY revenue growth; 25% YtY growth excluding estimated COVID impact**
 - **Genomic services grew 18% year-over-year including a \$3M COVID headwind**
 - **Sample repository services grew 21% driven by growth of samples in storage**
- **Gross Margin was 49.6%, down 360 bps YtY driven by increased labor costs and customer mix**

Summary Consolidated Balance Sheet

(Preliminary)



\$ millions	<u>Dec 31 2021</u>	<u>Mar 31 2022</u>	<u>QtQ</u>
Cash and short term marketable securities	215	2,753	2,538
Accounts receivable, net	126	138	12
Inventories	70	78	8
Other current assets	61	75	14
Current assets held for sale	325	-	(325)
Current Assets	797	3,043	2,246
Accounts payable	(47)	(36)	11
Deferred revenue	(28)	(31)	(2)
Other current liabilities	(146)	(549)	(404)
Current liabilities held for sale	(121)	-	121
Current Liabilities	(342)	(616)	(274)
Net Current Assets	455	2,427	1,972
Property, plant and equipment	147	150	3
Long-term marketable securities	4	260	256
Goodwill and intangible assets	647	638	(9)
Long-term debt	(50)	-	50
Net long-term deferred tax assets (liabilities)	1	(16)	(17)
Other net long-term assets (liabilities)	9	9	(0)
Non-current assets held for sale, net	154	-	(154)
Net assets	1,367	3,469	2,101

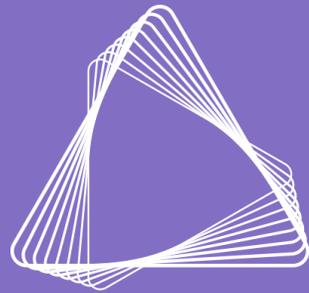
As of March 31, 2022

- **\$3.0B of cash, restricted cash and marketable securities, with no outstanding debt**
- **Approximately \$450M in taxes payable related to the sale of the Semiconductor Automation business (in current liabilities)**

Q3'22 Guidance



\$ millions, except EPS	Guidance	
	Q2'22	Q3'22
Revenue	\$146	\$140 - \$150
Adjusted EBITDA	\$19	\$17 - \$24
Non-GAAP diluted EPS	\$0.12	\$0.09 - \$0.17
GAAP diluted EPS - Cont Ops	(\$0.02)	(\$0.03) - \$0.05



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Non-GAAP Reconciliation Appendix

GAAP to Non-GAAP Reconciliation

Continuing Operations – Total Azena



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\$ millions, except EPS	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22
Revenue	129.5	129.1	136.9	139.7	145.5
GAAP gross profit	57.9	62.4	66.1	67.0	70.8
<i>Gross profit margin</i>	44.7%	48.4%	48.3%	48.0%	48.7%
Amortization expense	2.0	2.2	1.9	1.8	1.8
Tariff adjustment	5.5	-	-	-	(0.5)
Other special charges	-	(0.1)	-	-	-
Non-GAAP gross profit	65.4	64.5	68.0	68.8	72.2
<i>Non-GAAP gross profit margin</i>	50.5%	50.0%	49.7%	49.3%	49.6%
GAAP Research and development	(5.2)	(5.5)	(6.6)	(6.5)	(6.9)
GAAP Selling, general and administrative	(61.9)	(57.8)	(80.5)	(60.7)	(68.5)
Merger and acquisition costs	7.5	2.5	8.4	3.7	5.6
Amortization expense	7.4	7.4	7.6	6.3	6.0
Other special charges	-	-	14.2	0.6	1.3
Non-GAAP Selling, general and administrative	(47.0)	(47.9)	(50.2)	(50.1)	(55.6)
Restructuring charges	(0.1)	0.0	(0.3)	(0.2)	(0.1)
GAAP operating profit (loss)	(9.3)	(0.9)	(21.2)	(0.3)	(4.7)
<i>Operating profit margin</i>	(7.2%)	(0.7%)	(15.5%)	(0.2%)	(3.2%)
Non-GAAP operating profit	13.2	11.1	11.2	12.2	9.7
<i>Non-GAAP operating profit margin</i>	10.2%	8.6%	8.2%	8.8%	6.7%
GAAP net income (loss)	(7.3)	(1.8)	(22.4)	2.9	(1.8)
Merger and acquisition costs	7.5	2.5	8.4	3.7	5.6
Amortization expense	9.4	9.6	9.5	8.0	7.9
Restructuring charges	0.1	(0.0)	0.3	0.2	0.1
Other special charges	-	(0.1)	14.2	0.6	1.3
Tariff adjustment	5.5	-	-	-	(0.5)
Loss on extinguishment of debt	-	-	-	-	0.6
Tax related adjustments	0.0	0.1	(10.2)	(4.2)	(0.9)
Tax effect of adjustments	(4.9)	(2.6)	8.9	(2.3)	(3.6)
Non-GAAP net income	10.2	7.7	8.8	8.9	8.7
<i>Diluted earnings per share</i>	(0.10)	(0.02)	(0.30)	0.04	(0.02)
<i>Non-GAAP diluted earnings per share</i>	0.14	0.10	0.12	0.12	0.12
Diluted shares outstanding (In Millions)	74	74	75	75	75

GAAP to Non-GAAP Reconciliation

Continuing Operations – Segments



\$ millions, except EPS	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22
<u>Life Sciences Products</u>					
Revenue	52.4	48.6	53.1	49.9	53.6
GAAP gross profit	24.1	22.7	25.3	22.7	26.3
<i>Gross profit margin</i>	45.9%	46.6%	47.7%	45.5%	49.0%
Amortization expense	0.3	0.4	0.1	0.2	0.3
Non-GAAP gross profit	24.3	23.1	25.5	22.9	26.6
<i>Non-GAAP gross profit margin</i>	46.5%	47.5%	47.9%	45.9%	49.5%
GAAP Research and development	(2.4)	(2.7)	(3.4)	(3.4)	(3.4)
GAAP Selling, general and administrative	(14.7)	(15.3)	(15.4)	(15.1)	(17.9)
GAAP operating profit	7.0	4.6	6.5	4.2	5.0
<i>Operating profit margin</i>	13.3%	9.5%	12.2%	8.4%	9.4%
Non-GAAP operating profit	7.2	5.1	6.6	4.4	5.3
<i>Non-GAAP operating profit margin</i>	13.8%	10.4%	12.4%	8.8%	9.9%
<u>Life Sciences Services</u>					
Revenue	77.2	80.5	83.8	89.8	91.9
GAAP gross profit	33.8	39.8	40.8	44.4	44.5
<i>Gross profit margin</i>	43.8%	49.4%	48.7%	49.4%	48.4%
Amortization expense	1.7	1.7	1.7	1.6	1.6
Tariff adjustment	5.5	-	-	-	(0.5)
Other special charges	-	(0.1)	-	-	-
Non-GAAP gross profit	41.1	41.4	42.6	45.9	45.6
<i>Non-GAAP gross profit margin</i>	53.2%	51.5%	50.8%	51.2%	49.6%
GAAP Research and development	(2.9)	(2.8)	(3.1)	(3.1)	(3.1)
GAAP Selling, general and administrative	(32.6)	(32.9)	(35.1)	(35.0)	(37.7)
Operating expenses	(35.4)	(35.7)	(38.2)	(38.1)	(40.8)
GAAP operating profit	(1.6)	4.1	2.6	6.3	3.8
<i>Operating profit margin</i>	(2.1%)	5.1%	3.1%	7.0%	4.1%
Non-GAAP operating profit	5.6	5.8	4.3	7.9	4.9
<i>Non-GAAP operating profit margin</i>	7.3%	7.2%	5.2%	8.8%	5.3%

Net Income Reconciliation to Adjusted EBITDA

Continuing Operations – Total Azena



\$ millions	<u>Q2 FY21</u>	<u>Q3 FY21</u>	<u>Q4 FY21</u>	<u>Q1 FY22</u>	<u>Q2 FY22</u>
Net income	\$23.7	\$39.2	\$21.8	\$43.3	\$2,115.9
Income from discontinued operations, net of tax	(31.1)	(41.0)	(44.2)	(40.5)	(2,117.7)
Net income (loss) from continuing operations	(7.3)	(1.8)	(22.4)	2.9	(1.8)
<u>Adjustments:</u>					
Interest income	(0.0)	(0.4)	(0.1)	(0.0)	(3.1)
Interest expense	0.5	0.5	0.6	0.5	1.6
Income tax provision	(2.3)	(0.8)	(15.5)	(4.7)	(3.2)
Depreciation	4.7	4.9	5.1	5.2	5.3
Amortization of intangible assets	9.4	9.6	9.5	8.0	7.9
Loss on extinguishment of debt	-	-	-	-	0.6
EBITDA-from Continuing Operations	4.9	11.9	(22.9)	11.9	7.3
<u>Adjustments:</u>					
Stock-based compensation	5.7	4.3	5.1	3.5	5.5
Rebranding and transformation	-	-	0.8	0.6	1.3
Tax indemnification reserve release	-	-	16.0	-	-
Impairment of trademark	-	-	13.4	-	-
Tariff adjustment	5.5	(0.1)	-	-	(0.5)
Restructuring charges	0.1	(0.0)	0.3	0.2	0.1
Merger and acquisition costs / Other	7.5	2.5	8.4	3.7	5.6
Adjusted EBITDA - from Continuing Operations	23.7	18.7	21.2	19.8	19.4
Adjusted EBITDA margin	18.3%	14.5%	15.5%	14.2%	13.3%

Operating Profit Reconciliation to Adjusted EBITDA

Continuing Operations - Segments



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\$ millions

<u>Life Science Products</u>	<u>Q2 FY21</u>	<u>Q3 FY21</u>	<u>Q4 FY21</u>	<u>Q1 FY22</u>	<u>Q2 FY22</u>
Operating Profit (Loss)	7.0	4.6	6.5	4.2	5.0
<u>Adjustments:</u>					
Depreciation	0.9	0.9	0.9	0.7	0.9
Amortization of intangible assets	0.3	0.4	0.1	0.2	0.3
EBITDA	8.2	5.9	7.5	5.1	6.2
EBITDA margin	15.6%	12.2%	14.1%	10.2%	11.5%
<u>Adjustments:</u>					
Stock-based compensation	2.0	1.5	1.5	1.3	2.1
Adjusted EBITDA	10.1	7.4	9.0	6.4	8.3
Adjusted EBITDA margin	19.3%	15.3%	17.0%	12.8%	15.5%
<u>Life Science Services</u>	<u>Q2 FY21</u>	<u>Q3 FY21</u>	<u>Q4 FY21</u>	<u>Q1 FY22</u>	<u>Q2 FY22</u>
Operating Profit (Loss)	(1.6)	4.1	2.6	6.3	3.8
<u>Adjustments:</u>					
Depreciation	3.6	3.7	3.9	3.9	4.4
Amortization, restructuring related, and other special charges	1.7	1.7	1.7	1.6	1.6
EBITDA	3.7	9.5	8.3	11.8	9.8
EBITDA margin	4.8%	11.8%	9.9%	13.1%	10.6%
<u>Adjustments:</u>					
Tariff adjustment	5.5	-	-	-	(0.5)
Stock-based compensation	3.8	2.9	3.6	2.1	3.3
Adjusted EBITDA	13.0	12.4	11.9	13.9	12.6
Adjusted EBITDA margin	16.8%	15.4%	14.2%	15.5%	13.7%