



**Integer**<sup>®</sup>

# 3Q22 Earnings Conference Call

October 27, 2022



# Integer<sup>®</sup>



## Integer Holdings Corporation Third Quarter 2022 Earnings Conference Call 9 a.m. Eastern Time, October 27, 2022

### Speakers:



Joe Dziedzic  
President and Chief Executive  
Officer



Jason Garland  
Executive Vice President, Chief  
Financial Officer



Tony Borowicz  
Senior Vice President, Investor  
Relations

- A webcast of today's call can be accessed in the "Investor Relations" section of the Company's website:  
[investor.integer.net](https://investor.integer.net)
- To participate on the call, please dial:
  - (888) 330-3567 (U.S.)
  - (646) 960-0842 (International)
  - The conference ID is 9252310
- An online archive of the broadcast will be available at the website three hours after the live call, and will be available through Thursday, November 3, 2022, by dialing
  - (800) 770-2030 (U.S.)
  - (647) 362-9199 (International)
  - The conference ID is 9252310

# Presentation of Financial Information & Forward-Looking Statements



## Important Information

This presentation contains summarized information concerning Integer Holdings Corporation (the “Company”) and its business, operations, financial performance and trends. The historical financial and operating data contained herein reflect the consolidated results of the Company for the periods indicated. No representation is made that the information in this presentation is complete. For additional financial and business-related information, as well as information regarding business and product line trends, see the Company’s most recent Annual Report on Form 10-K (“Form 10-K”) and Quarterly Reports on Form 10-Q filed with the U.S. Securities and Exchange Commission (the “SEC”), as well other reports filed with the SEC from time-to-time. Such reports are or will be available in the investor relations section of our corporate website ([investor.integer.net](http://investor.integer.net)) and the SEC’s website ([www.sec.gov](http://www.sec.gov)).

**Non-GAAP Financial Measures.** This presentation includes financial information prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) as well as other financial measures referred to as non-GAAP. These non-GAAP financial measures are not calculated in accordance with GAAP and are not meant to be considered in isolation from or as a substitute for the information prepared in accordance with GAAP. For reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, please refer to the appendix to this presentation, as well as the earnings press release associated with this period and the trending schedules, both of which can be found in the investor relations section of our corporate website ([investor.integer.net](http://investor.integer.net)).

**Forward Looking Statements.** Some of the statements contained in this presentation whether written or oral may be “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to 2022 full-year financial results, fourth quarter production, sales and cash flow, and 2023 guidance; statements relating to recovery from COVID-19 global pandemic; future sales, expenses, and profitability; customer demand; supplier performance (including delivery delays); future development and expected growth of our business and industry; our ability to execute our business model and our business strategy, including supply chain, labor, and completion and integration of current or future acquisition targets; having available sufficient cash and borrowing capacity to meet working capital, debt service and capital expenditure requirements for the next twelve months; projected capital spending; and other events, conditions or developments that will or may occur in the future. You can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “projects” or “continue” or variations or the negative of these terms or other comparable terminology. These statements are based on the Company’s current expectations and speak only as of date of this presentation. The Company’s actual results could differ materially from those stated or implied by such forward-looking statements. Except as required by law, the Company assumes no obligation to update forward-looking information, including information in this presentation, to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects or otherwise.

# Agenda



- Opening Remarks
- Financial Results
- Product Line Review
- 2022 Outlook
- Wrap-up
- Q&A

# Opening Remarks

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*Intensified  
management of  
supply chain*

*3Q22 sales grew 12%  
versus 3Q21*

*Financial outlook  
unchanged from  
October 5<sup>th</sup> guidance*

## **Intensified supply chain management**

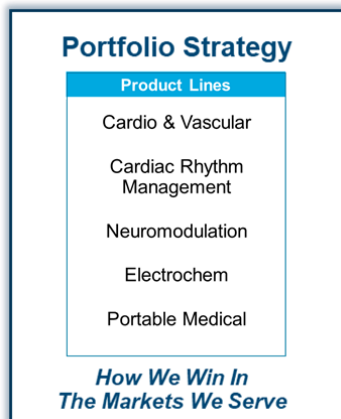
- Deeper supplier engagement and planning
- Faster escalation of supplier delays or shortages
- Executing insourcing & dual-sourcing strategy
- Increased risk adjustment for supplier performance

## **3Q22 financial results in line with October 5<sup>th</sup> preliminary view**

- 3Q22 sales \$343 million, up 12% vs prior year
- Sales negatively impacted ~\$15 million by supplier delivery issues
- 3Q22 adjusted EBITDA \$63 million, up 5% vs prior year
- Delivered CFOA of \$28 million

## **Financial outlook**

- 2022 sales \$1,350 - \$1,380 million, up 11% - 13%, organic 4% - 6%
- Adjusted operating income \$180 - \$196 million
- Anticipate 2023 sales growth of 7% - 9%
- The fundamentals of our growth strategy remain strong



## Fundamentals of our growth strategy remain strong

- ✓ Resilient market ... pre-COVID market growth rates
- ✓ Strong customer relationships ... supplier consolidation trend
- ✓ Designed in ... high switching costs, ~60% under contract

## Accelerating Revenue Growth ... 2023 up 7% - 9%, above market

- ✓ Significant backlog and strong customer demand
- ✓ Oscor & Aran acquisitions accretive to revenue growth in 2023
- ✓ New product introductions ... shifting mix to high growth markets

## Expect margin expansion in 2023

- ✓ Volume leverage from higher sales
- ✓ Price neutral to positive instead of historical 1% - 2% headwind
- ✓ Benefit of SG&A headcount reduction
- ✓ Stabilizing labor and supply chain environment
  - Turnover improving ... lower overtime and training cost

Fundamentals of our growth strategy remain strong ... well positioned for 2023

# Financial Results

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# 3Q22 Financial Results<sup>(1)</sup>

(\$ in millions, except per share amounts)



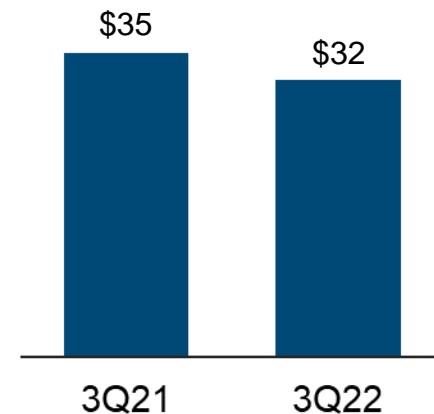
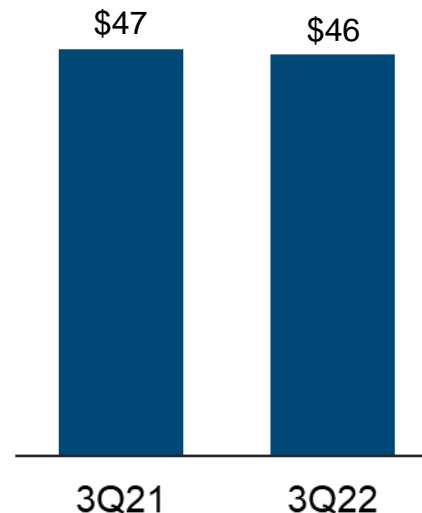
## Sales

## Adjusted EBITDA

## Adj. Operating Income

## Adjusted Net Income

<b>% Change</b>	<b>12%</b>	<b>5%</b>	<b>(1)%</b>	<b>(9)%</b>
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## Adjusted EPS

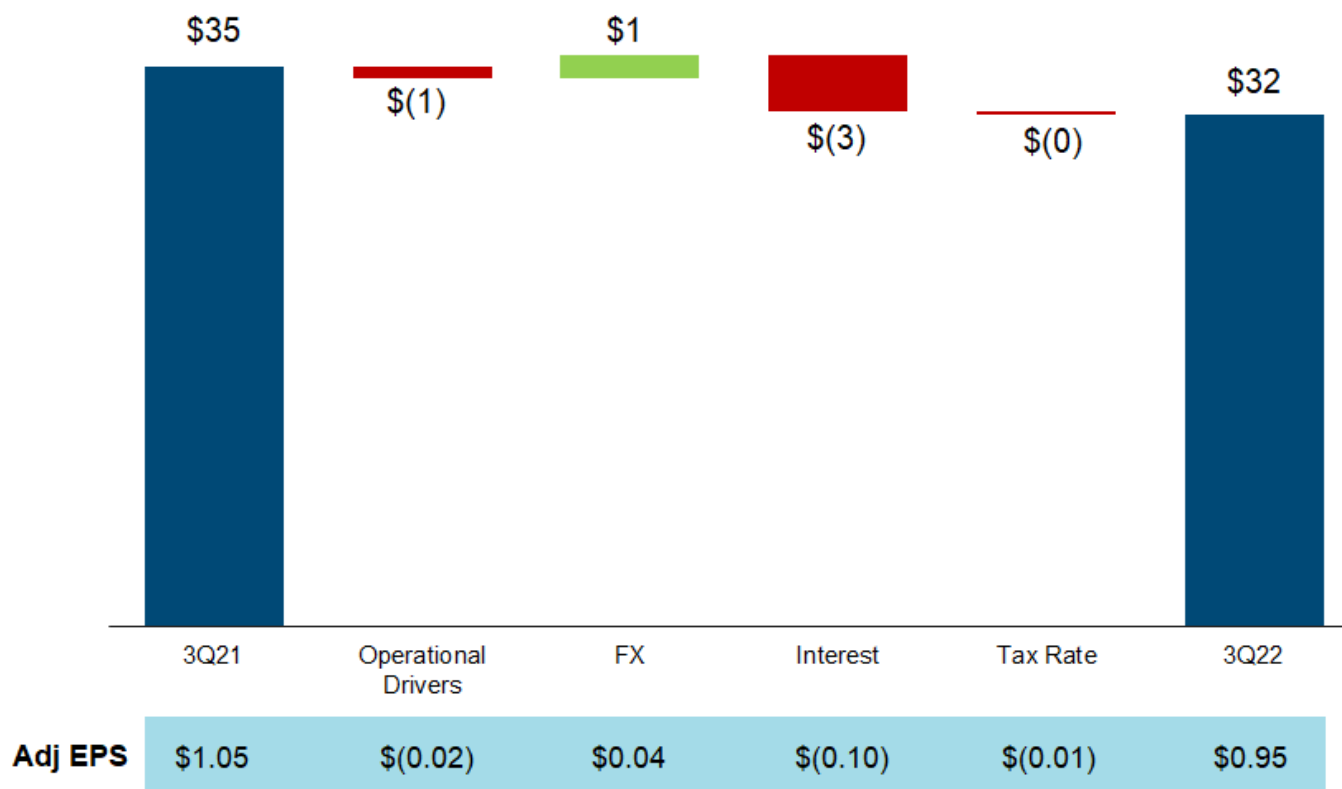
3Q21	3Q22
\$1.05	\$0.95

Organic Sales Change: 6%

<sup>(1)</sup> Refer to the appendix of this presentation for a reconciliation of Organic Sales Change, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS to the most directly comparable GAAP measure

# 3Q22 Adjusted Net Income<sup>(1)</sup>

(\$ in millions, except per share amounts)



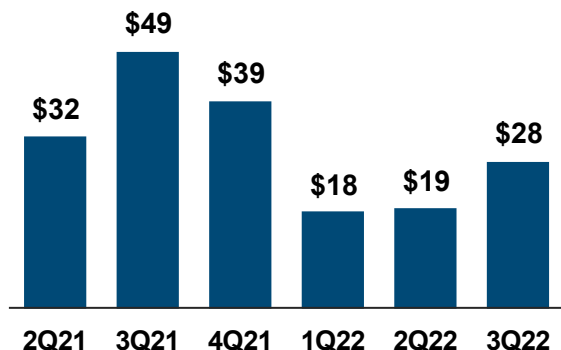
<sup>(1)</sup> Refer to the appendix of this presentation for a reconciliation of Adjusted Net Income and Adjusted EPS to the most directly comparable GAAP measure

# Cash Flow & Leverage Ratio<sup>(1)</sup>

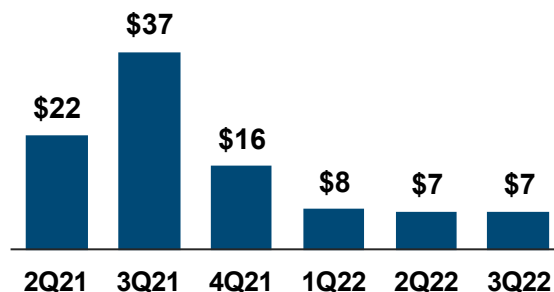
(\$ in millions)



## Cash Flow From Ops



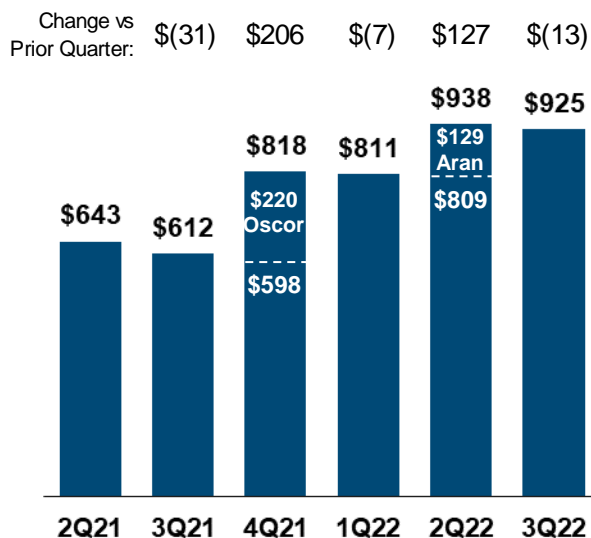
## Free Cash Flow



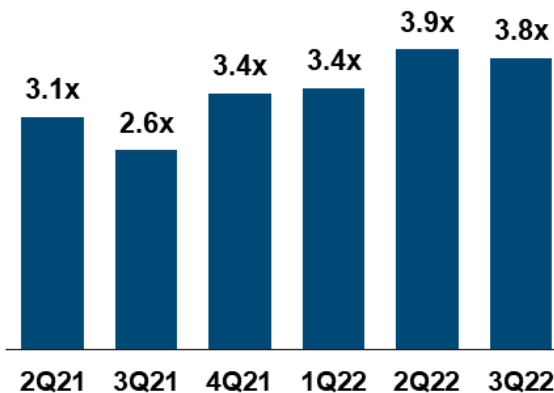
## Highlights

- ✓ 3Q22 cash flow from operations up 47% sequentially versus 2Q22
- ✓ Year-to-date cash flow includes \$55 million inventory increase to support manufacturing execution
- ✓ \$42 million capex spend year-to-date ... full-year guidance of \$65 - \$75 million
- ✓ Year-end leverage estimated to be between 3.4x – 3.7x

## Net Total Debt



## Leverage



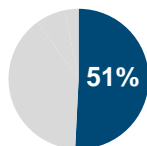
<sup>(1)</sup> Refer to the appendix of this presentation for a reconciliation of Free Cash Flow, Net Total Debt and Leverage to the most directly comparable GAAP measure

# Product Line Review

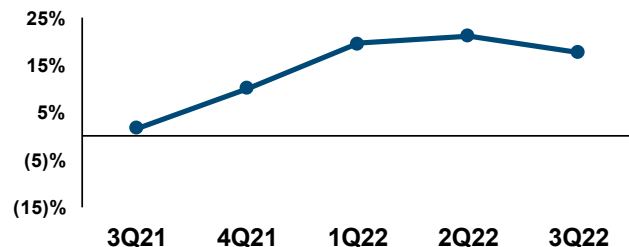
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# Year-over-Year Sales Trend, Trailing 4 Quarters

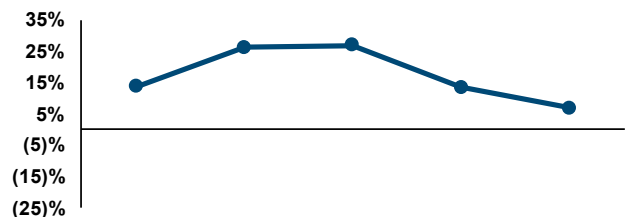
% of Sales



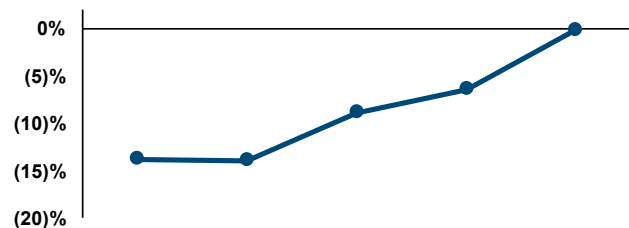
## Cardio & Vascular



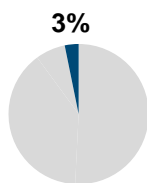
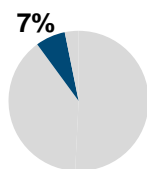
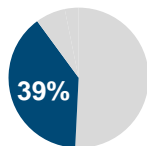
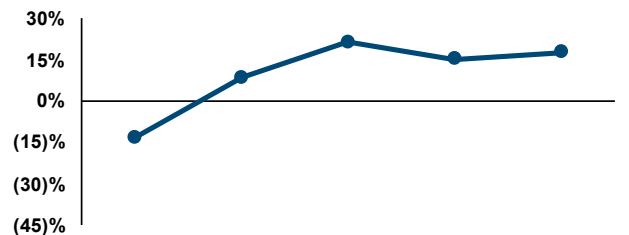
## CRM & Neuromodulation



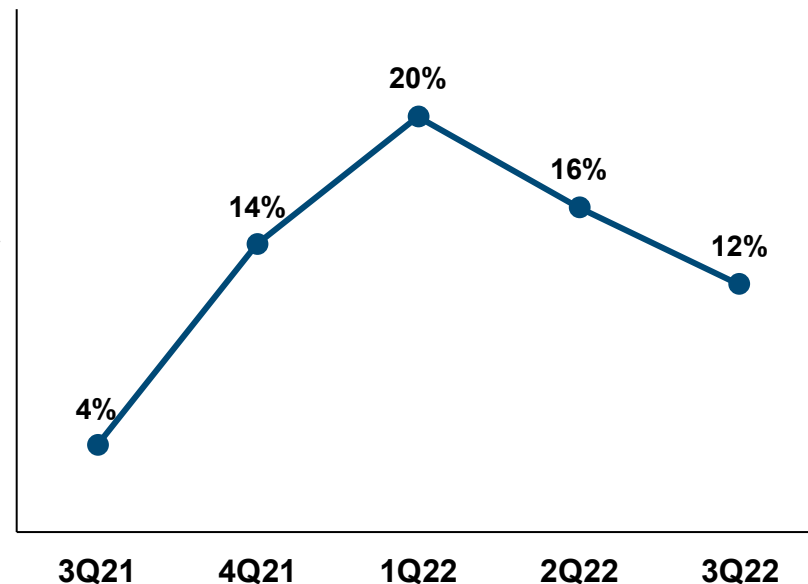
## Advanced Surgical, Orthopedics & Portable Medical



## Electrochem (Non-Medical)



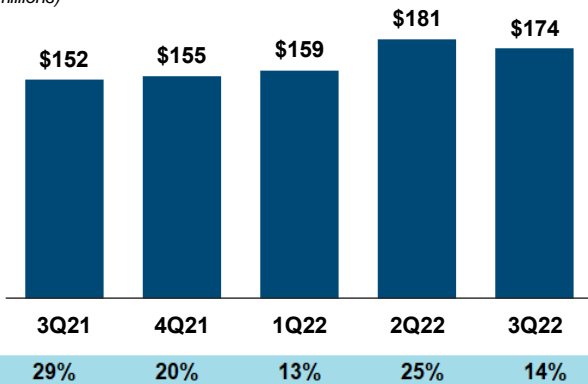
## Integer



Offering a full-range of products and services for catheter-based interventional vascular devices and a suite of supply chain solutions to support the development and manufacturing of complex components, sub-assemblies and finished devices

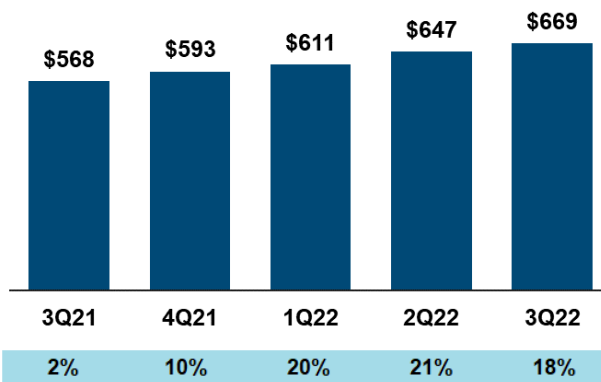
## Quarterly Sales

(\$ in millions)



## Trailing 4 Quarter Sales

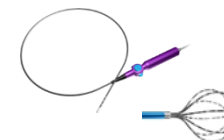
(\$ in millions)



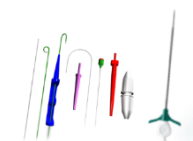
Delivery Systems



Implants



Catheters & Steerable Sheaths



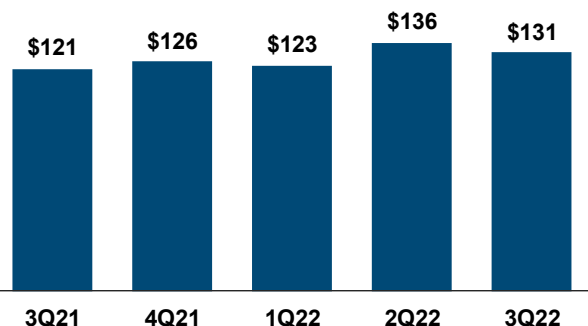
Guidewires, Introducers & Stylets

- 3Q22 double-digit year-over-year sales increase, despite the complex catheter supplier delay, driven by strong demand in the electrophysiology and structural heart markets and incremental sales from the acquisitions
- Trailing 4 quarter sales increased 18% year-over-year in 3Q22 with double-digit growth across most C&V markets, driven by customer demand and strong acquisition performance
- Expect C&V product line trailing 4 quarter sales to continue to grow double-digit year-over-year in 2022

*Providing technology solutions for the active implantable medical device industry by partnering with customers to bring high-quality products to established and emerging markets – from initial concept through high-volume manufacturing*

## Quarterly Sales

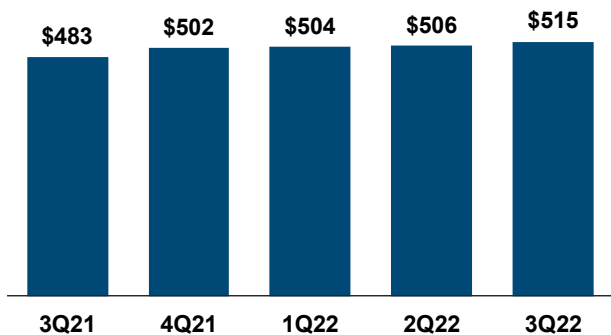
(\$ in millions)



Y-o-Y% Change	3Q21	4Q21	1Q22	2Q22	3Q22
Y-o-Y% Change	43%	18%	1%	2%	8%

## Trailing 4 Quarter Sales

(\$ in millions)



Y-o-Y% Change	3Q21	4Q21	1Q22	2Q22	3Q22
Y-o-Y% Change	13%	26%	27%	13%	7%



Pulse Generator Components & Assemblies



Leads & Lead Components, Adaptors & Assemblies



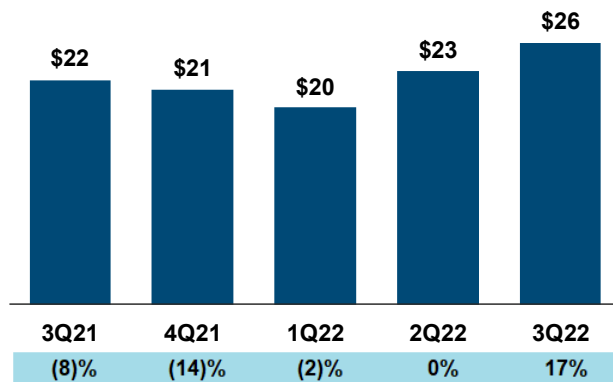
Pulse Generators & External Solutions (Programmators, Chargers, Patient Devices)

- 3Q22 sales increased 8% year-over-year driven by sales growth from the recently acquired Ocor, despite the deteriorated Neuromodulation supplier delivery performance
- Trailing 4 quarter sales increased 7% year-over-year with mid-single digit growth in CRM and low-double digit growth in Neuromodulation, driven by strong customer demand and the Ocor acquisition
- Expect CRM&N product line trailing 4 quarter sales to grow low to mid-single digit year-over-year in 2022

*Offering a broad portfolio of power solutions and technologies to Portable Medical markets and supporting the divested AS&O product line*

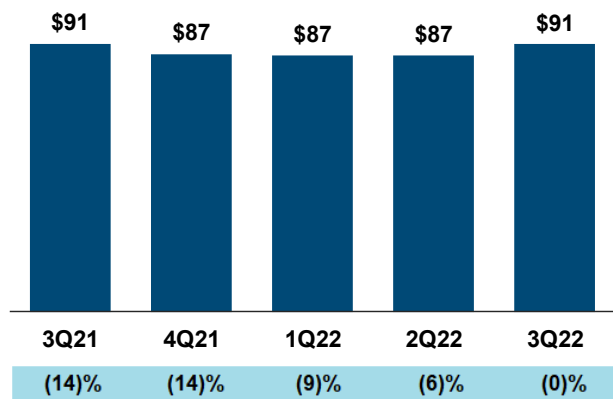
## Quarterly Sales

(\$ in millions)



## Trailing 4 Quarter Sales

(\$ in millions)



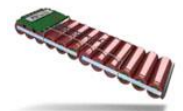
Orthopedic Implants & Instruments



Electrosurgical Accessories



Li-Ion Battery Packs



Core Battery Pack Assemblies

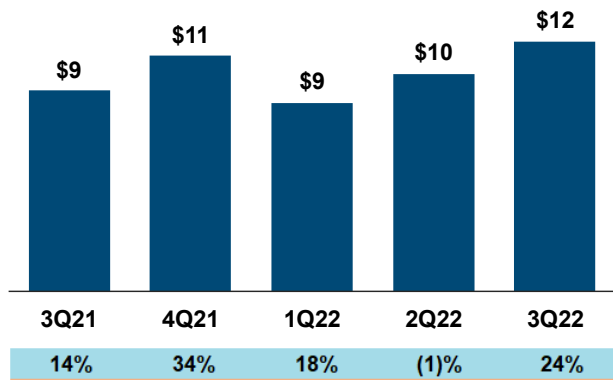
- 3Q22 sales increased 17% year-over-year driven by higher demand to support the start of the multi-year Portable Medical exit announced earlier this year and low-double digit growth in Advanced Surgical and Orthopedics
- Trailing 4 quarter sales flat year-over-year driven by single-digit growth of Advanced Surgical and Orthopedics, offset by lower demand for COVID related product in Portable Medical
- Expect trailing 4 quarter sales to grow single-digit in 2022



*Enhancing lives worldwide by providing superior power solutions that enable the success and advancement of our customers' critical applications*

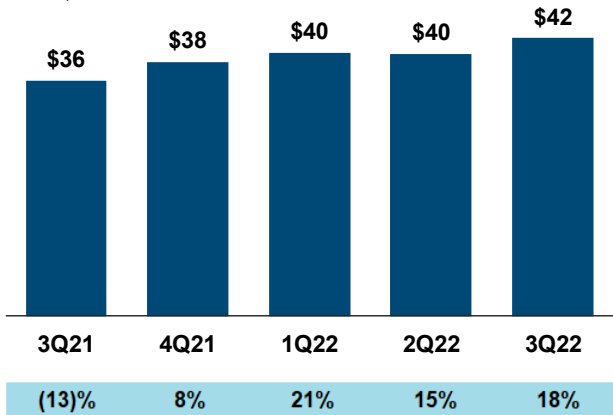
## Quarterly Sales

(\$ in millions)



## Trailing 4 Quarter Sales

(\$ in millions)



Battery Cells



Battery Packs



Battery Chargers

- 3Q22 sales increased 24% vs. 3Q21 driven by strong demand across all market segments, with growth softened due to the non-medical battery supplier constraints
- Trailing 4 quarter sales increased 18% year-over-year, driven by continued energy market recovery and strong demand in military market
- Expect energy market growth in 2022 with the trailing 4 quarter sales to increase double-digit year-over-year on strong customer demand and improving supply chain

# 2022 Outlook

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# 2022 Full-Year Outlook<sup>(1)</sup>

(\$ in millions, except per share amounts)



## Sales

## Adjusted EBITDA

## Adj. Operating Income

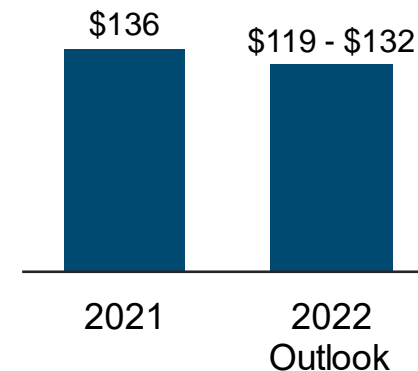
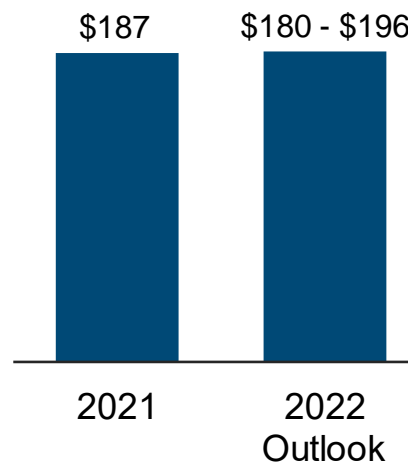
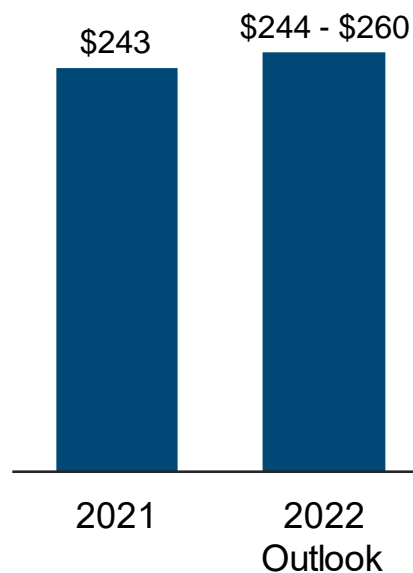
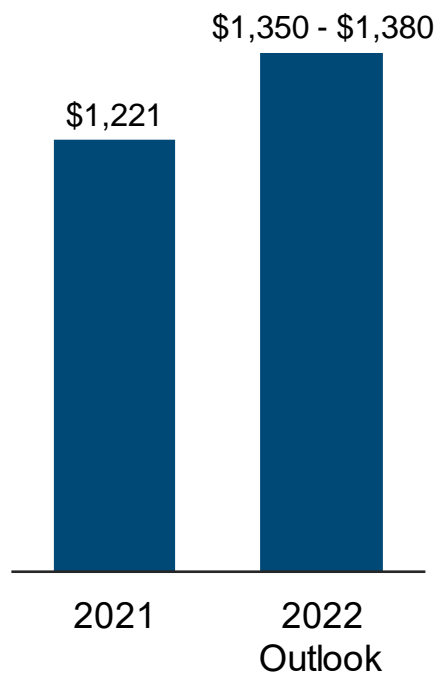
## Adjusted Net Income

**% Change**      **11% - 13%**

**0% - 7%**

**(4)% - 5%**

**(12)% - (2)%**



Organic Sales Change: 4% - 6%

**Adjusted EPS**  
 \$4.08      \$3.57 - \$3.97

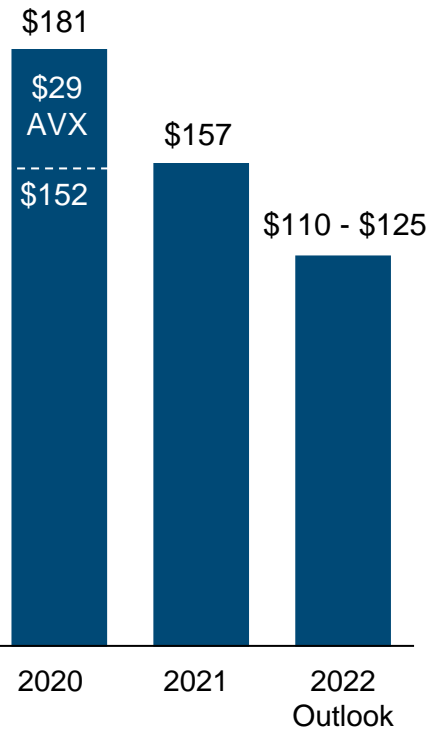
<sup>(1)</sup> Refer to the appendix of this presentation for a reconciliation of Organic Sales Change, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS, each for 2021, to the most directly comparable GAAP measure, and information regarding the availability of reconciliations for those measures on a forward looking basis for 2022 Outlook information.

# 2022 Cash Flow Outlook<sup>(1)</sup>

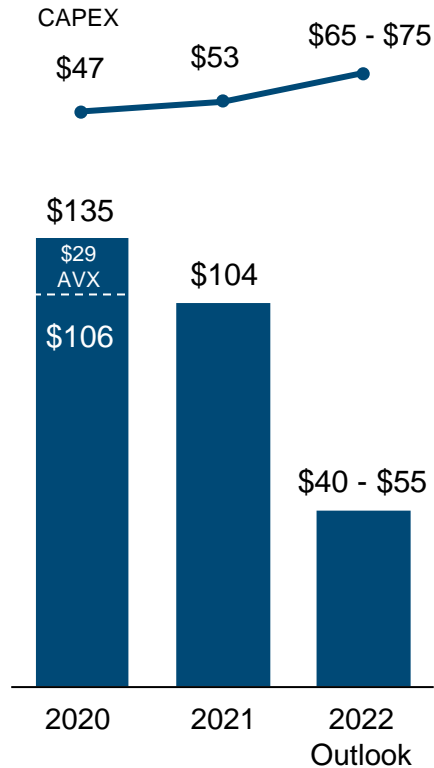
(\$ in millions)



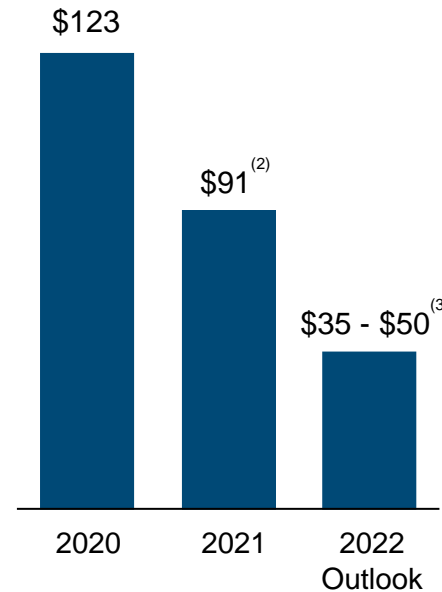
## Cash Flow From Ops



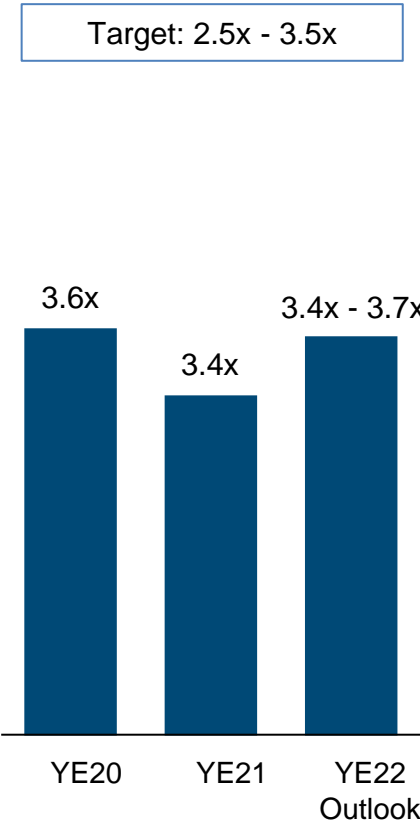
## Free Cash Flow



## Net Total Debt Reduction (excluding acquisition debt)



## Leverage



<sup>(1)</sup> Refer to the appendix of this presentation for a reconciliation of Free Cash Flow, Net Total Debt and Leverage, each for 2020 and 2021, to the most directly comparable GAAP measure, and information regarding the availability of reconciliations for those measures on a forward looking basis for 2022 Outlook information.

<sup>(2)</sup> 2021 Net Total Debt Reduction excludes the impact of \$220 million incremental borrowing to fund the acquisition of Oscor, Inc.

<sup>(3)</sup> 2022 Outlook for Net Total Debt Reduction excludes the impact of \$129 million incremental borrowing to fund the acquisition of Aran Biomedical.

Wrap-up

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- ✓ **Intensified supply chain management**
  
- ✓ **Financial outlook unchanged from October 5<sup>th</sup> guidance**
  - 2022 sales \$1,350 - \$1,380 million, up 11% - 13%, organic 4% - 6%
  - Adjusted operating income \$180 - \$196 million
  
- ✓ **Strategy unchanged ... executing for growth**
  - Fundamentals of our growth strategy remain strong
  - Accelerating 2023 Revenue Growth of 7% - 9% ... above market
  - Expect margin expansion in 2023

## Portfolio Strategy

### Product Lines

- Cardio & Vascular
- Cardiac Rhythm Management
- Neuromodulation
- Electrochem
- Portable Medical

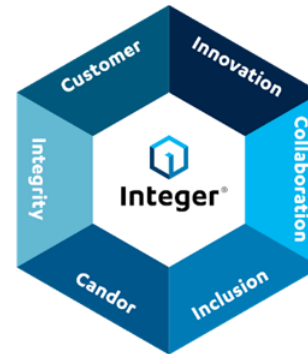
*How We Win In The Markets We Serve*

## Operational Strategy



*How We Achieve Excellence In Everything We Do*

## Integer Values



*How We Engage With Each Other*

## Strategy Financial Objectives

- 1 Sales growth 200 basis points above market
- 2 Operating profit 2x sales growth rate
- 3 Debt leverage 2.5x – 3.5x

### Resilient Business Model

- ✓ Sustainable mid-single-digit growth industry
- ✓ Breadth of product portfolio
- ✓ Proprietary technology, long development cycle, high switching costs & regulatory

### Compelling Strategy for Growth

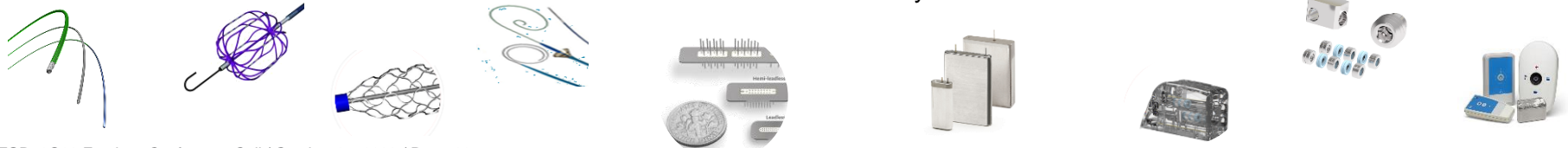
- ✓ ~60% sales under multi-year agreements
- ✓ Favorable outsourcing trends
- ✓ World-class research & development capabilities

### Performance Culture

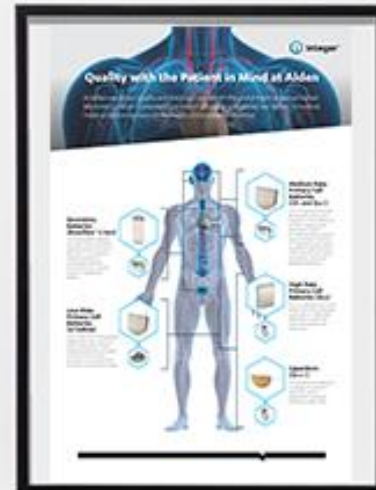
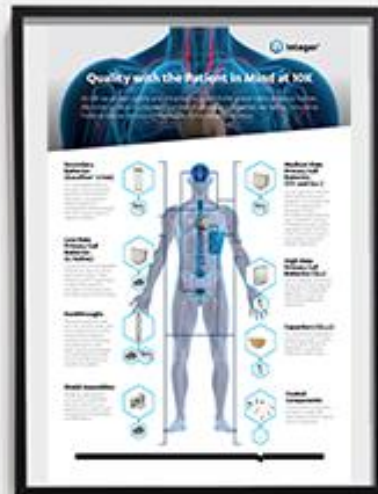
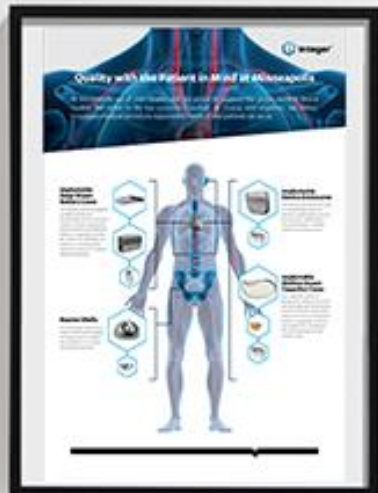
- ✓ Leadership capability:
  - Selection, development, evaluation, succession
- ✓ Performance excellence:
  - Engagement, assessment, organization effectiveness
- ✓ Diversity & Inclusion

### Financial Strength

- ✓ Track record of delivering sustainable profitable growth
- ✓ Strong cash generation
- ✓ Disciplined capital allocation



# Questions?





# Appendix

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# 2022 Outlook<sup>(a)</sup>

(\$ in millions, except per share amounts)



(dollars in millions, except per share amounts)	GAAP		Non-GAAP <sup>(b)</sup>	
	As Reported	Change from Prior Year	Adjusted	Change from Prior Year
Sales	\$1,350 to \$1,380	11% to 13%	N/A	N/A
Operating income	\$111 to \$127	(18)% to (7)%	\$180 to \$196	(4)% to 5%
EBITDA	N/A	N/A	\$244 to \$260	0% to 7%
Net income	\$60 to \$73	(35)% to (21)%	\$119 to \$132	(12)% to (2)%
Diluted earnings per share	\$1.80 to \$2.20	(36)% to (21)%	\$3.57 to \$3.97	(13)% to (3)%
Cash flow from operating activities	\$110 to \$125	(30)% to (20)%	N/A	N/A

<sup>(a)</sup> Except as described below, further reconciliations by line item to the closest corresponding GAAP financial measure for Adjusted operating income, Adjusted EBITDA, Adjusted net income, organic sales growth, and Adjusted Earnings per Share (“EPS”), all from continuing operations, included in our “2022 Outlook” above, and Adjusted interest expense, Adjusted effective tax rate and leverage ratio below, are not available without unreasonable efforts on a forward-looking basis due to the high variability, complexity and visibility of the charges excluded from these non-GAAP financial measures.

<sup>(b)</sup> Adjusted operating income for 2022 consists of GAAP operating income, excluding items such as amortization of intangible assets, restructuring and restructuring-related charges, and acquisition and integration costs, totaling approximately \$69 million, pre-tax. Adjusted net income and Adjusted EPS for 2022 consist of GAAP net income and diluted EPS, excluding items such as amortization of intangible assets, restructuring and restructuring-related charges, acquisition and integration costs, and gain or loss on equity investments totaling approximately \$75 million, pre-tax. The after-tax impact of these items is estimated to be approximately \$59 million, or approximately \$1.77 per diluted share.

Adjusted EBITDA is expected to consist of Adjusted net income, excluding items such as depreciation, interest, stock-based compensation and taxes totaling approximately \$125 million to \$128 million.

# 2022 Supplemental Financial Information

(\$ in millions, except per share amounts)



(dollars in millions)	<b>2022 Outlook</b>	<b>2021 Actual</b>
Depreciation and amortization	\$92 - \$96	\$81
Adjusted total interest expense <sup>(a)</sup>	\$37 - \$39	\$28
Stock-based compensation	\$19 - \$20	\$16
Restructuring, acquisition and other charges <sup>(b)</sup>	\$15 - \$19	\$8
Adjusted effective tax rate <sup>(c)</sup>	15.5% to 17.0%	15%
Leverage ratio <sup>(d)</sup>	3.4x - 3.7x	3.4x
Capital expenditures <sup>(d)</sup>	\$65 - \$75	\$53
Cash tax payments	\$12 - \$14	\$20

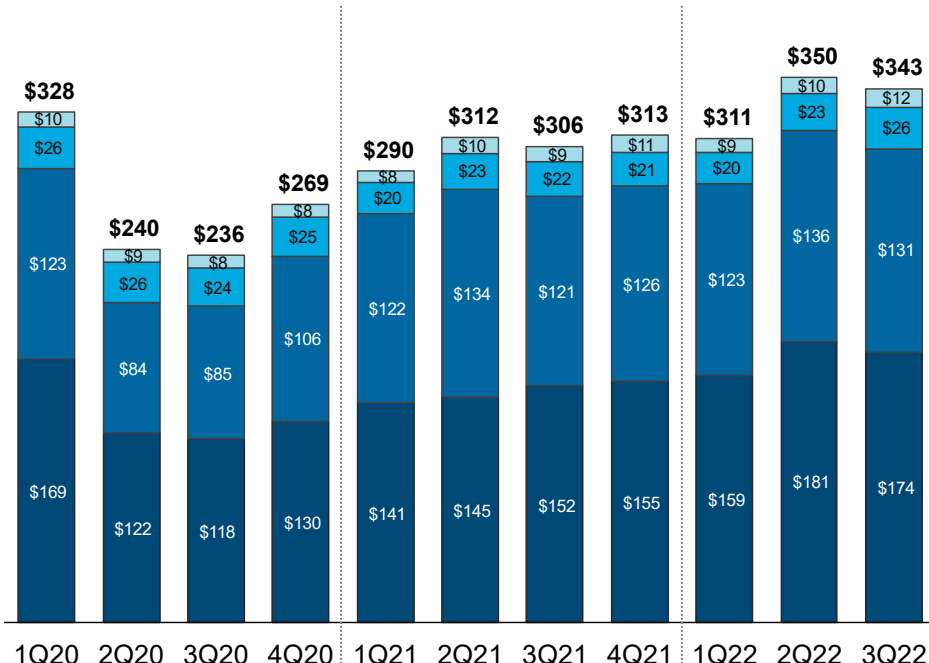
- (a) Adjusted total interest expense refers to our expected full-year GAAP total interest expense, expected to range from \$37 million to \$39 million for 2022, adjusted to remove the full-year impact of charges associated with the accelerated write-off of deferred issuance costs and unamortized discounts (loss on extinguishment of debt) included in GAAP total interest expense, if any.
- (b) Restructuring, acquisition and other charges consists of restructuring and restructuring-related charges, acquisition and integration costs and other general expenses.
- (c) Adjusted effective tax rate refers to our full-year GAAP effective tax rate, expected to range from 12.5% to 14.0% for 2022, adjusted to reflect the full-year impact of the items that are excluded in providing adjusted net income and certain other identified items.
- (d) Please see “Notes Regarding Non-GAAP Financial Information” for additional information regarding leverage ratio and capital expenditures.

# Historical Financial Results<sup>(1)</sup>

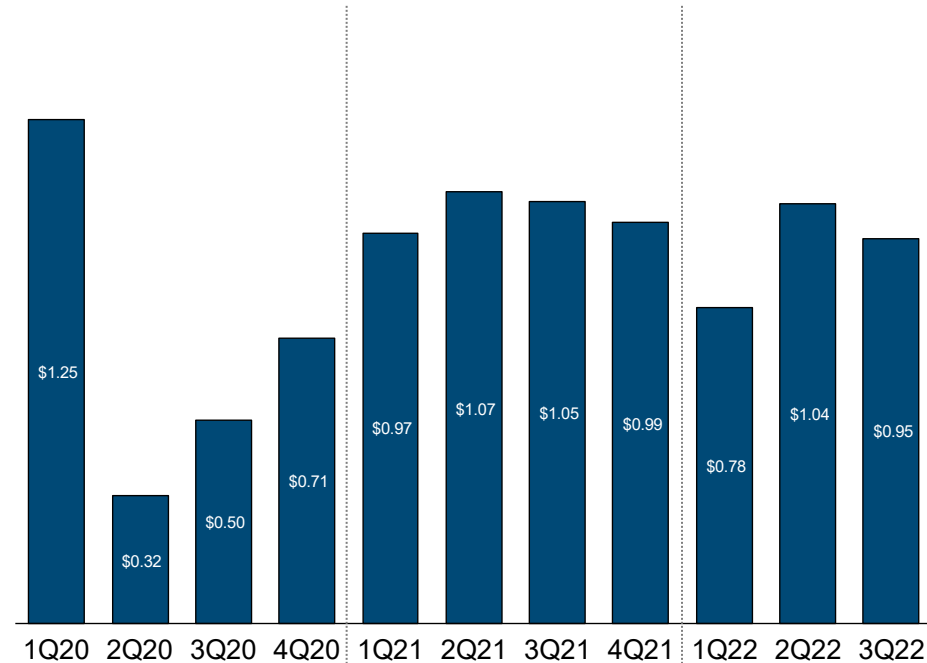
(\$ in millions, except per share amounts)



## Sales



## Adjusted EPS



- Non-Medical
- Advanced Surgical, Orthopedics & Portable Medical
- Cardiac/Neuromodulation
- Cardio and Vascular

<sup>(1)</sup> Refer to the notes in the appendix of this presentation for a reconciliation of Adjusted EPS to the most directly comparable GAAP measure; The quarterly and annual EPS numbers are calculated independently and may not sum to the total

# Non-GAAP Reconciliation

## 3Q22 Net Income and Diluted EPS Reconciliation – Detailed View

(\$ in thousands, except per share amounts)



	2022								2021		CHANGE
	GAAP							Non-GAAP	Non-GAAP		
	As Reported	Amortization of intangibles	Restructuring and restructuring-related charges	Acquisition and integration costs	Other general expenses	Equity investment	Other Adjustments*	Tax Adjustments	Adjusted	Adjusted	
Sales	\$ 342,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 342,680	\$ 305,574	12.1%
Cost of sales	255,962	(3,980)	(455)	-	-	-	(152)	-	251,375	220,434	14.0%
Gross profit	86,718	3,980	455	-	-	-	152	-	91,305	85,140	7.2%
<i>Gross margin</i>	25.3%	1.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	26.6%	27.9%	-1.3 pts
Operating expenses:											
Selling, general and administrative	38,195	(8,146)	(563)	-	-	-	2	-	29,488	26,450	11.5%
<i>SG&amp;A as a % of sales</i>	11.1%	-2.4%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%	8.7%	-0.1 pts
Research, development and engineering	16,123	-	(321)	-	-	-	(168)	-	15,634	11,925	31.1%
<i>RD&amp;E as a % of sales</i>	4.7%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	3.9%	0.7 pts
Restructuring and other charges	3,142	-	(1,919)	(597)	(626)	-	-	-	-	-	0.0%
Total operating expenses	57,460	(8,146)	(2,803)	(597)	(626)	-	(166)	-	45,122	38,375	17.6%
Operating income	29,258	12,126	3,258	597	626	-	318	-	46,183	46,765	-1.2%
<i>Operating margin</i>	8.5%	3.5%	1.0%	0.2%	0.2%	0.0%	0.1%	0.0%	13.5%	15.3%	-1.8 pts
Interest expense	10,676	-	-	-	-	-	-	-	10,676	6,707	59.2%
Loss on equity investments	2,887	-	-	-	-	(2,887)	-	-	-	-	0.0%
Other (gain) loss, net	(1,300)	-	-	-	-	-	-	-	(1,300)	10	NM
Income before taxes	16,995	12,126	3,258	597	626	2,887	318	-	36,807	40,048	-8.1%
Provision for income taxes	938	2,543	729	92	161	606	65	(115)	5,019	5,223	-3.9%
<i>Effective tax rate</i>	5.5%	21.0%	22.4%	15.4%	25.7%	21.0%	20.4%	n/a	13.6%	13.0%	0.6 pts
Net income	\$ 16,057	\$ 9,583	\$ 2,529	\$ 505	\$ 465	\$ 2,281	\$ 253	\$ 115	\$ 31,788	\$ 34,825	-8.7%
Diluted earnings per share	\$ 0.48	\$ 0.29	\$ 0.08	\$ 0.02	\$ 0.01	\$ 0.07	\$ 0.01	\$ -	\$ 0.95	\$ 1.05	-9.5%
Weighted average shares - Diluted	33,336	33,336	33,336	33,336	33,336	33,336	33,336	33,336	33,336	33,309	0.1%

<sup>NM</sup> Calculated amount not meaningful

\* Other adjustments includes Certain legal expenses, Medical device regulations, Customer bankruptcy and Inventory step-up amortization.

# Non-GAAP Reconciliation

## YTD Net Income and Diluted EPS Reconciliation – Detailed View



(\$ in thousands, except per share amounts)

	2022								2021		CHANGE
	GAAP							Non-GAAP	Non-GAAP		
	As Reported	Amortization of intangibles	Restructuring and restructuring-related charges	Acquisition and integration costs	Other general expenses	Equity investment	Other Adjustments*	Tax Adjustments	Adjusted	Adjusted	
Sales	\$ 1,003,673	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,003,673	\$ 908,064	10.5%
Cost of sales	742,583	(11,662)	(789)	-	-	-	(1,046)	-	729,086	643,348	13.3%
Gross profit	261,090	11,662	789	-	-	-	1,046	-	274,587	264,716	3.7%
<i>Gross margin</i>	26.0%	1.2%	0.1%	0.0%	0.0%	0.0%	0.1%	0.0%	27.4%	29.2%	-1.8 pts
Operating expenses:											
Selling, general and administrative	119,541	(24,353)	(1,265)	-	-	-	(118)	-	93,805	82,519	13.7%
<i>SG&amp;A as a % of sales</i>	11.9%	-2.4%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	9.3%	9.1%	0.2 pts
Research, development and engineering	47,077	-	(824)	-	-	-	(138)	-	46,115	39,041	18.1%
<i>RD&amp;E as a % of sales</i>	4.7%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	4.3%	0.3 pts
Restructuring and other charges	10,010	-	(3,017)	(5,866)	(1,127)	-	-	-	-	-	0.0%
Total operating expenses	176,628	(24,353)	(5,106)	(5,866)	(1,127)	-	(256)	-	139,920	121,560	15.1%
Operating income	84,462	36,015	5,895	5,866	1,127	-	1,302	-	134,667	143,156	-5.9%
<i>Operating margin</i>	8.4%	3.6%	0.6%	0.6%	0.1%	0.0%	0.1%	0.0%	13.4%	15.8%	-2.4 pts
Interest expense	24,417	-	-	-	-	-	-	-	24,417	22,343	9.3%
Loss on equity investments	5,611	-	-	-	-	(5,611)	-	-	-	-	0.0%
Other (gain) loss, net	(932)	-	-	-	-	-	-	-	(932)	129	NM
Income before taxes	55,366	36,015	5,895	5,866	1,127	5,611	1,302	-	111,182	120,684	-7.9%
Provision for income taxes	7,106	7,550	1,291	1,212	266	1,178	272	(211)	18,664	18,191	2.6%
<i>Effective tax rate</i>	12.8%	21.0%	21.9%	20.7%	23.6%	21.0%	20.9%	n/a	16.8%	15.1%	1.7 pts
Net income	\$ 48,260	\$ 28,465	\$ 4,604	\$ 4,654	\$ 861	\$ 4,433	\$ 1,030	\$ 211	\$ 92,518	\$ 102,493	-9.7%
Diluted earnings per share	\$ 1.45	\$ 0.85	\$ 0.14	\$ 0.14	\$ 0.03	\$ 0.13	\$ 0.03	\$ 0.01	\$ 2.78	\$ 3.08	-9.7%
Weighted average shares - Diluted	33,329	33,329	33,329	33,329	33,329	33,329	33,329	33,329	33,329	33,250	0.2%

<sup>NM</sup> Calculated amount not meaningful

\* Other adjustments includes Certain legal expenses, Medical device regulations, Customer bankruptcy and Inventory step-up amortization.

# Capitalization

(\$ in millions)



	09/30/22 As Reported	09/30/22 Rate
Cash & Cash Equivalents	\$ 20	
\$400M Revolver [Due 2026]	\$ 140	L + 175
TLA [Due 2026]	\$ 458	L + 175
TLB [Due 2028]	\$ 347	L + 250
<b>Total Principal Amount of Debt Outstanding</b>	<b>\$ 945</b>	<sup>(1)</sup>
<b>Deferred Fees and OID</b>	<b>\$ (6)</b>	
<b>Total Debt (Principal Amount of Debt Outstanding Less Deferred Fees and Discounts)</b>	<b>\$ 939</b>	
<b>Net Total Debt (Total Principal Amount of Debt Outstanding Less Cash)<sup>(2)</sup></b>	<b>\$ 925</b>	
<u>Continuing Operations Statistics</u>		
Trailing 4 Quarter Adjusted EBITDA <sup>(2)</sup>	\$ 241	
Trailing 4 Quarter Cash Interest Expense	\$ 28	
Trailing 4 Quarter Capital Expenditures	\$ 66	
<u>Credit Statistics</u>		
Leverage Ratio <sup>(2)</sup> : Net Total Debt / Trailing 4 Quarter Adjusted EBITDA		3.8x

<sup>(1)</sup> Principal amount of debt outstanding, not reduced for unamortized discount and debt issuance costs

<sup>(2)</sup> Non-GAAP financial measure. Refer to Notes in the appendix of this presentation.

### Non-GAAP Financial Measures

This presentation may contain the non-GAAP financial measures defined in the table below. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found in the financial schedules accompanying the earnings release or the Trending Schedules posted on the Investor Relations section of the Company's website at [investor.integer.net](http://investor.integer.net).

Adjusted Net Income	Calculated by adding back amortization of intangible assets, certain legal expenses (gains), restructuring and restructuring-related charges, acquisition and integration related costs, other general expenses, (gain) loss on equity investments, extinguishment of debt charges, European Union medical device regulation incremental charges, customer bankruptcy expenses, inventory step-up amortization, the income tax provision (benefit) related to these adjustments, and certain tax items that are outside the normal provision for the period, to net income.
Adjusted EPS	Calculated by dividing adjusted net income by diluted weighted average shares outstanding. The per share impact of Non-GAAP adjustments to arrive at Adjusted EPS is calculated by dividing the dollar amount of the respective Non-GAAP adjustment by diluted weighted average shares outstanding.
Adjusted Operating Income	Calculated by adding back amortization of intangible assets, certain legal expenses (gains), restructuring and restructuring-related charges, acquisition and integration related costs, other general expenses, European Union medical device regulation incremental charges, customer bankruptcy expenses, and inventory step-up amortization to operating income.
Organic sales change	Sales growth adjusted for the impact of foreign currency and the contribution of acquisitions. To calculate the impact of foreign currency on sales growth rates, we convert any sale made in a foreign currency by converting current period sales into prior period sales using the exchange rate in effect at that time and then compare the two, negating any effect foreign currency had on our transactional revenue, and exclude the amount of sales acquired or divested during the period from the current/previous period amounts, respectively.
Earnings before interest, taxes, depreciation and amortization ("EBITDA")	Calculated by adding back interest expense, provision (benefit) for income taxes, depreciation expense, and amortization expense from intangible assets and financing leases, to net income, which is the most directly comparable GAAP measure.
Adjusted EBITDA	EBITDA plus stock-based compensation, certain legal expenses (gains), restructuring and restructuring-related charges, acquisition and integration related costs, other general expenses, (gain) loss on equity investments, European Union medical device regulation incremental charges, customer bankruptcy expenses, and inventory step-up amortization.
Adjusted total interest expense	Defined as GAAP total interest expense less accelerated write-offs of deferred issuance costs and unamortized discounts (loss on extinguishment of debt).
Net Total Debt	Total principal amount of debt outstanding less cash and cash equivalents.
Leverage ratio (also Leverage or Debt Leverage)	Net Total Debt divided by Adjusted EBITDA for the trailing 4 quarters. Leverage ratio differs from total net leverage ratio used in our bank covenants. See the Trending Schedules located in the Investor Relations section of the Company's website at <a href="http://investor.integer.net">investor.integer.net</a> for Total net Leverage ratio prepared in accordance with the Senior Secured Credit Facilities.
Free Cash Flow	Net cash provided by operating activities (as stated in our Statement of Cash Flows) reduced by capital expenditures (acquisition of property, plant, and equipment (PP&E), net of proceeds from sale of PP&E).
Adjusted Effective Tax Rate	Calculated by adding or subtracting from the effective tax rate from continuing operations the impact of Non-GAAP adjustments, expressed as a percentage, to arrive at Adjusted Net Income.



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