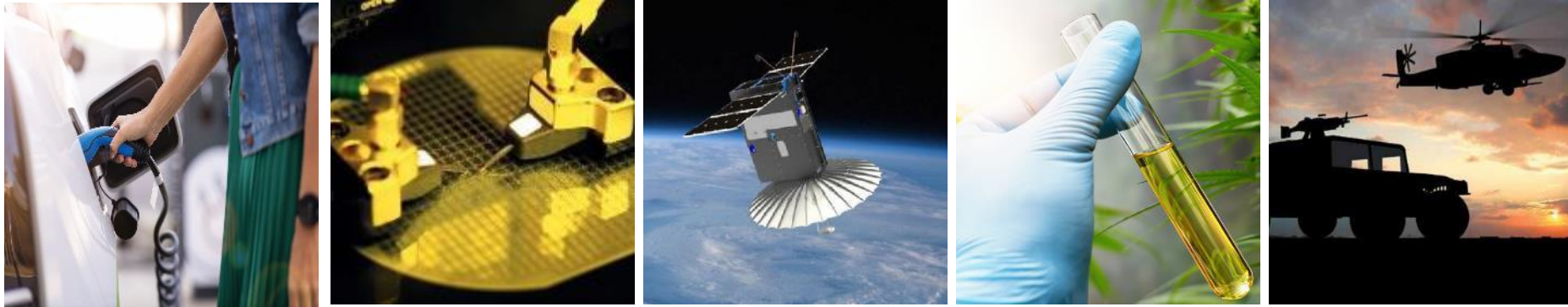


inTEST Corporation



Innovative **Test** & Process Solutions

**Q4 2021 Financial Results
Conference Call Presentation
March 4, 2022**

Nick Grant
President and CEO

Duncan Gilmour
CFO and Treasurer

Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements do not convey historical information but relate to predicted or potential future events and financial results, such as statements of our plans, strategies and intentions, or our future performance or goals, that are based upon management's current expectations. Our forward-looking statements can often be identified by the use of forward-looking terminology such as "believes," "expects," "intends," "may," "will," "should," "plans," "projects," "forecasts," "outlook," "anticipates" or similar terminology. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

Such risks and uncertainties include, but are not limited to, any mentioned in this presentation as well as our ability to realize the potential benefits of acquisitions or dispositions and the successful integration of any acquired operations; our ability to grow our presence in the life sciences, security, industrial and international markets; the success of our strategy to diversify our business by entering markets outside the Semi Market; the impact of the COVID-19 pandemic on our business, liquidity, financial condition and results of operations; indications of a change in the market cycles in the Semi Market or other markets we serve; changes in business conditions and general economic conditions both domestically and globally; changes in the demand for semiconductors; our ability to borrow funds or raise capital to finance potential acquisitions; changes in the rates and timing of capital expenditures by our customers; and other risk factors set forth from time to time in our Securities and Exchange Commission filings, including, but not limited to, our annual report on Form 10-K for the year ended December 31, 2020. Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks to circumstances only as of the date on which it is made. We undertake no obligation to update the information in this presentation to reflect events or circumstances after the date hereof or to reflect the occurrence of anticipated or unanticipated events.

Non-GAAP Financial Measures

In addition to disclosing results that are determined in accordance with GAAP, we also disclose non-GAAP financial measures. These non-GAAP financial measures consist of adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, adjusted EBITDA, adjusted EBITDA margin, and free cash flow. Adjusted net earnings (loss) is derived by adding acquired intangible amortization, adjusted for the related income tax expense (benefit), to net earnings (loss). Adjusted net earnings (loss) per diluted share is derived by dividing adjusted net earnings (loss) by diluted weighted average shares outstanding. Adjusted EBITDA is derived by adding acquired intangible amortization, interest expense, income tax expense, depreciation, and stock-based compensation expense to net earnings (loss). Adjusted EBITDA margin is derived by dividing adjusted EBITDA by net revenue. Free cash flow is derived by subtracting capital expenditures from net cash provided by operations. These results are provided as a complement to the results provided in accordance with GAAP. These results are provided as a complement to the results provided in accordance with GAAP. Adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share are non-GAAP financial measures presented to provide investors with meaningful, supplemental information regarding our baseline performance before acquired intangible amortization charges as this expense may not be indicative of our current core business or future outlook. Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures presented primarily as a measure of liquidity as they exclude non-cash charges for acquired intangible amortization, depreciation and stock-based compensation. In addition, adjusted EBITDA and adjusted EBITDA margin also exclude the impact of interest income or expense and income tax expense or benefit, as these expenses may not be indicative of our current core business or future outlook. Free cash flow is a liquidity measure that reflects the cash generated by the business, after the purchases of technology, capabilities and assets, that can then be used for, among other things, strategic acquisitions, investments in the business, and funding ongoing operations. These measures also may be useful to an investor in evaluating the underlying operating performance of our business. The non-GAAP financial measures presented in this presentation are used by management to make operational decisions, to forecast future operational results, and for comparison with our business plan, historical operating results and the operating results of our peers. Reconciliations from net earnings (loss) and net earnings (loss) per diluted share to adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share and from net earnings (loss) to adjusted EBITDA and adjusted EBITDA margin, and net cash provided by operations to free cash flow, are contained in this slide presentation. The non-GAAP financial measures discussed in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP financial measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP.

Q4 2021: Advancing 5-Point Strategy

Leading solutions, increasing market share drove 50% revenue growth

- Delivered strong y/y growth in revenue and earnings; achieved record orders in quarter and year
- Q4 revenue growth of \$7.5 million y/y driven by front-end/back-end Semi Market successes and growing presence in automotive/EV
- Acquisitions added \$1.5 million in revenue
- Gross margin reflected less favorable mix, supply chain constraints, inflation and timing of acquisitions
- Generated strong cash from operations of \$2.7 million in the quarter and \$10.8 million for the year

Expanded Products, Solutions, Talent and Markets with Three Acquisitions

- Strong execution on key element of 5-Point Strategy for growth
- Closed three acquisitions in quarter adding Acculogic Inc. near year end
- Expanded and further diversified product platform offerings and technology solutions
- Enhanced technical expertise and innovative creativity
- Expanded customer base to adjacent and high-growth markets

5-Point Strategy



Acculogic Adds Electronic Circuit & EV Battery Testing Capabilities

Acculogic, Inc. and its affiliates design and manufacture robotics-based electronic production test equipment and provide application support services for OEM and contract electronic manufacturers.

Strategic Rationale



- Closed December 21, 2021
- Purchased for ~USD \$8.5 million*
- Headquartered in Markham, ON, Canada
- European operations in Hamburg, Germany
- 2021 Revenue: ~USD \$9 million



In-line Production Tester



Flying Probe Tester (Robotics)



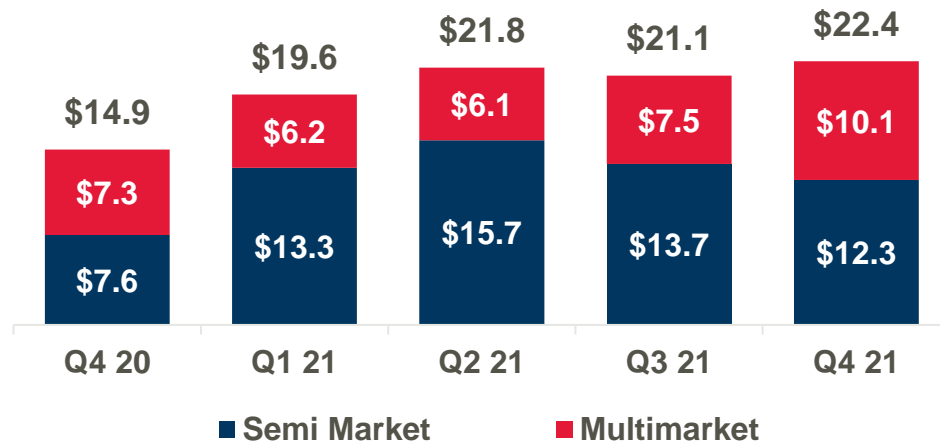
Performance Test & Validation Systems

inTEST

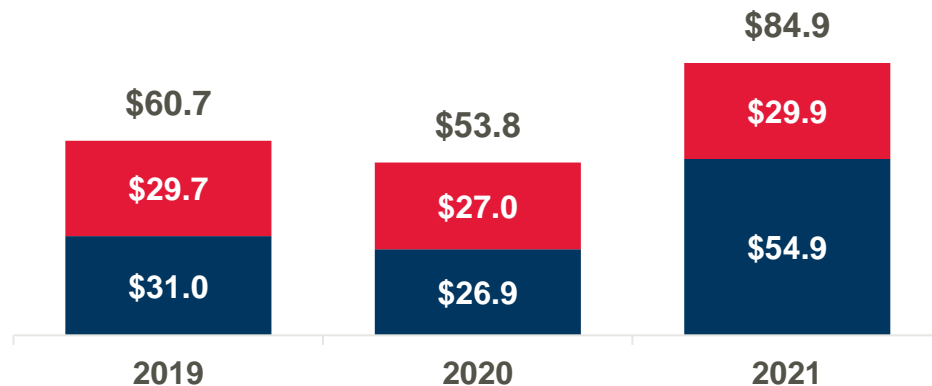
Revenue

(\$ in millions)

Quarters



Years



Q4 revenue up \$7.5 million, or 50%, y/y

Multimarket:

- Strong growth in automotive/EV
- Benefited from new product introductions
- Expanded customer base
- Ongoing, broad-based economic recovery
- Entered life sciences and security markets

Semi Market:

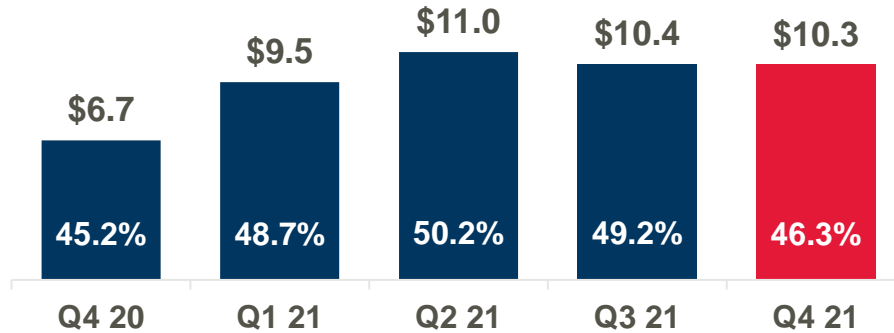
- Taking market share with renewed emphasis and new leadership
- Both front-end and back-end growth

2021 revenue at 20+ year high

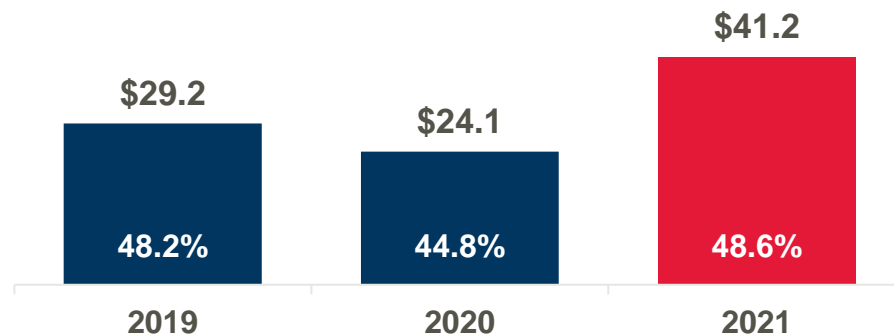
Gross Profit and Margin

(\$ in millions)

Quarters



Years



Q4 gross profit increased \$3.6 million y/y

- 110 basis point margin expansion
- Reflects higher volume, improved product mix, and operational improvements

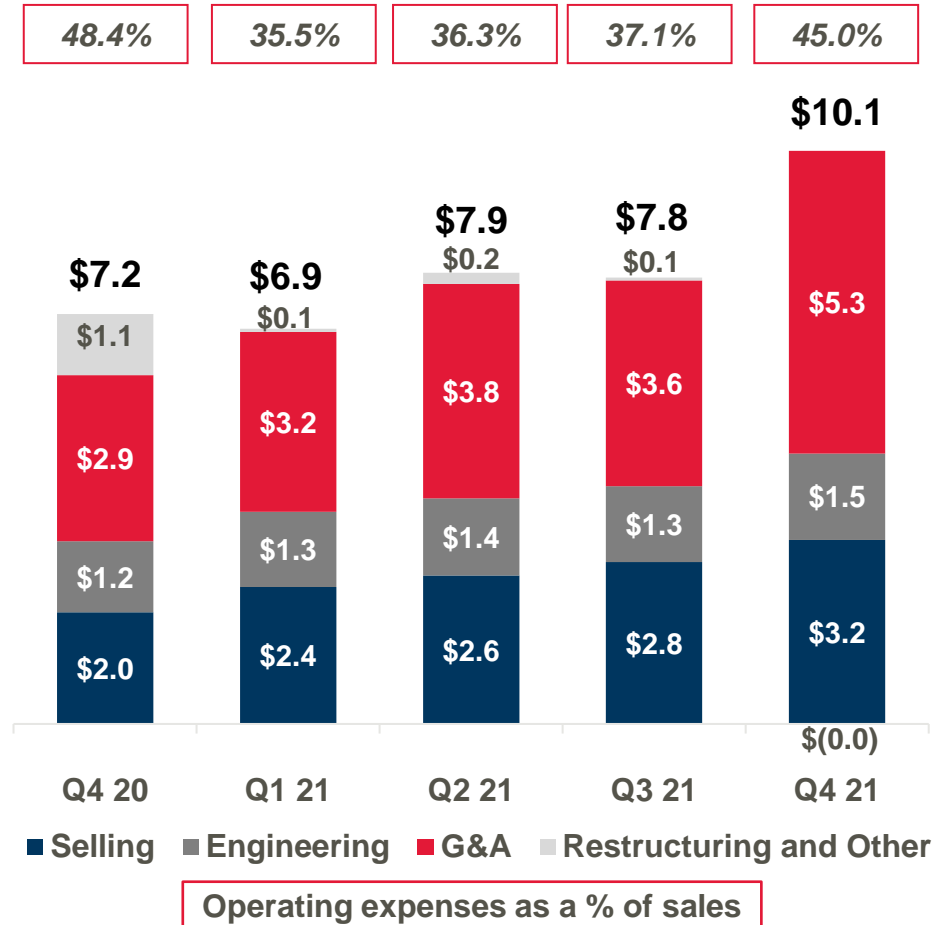
Sequential margin impacts:

- Less favorable product mix, specifically back-end semi solutions
- Production inefficiencies from supply chain constraints drove lower absorption of fixed manufacturing costs
- Continued inflationary increases to component material and labor costs; lagging impact of price increases due to orders in backlog
- Impact of acquisitions closing toward end of quarter

Operating Expenses

Investing in people and marketing to support 5-Point Strategy for Growth

(\$ in millions)



Incremental expenses impacted quarter

- ~\$1.3 million in transaction costs related to acquisitions and financing costs
- ~\$750 thousand in operating expenses associated with the acquisitions
- Additional \$200,000 of intangible amortization expense

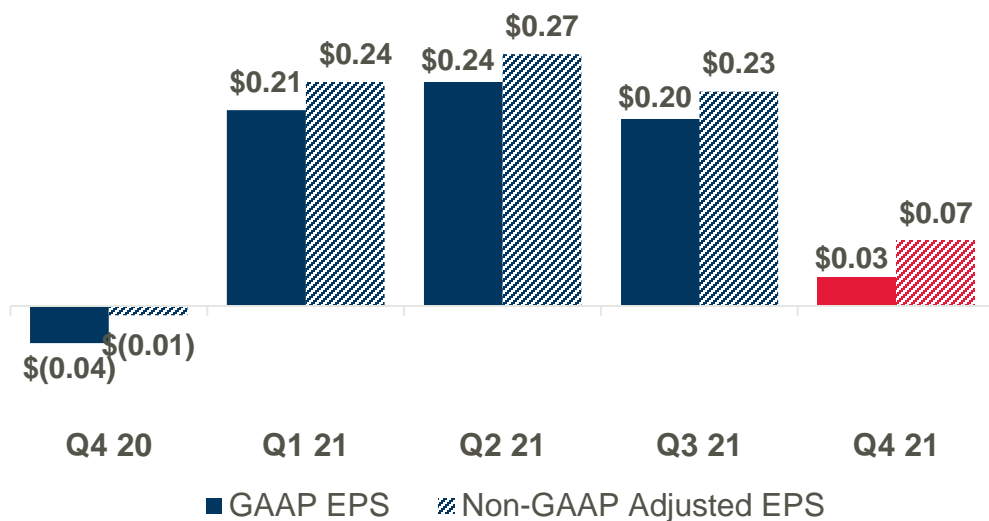
Expecting quarterly operating expenses of \$10.5 million to \$11.2 million in 2022

- Includes full quarter of incremental operating expenses of acquired businesses
- Includes ~\$650 thousand in total intangible amortization expense

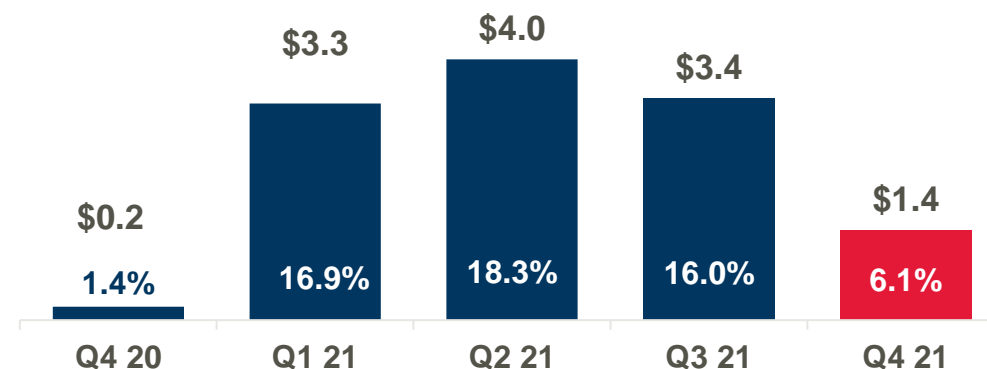
Earnings and Adjusted EBITDA

- Focused on leveraging scale and efficiencies
- Adjusted EPS reflects ~\$200 thousand of acquired intangible amortization
- Earnings impacted by ~\$1.6 million of atypical costs, or ~\$0.14 per diluted share

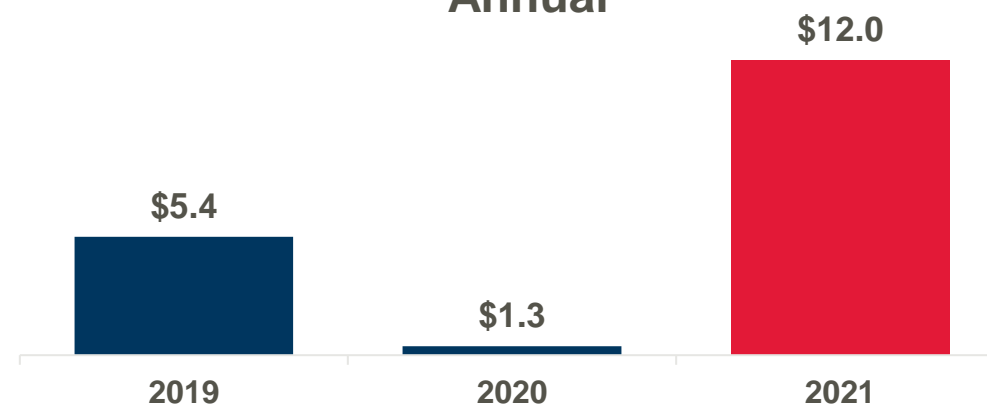
Earnings per Diluted Share⁽²⁾



Adjusted EBITDA and Margin⁽²⁾ Quarterly



Annual



⁽¹⁾ Tax rate expectation provided March 4, 2022

⁽²⁾ Adjusted Net Earnings per diluted share and Adjusted EBITDA are non-GAAP financial measures. Further information can be found under "Non-GAAP Financial Measures." See also the reconciliations of GAAP financial measures to non-GAAP financial measures that accompany this presentation.

Capital Structure and Cash Flow

(\$ in millions)

Capitalization		
	12/31/21	12/31/20
Cash and cash equivalents	\$ 21.2	\$ 10.3
Total debt	\$ 20.1	\$ -
Total net debt	\$ (1.1)	\$ -
Shareholders' equity	\$ 54.8	\$ 44.8
Total capitalization	\$ 70.8	\$ 44.8

Cash Flow	Three Months Ended		Year Ended
	12/31/21	12/31/20	12/31/21
Net cash provided by operating activities (GAAP)	\$ 2.7	\$ 0.8	\$ 10.8
Capital expenditures	(0.4)	(0.2)	1.0
Free cash flow (FCF)⁽¹⁾ (Non-GAAP)	\$ 2.3	\$ 0.7	\$ 9.8

Executed new five-year credit agreement in October 2021

- Includes \$25 million non-revolving delayed draw term loan and \$10 million revolving credit facility
- New agreement replaced previous \$10 million line of credit facility

Used \$20.5 million of new term loan facility and \$0.5 million in cash to finance three acquisitions during the quarter

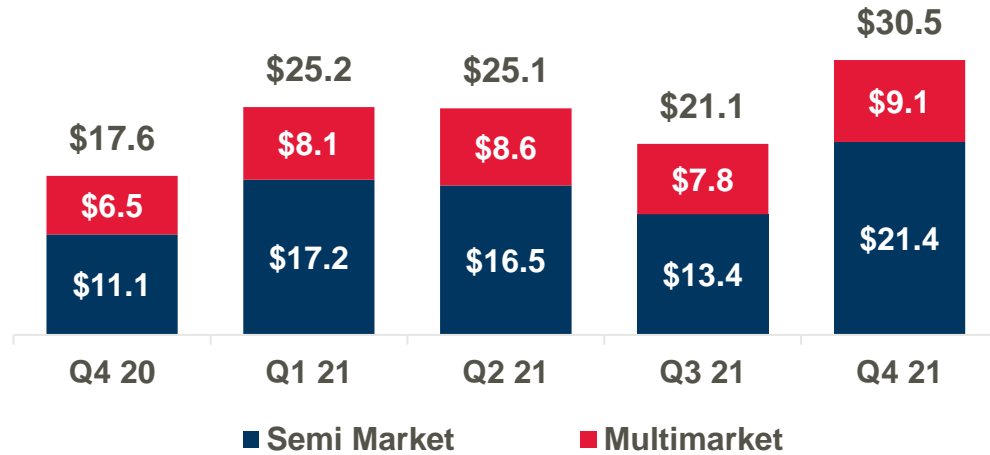
NOTE: Components may not add up to totals due to rounding.

⁽¹⁾ Free cash flow is a non-GAAP financial measure. Further information can be found under "Non-GAAP Financial Measures."

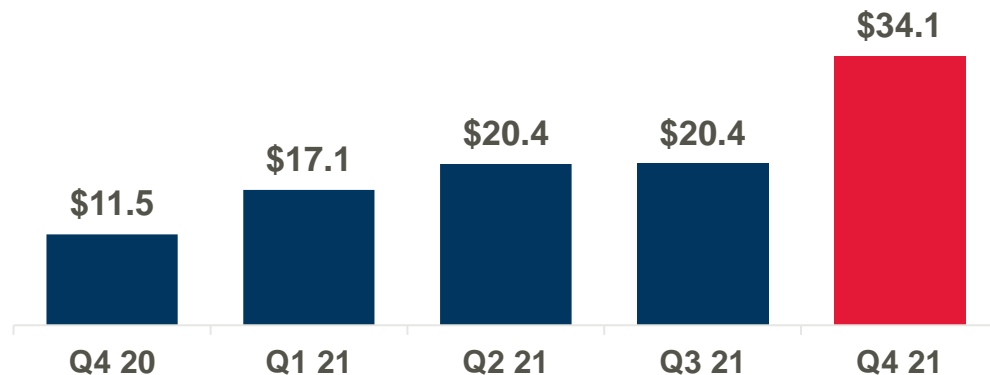
Orders and Backlog

(\$ in millions)

Orders



Backlog



Strong demand in semiconductor market pushed quarter and annual orders to record levels

- Orders in Semi exceeded market growth
- Refocused on opportunities in Semi
- Large front-end order received in Q4 expected to be delivered through 2022
- Back-end orders softened based on position in cycle

Approximately 65%, or ~\$22 million, of December 31, 2021 backlog is expected to convert to sales in Q1 2022

- Higher level of longer-term backlog than historic trends

Outlook and Perspective

Focused on driving growth and expanding markets & customer base

- Integrating acquisitions and extending market reach
- Adding technical expertise and driving innovation
- Solving customers' complex problems

2022 Outlook & Q1 Guidance⁽¹⁾

- 2022 revenue: \$110 million to \$115 million
- 2022 gross margin: 46% to 49%
- Operating expenses: \$10.5 million to \$11.2 million per quarter
- Interest expense: ~\$150,000 per quarter
- Effective tax rate: 15% to 17%
- Capital expenditures: 1% to 2% of revenue
- Q1 revenue: \$23 million to \$25 million
- Q1 GAAP EPS: \$0.04 to \$0.09 per diluted share
- Q1 non-GAAP Adj EPS⁽²⁾: \$0.10 to \$0.15 per diluted share

5-Point Strategy



⁽¹⁾ Guidance provided March 4, 2022. The foregoing guidance is based on management's current views with respect to operating and market conditions and customers' forecasts. It also assumes supply chain challenges are expected to remain unchanged in the first half of the year and to begin to improve modestly in the second half. Actual results may differ materially from what is provided here today as a result of, among other things, the factors described under "Forward-Looking Statements" on slide 2.

⁽²⁾ Adjusted Net Earnings per diluted share is a non-GAAP financial measure. Further information can be found under "Non-GAAP Financial Measures." See also the reconciliations of GAAP financial measures to non-GAAP financial measures that accompany this presentation.

Key Takeaways



Experienced management team driving an accelerated growth strategy



Successful track record of identifying and integrating accretive acquisitions



Established and high-value partner in Innovative Test & Process Technology Solutions



Blue-chip, high-quality global customer base



Diversified and growing end markets



Attractive margin profile with strong and consistent cash flow generation

Conference Call Playback Info

Replay Number: 412-317-6671 passcode: 13725926

Telephone replay available through March 11, 2022

Webcast / Presentation / Replay available at ir.intest.com

Transcript, when available, at ir.intest.com

Adjusted Net Income Reconciliation

(\$ in thousands)

	Three Months Ended			Years Ended	
	12/31/2021	12/31/2020	9/30/2021	12/31/2021	12/31/2020
Net earnings (loss) (GAAP)	\$ 287	\$ (380)	\$ 2,175	\$ 7,283	\$ (895)
Acquired intangible amortization	522	306	309	1,440	1,233
Tax adjustments	(10)	(2)	(4)	(22)	(26)
Adjusted net earnings (loss) (Non-GAAP)	<u>\$ 799</u>	<u>\$ (76)</u>	<u>\$ 2,480</u>	<u>\$ 8,701</u>	<u>\$ 312</u>
Diluted weighted average shares outstanding	<u>10,836</u>	<u>10,283</u>	<u>10,792</u>	<u>10,730</u>	<u>10,281</u>
Net earnings (loss) per share – diluted:					
Net earnings (loss) (GAAP)	\$ 0.03	\$ (0.04)	\$ 0.20	\$ 0.68	\$ (0.09)
Acquired intangible amortization	0.04	0.03	0.03	0.13	0.12
Tax adjustments	-	-	-	-	-
Adjusted net earnings (loss) per share – diluted (Non-GAAP)	<u>\$ 0.07</u>	<u>\$ (0.01)</u>	<u>\$ 0.23</u>	<u>\$ 0.81</u>	<u>\$ 0.03</u>

Adjusted EBITDA Reconciliation

(\$ in thousands)

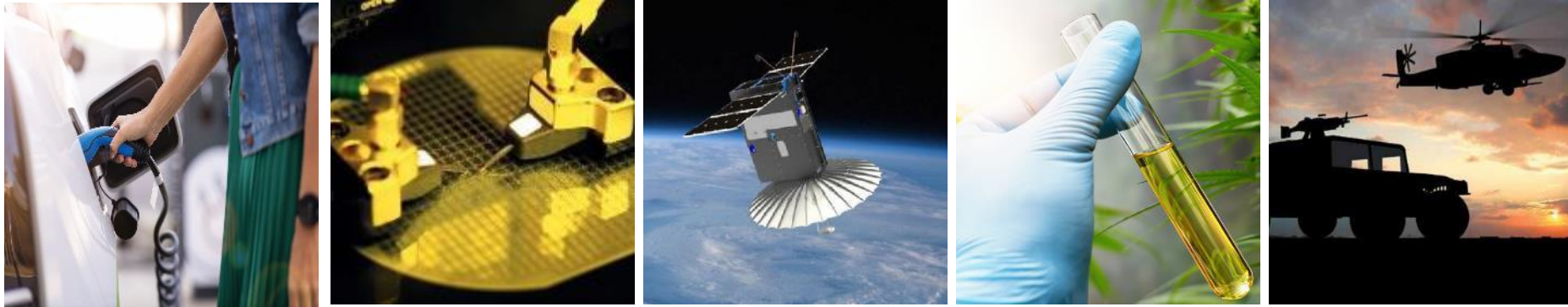
	Three Months Ended			Years Ended	
	12/31/2021	12/31/2020	9/30/2021	12/31/2021	12/31/2020
Net earnings (loss) (GAAP)	\$ 287	\$ (380)	\$ 2,175	\$ 7,283	\$ (895)
Acquired intangible amortization	522	306	309	1,440	1,233
Interest expense	83	4	4	89	33
Income tax expense	(51)	(74)	357	1,119	(336)
Depreciation	171	156	172	666	630
Non-cash stock-based compensation	356	191	371	1,450	671
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,368</u>	<u>\$ 203</u>	<u>\$ 3,388</u>	<u>\$ 12,047</u>	<u>\$ 1,336</u>
Net revenue	<u>22,358</u>	<u>14,875</u>	<u>21,144</u>	<u>84,878</u>	<u>53,823</u>
Adjusted EBITDA margin (Non-GAAP)	<u>6.1%</u>	<u>1.4%</u>	<u>16.0%</u>	<u>14.2%</u>	<u>2.5%</u>

Estimated Q1 2022 Adjusted EPS Reconciliation

(\$ in thousands)

	<u>Low</u>	<u>High</u>
Estimated net earnings per share – diluted (GAAP)	\$ 0.04	\$ 0.09
Estimated acquired intangible amortization	0.06	0.06
Estimated tax adjustments	-	-
Estimated adjusted net earnings per share – diluted (Non-GAAP)	<u>\$ 0.10</u>	<u>\$ 0.15</u>

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