

inTEST Corporation



Innovative **Test** & Process Solutions

Needham Growth Conference

January 11, 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 science, 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. 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 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.

Investment Highlights



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



Experienced management team driving an accelerated growth strategy

inTEST Corporation (NYSE American: INTT)

A global supplier of innovative test and process solutions for use in manufacturing and testing across a wide range of markets, including automotive, defense/aerospace, industrial, life science, semiconductor and telecommunications.



Nick Grant

President and CEO

- Appointed as President and CEO August 24, 2020
- ABB SVP Americas Region Industrial Automation Measurement & Analytics Division
- AMETEK VP & GM Materials Analysis Division (Test & Measurement)
- Emerson Electric (various roles)
- MBA (Xavier University) / BS Physics (Northern Kentucky University)



Duncan Gilmour

Treasurer and CFO

- Appointed June 14, 2021
- ABB Americas Hub Controller Industrial Automation Measurement & Analytics Division
- Tyco International / Johnson Controls (various roles)
- Coopers & Lybrand / PricewaterhouseCoopers (U.S. and U.K.)
- BAcc Economics and Accounting (University of Glasgow) / Chartered Accountant (ICAS)

Vision

To be the *Supplier of Choice* for
Innovative Test and Process Technology Solutions

Mission

Leverage our Deep Industry Knowledge & Expertise to
Develop and Deliver High Quality, Innovative Customer Solutions
and Superior Support for Complex Global Challenges

Markets Served

Multimarket:

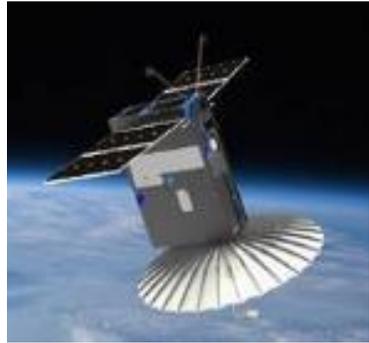
Automotive, Defense/Aerospace,
Industrial, Life Science, Telecommunications

Semi Market:

Semiconductor Manufacturers – End Users

(Test Facilities, Labs, Production Floor)

ATE Equipment Suppliers – OEMs



Product and Industry Expertise

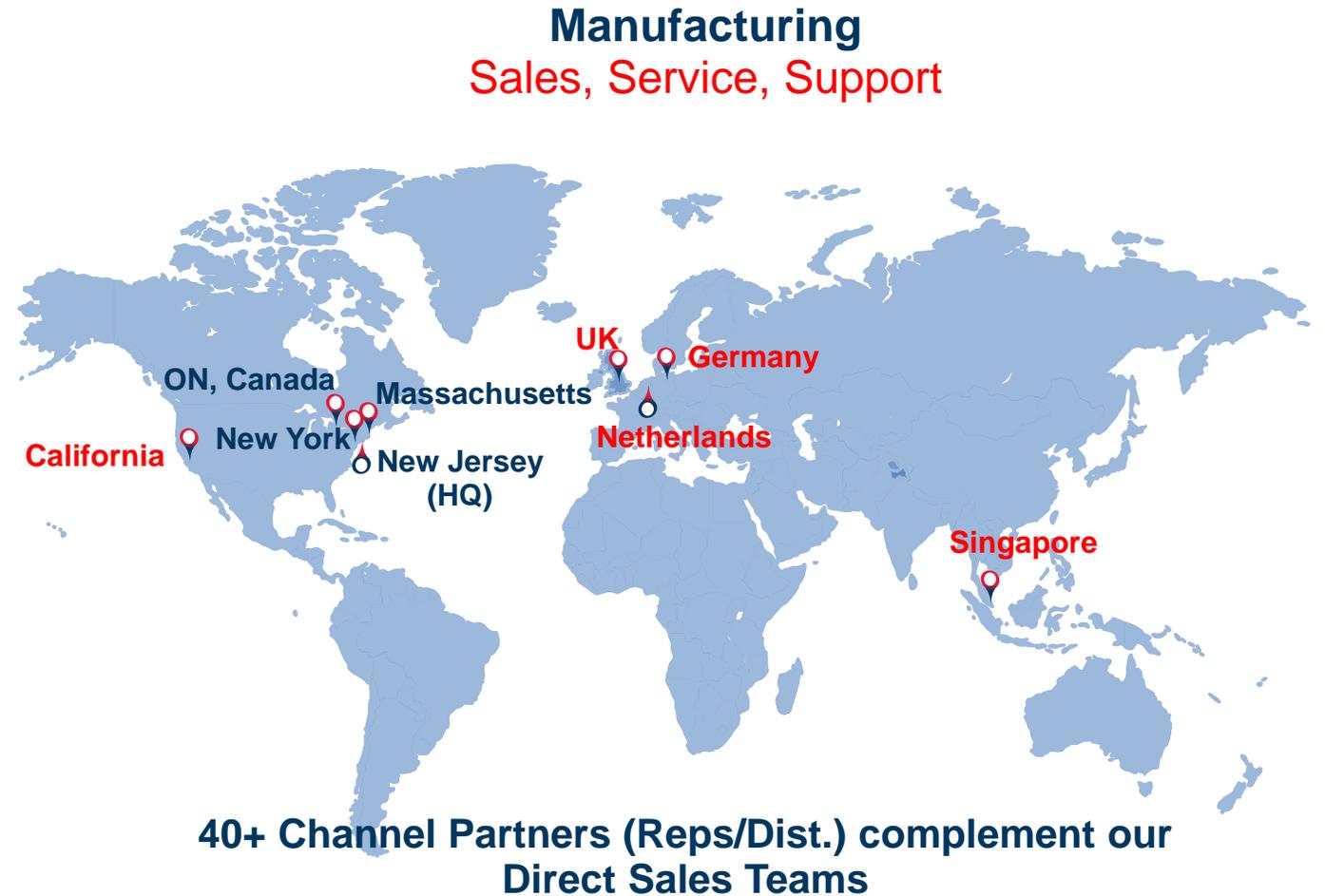
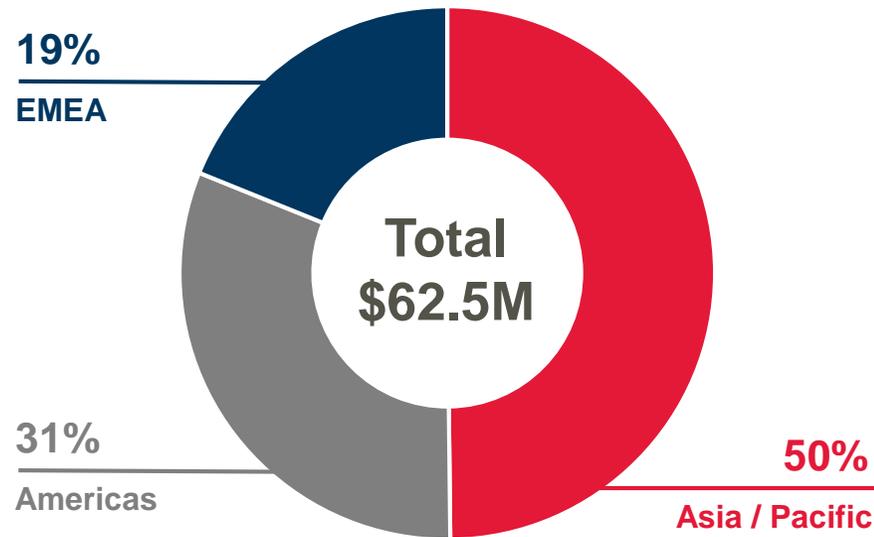
**Solve technical challenges others can't -
*thermally, mechanically, electronically***

Temperature Forcing Systems | Thermal Chambers | Low-temp Chillers
Ultra-cold Storage Solutions | Induction Heating Systems | Digital Imaging Solutions
Electronic Circuit and EV Battery Testing | ATE Test Head Manipulators, Docking, and Interfaces



Global Presence

Q3 2021 YTD Net Revenue by Region



Blue-Chip Customer Base



5-Point Strategy

Growth Focus



Customer Focus



Innovation Focus



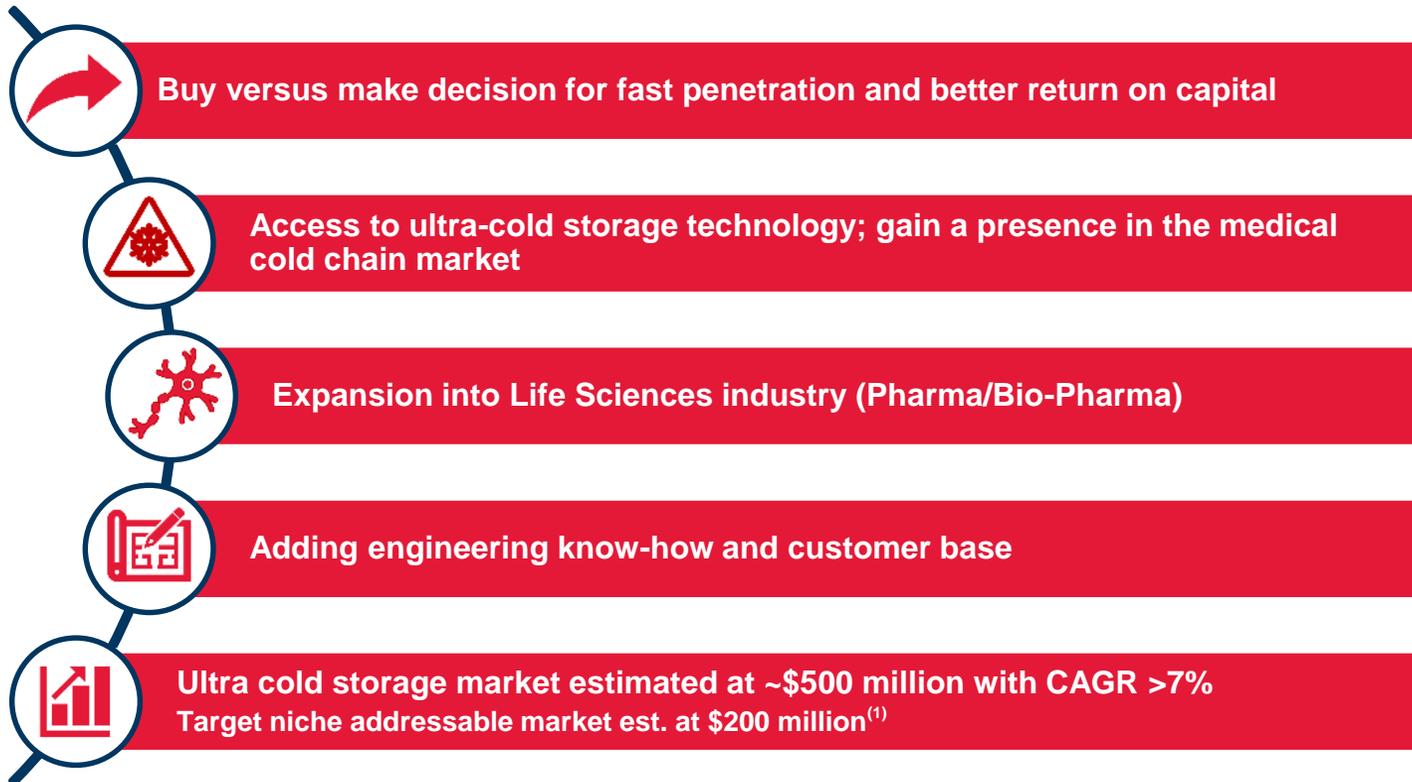
Standardization & Scalability



Z-Sciences Advances Core Growth Strategies

Z-Sciences Corp. develops and sells high-performance biomedical refrigerators and freezers that meet versatile applications, including ultra-cold storage solutions for biological sample banks, blood safety, vaccine safety, medical supplies and reagent safety.

Strategic Rationale



- Closed October 6, 2021
- Based in Montreal
- Products: ASPs of ~\$5,000 to ~\$20,000
- Manufacturing: outsourced to low-cost region

Ultra Low Freezers (-86°C)



Bio Freezers (-40°C)

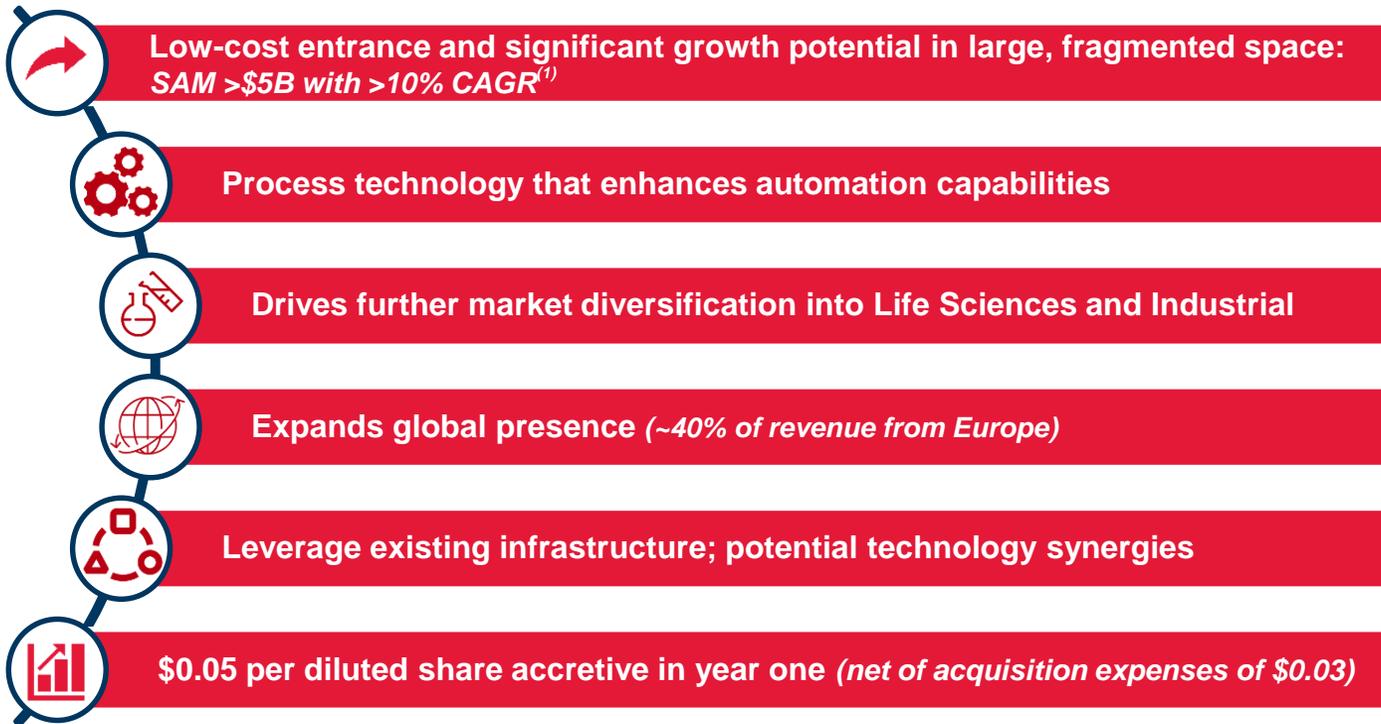


Sample Security Refrigerators (+4°C)

Videology Expands Process Technology Offerings

Videology Imaging Solutions designs and manufactures industrial-grade circuit board mounted digital imaging solutions and related devices, systems and software for OEM custom solutions.

Strategic Rationale



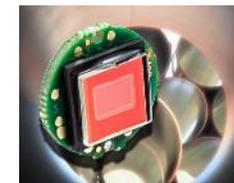
- Closed October 28, 2021
- Purchase price of \$12 million
- Headquartered in Greenville, RI
- European operations in Eindhoven, NL
- Total employees: ~40
- TTM Revenue: ~\$10 million

Example Applications



Ophthalmology markets for fundus cameras (taking an image to examine the inner eye)

Handheld Spectrometer used to classify materials or substances in scientific labs



Used to inspect pipes of all diameters from large Oil and Gas pipes to smaller Fiber Optic applications or Medical/Intra-Oral Endoscopes

Acculogic Adds Electronic Circuit & EV Battery Testing Capabilities

Acculogic, Inc. designs and manufactures robotics-based electronic production test equipment and application support services for OEM and contract electronic manufacturers.

Strategic Rationale



- Closed December 21, 2021
- Purchase price of approximately USD\$9 million
- Headquartered in Markham, ON, Canada
- European operations in Hamburg, Germany
- Total employees: ~50
- 9/30/2021 TTM Revenue: ~USD\$9 million



In-line Production Tester



Flying Probe Tester (Robotics)



Performance Test & Validation Systems

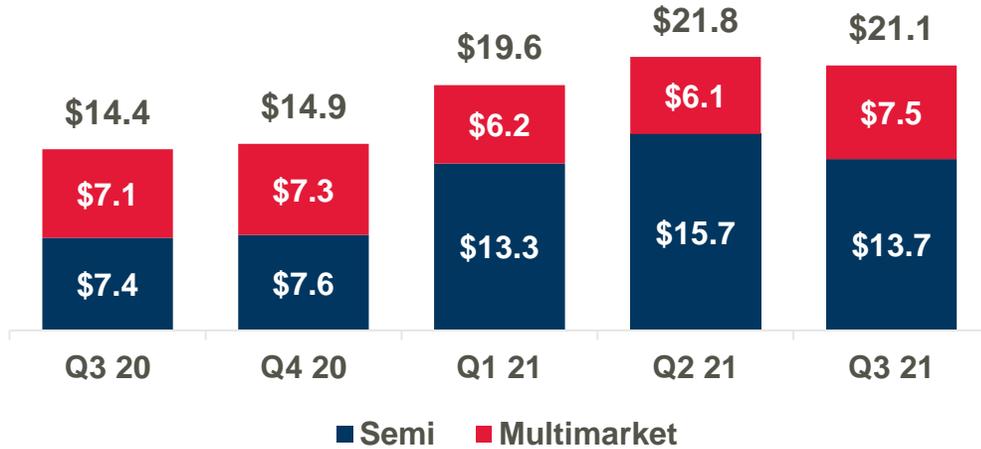
inTEST Corporation

Financial Overview

Revenue

(\$ in millions)

Quarters



Years



Q3 revenue up \$6.7 million, or 46%, YoY

Multimarket:

- Ongoing, broad-based recovery within industrial sectors
- Benefited from new product introductions and the opening of trade shows
- EV market continues to gain traction

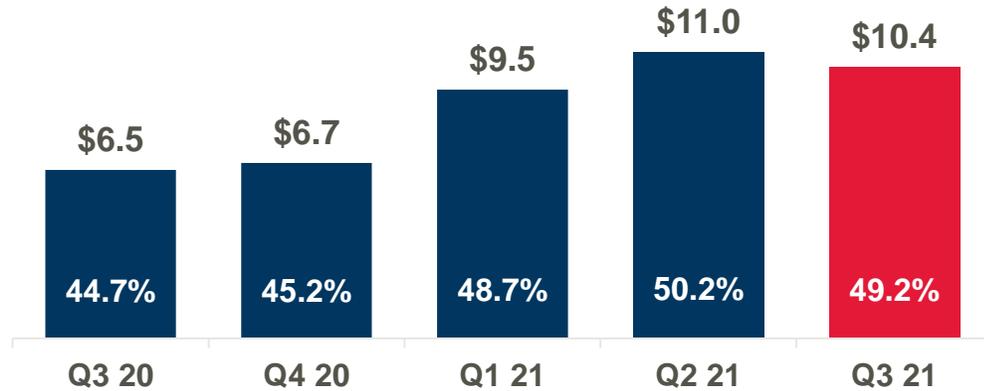
Semi Market:

- Continued strong global demand for semiconductors

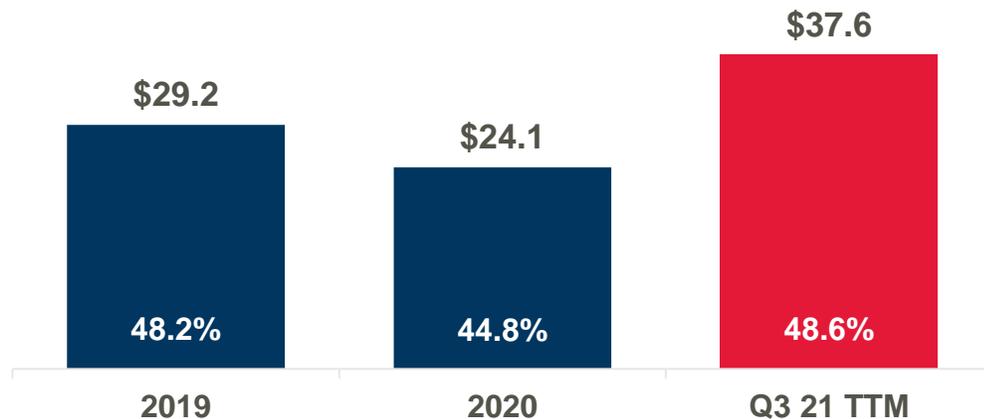
Gross Profit and Margin

(\$ in millions)

Quarters



Years



Q3 gross profit increased \$3.9 million YoY

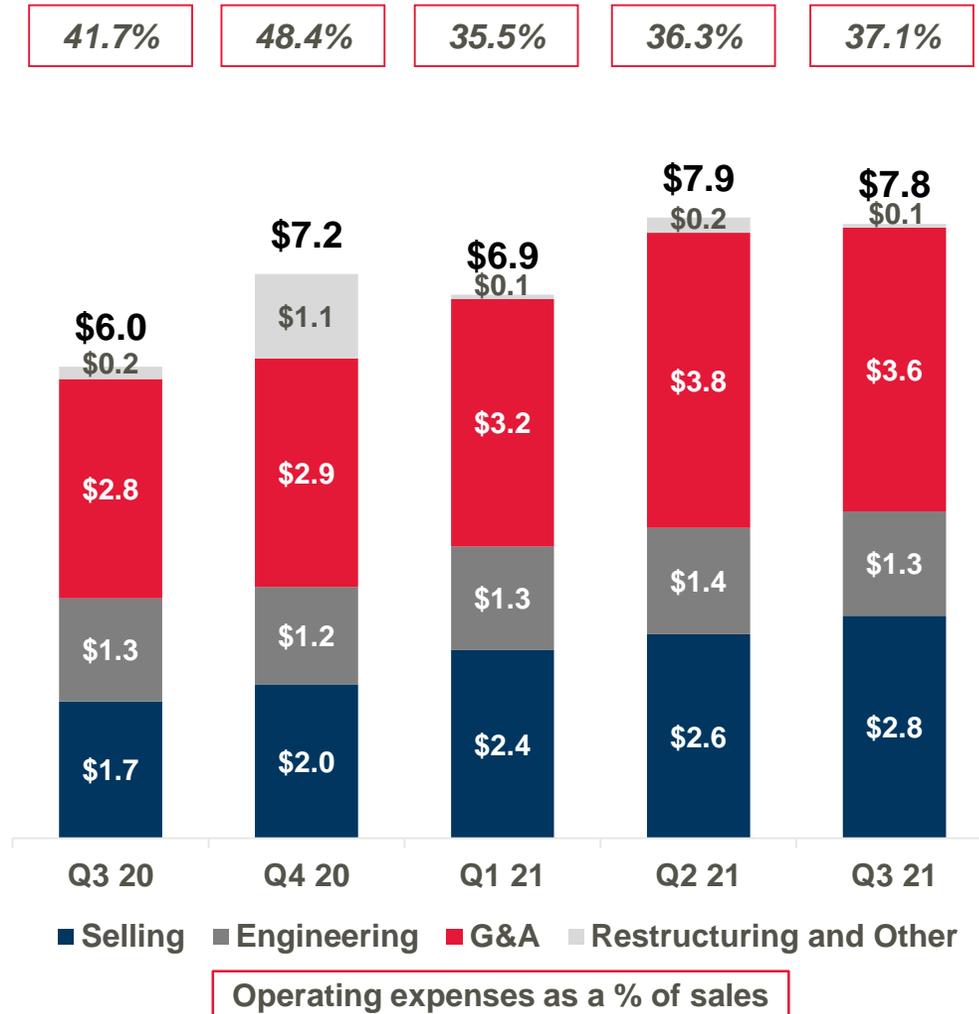
- 450 basis point margin expansion
- Reflects higher volume, benefits of restructuring and improved product mix

Sequential margin impacts:

- Higher component material costs not yet fully covered by price improvements
- Changes in product mix
- Less favorable absorption of fixed manufacturing costs

Operating Expenses

(\$ in millions)



Effectively managing costs while investing for growth (Q2 vs Q3)

- Investing in people and marketing to support 5-Point Strategy
- ~\$300 thousand in expenses related to M&A activities
- More than offset by non-recurring CFO transition costs incurred in Q2 21

Profitability

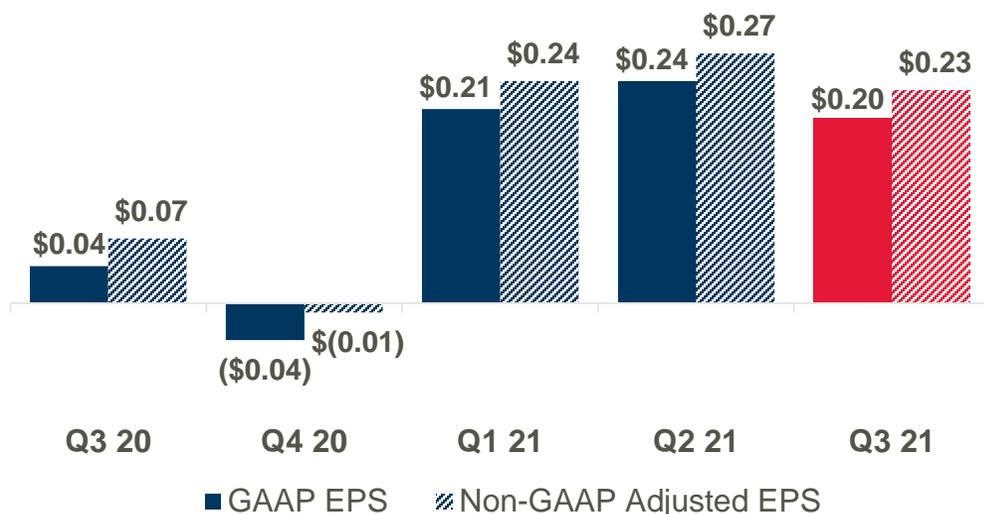
Focused on strengthening earnings power

Strong cash generation

Adjusted EPS reflects ~\$300 thousand of acquired intangible amortization

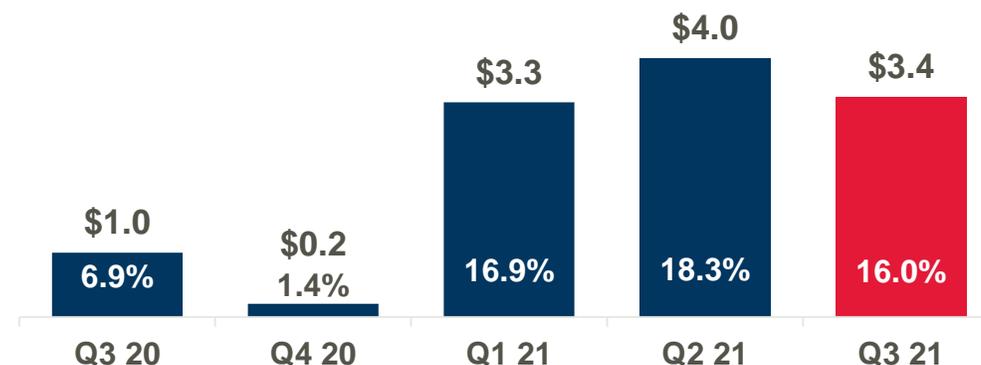
Expect effective tax rate in 2021 to range from 14% to 16%⁽¹⁾

Earnings per Diluted Share⁽²⁾

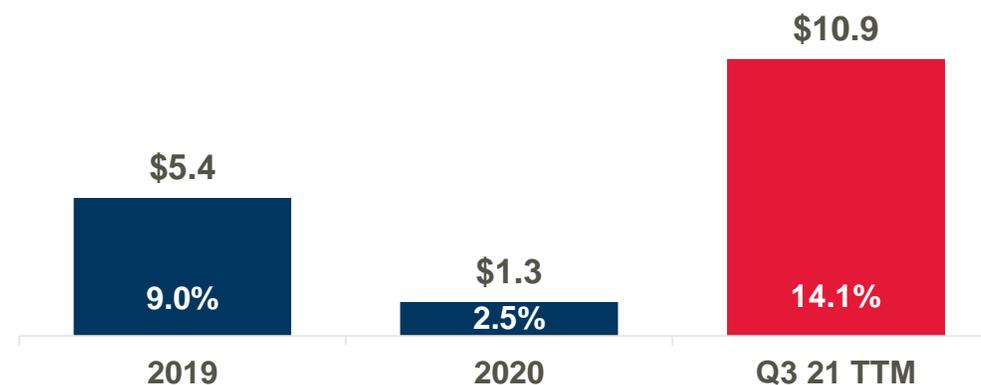


Adjusted EBITDA and Margin⁽²⁾

Quarters



Years



⁽¹⁾ Tax rate expectation provided November 5, 2021

⁽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		
	9/30/21	12/31/20
Cash and cash equivalents	\$ 18.7	\$ 10.3
Total debt	-	-
Total net debt	-	-
Shareholders' equity	53.7	44.8
Total capitalization	\$ 53.7	\$ 44.8

Cash Flow	Three Months Ended		YTD
	9/30/21	9/30/20	9/30/21
Net cash provided by operating activities (GAAP)	\$ 4.3	\$ 2.3	\$ 8.1
Capital expenditures	(0.1)	(0.3)	(0.6)
Free cash flow (FCF)⁽¹⁾ (Non-GAAP)	\$ 4.1	\$ 2.0	\$ 7.5

Generated strong cash from operations of \$4.3 million in the third quarter and \$8.1 million year-to-date

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

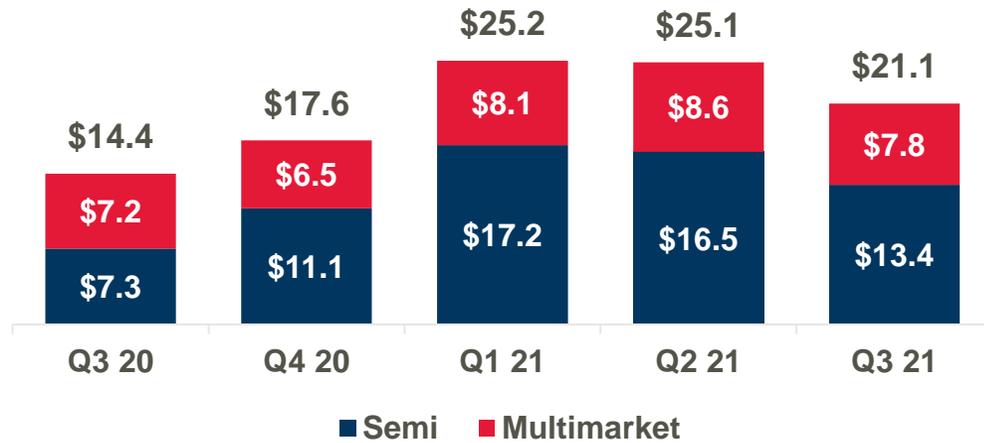
NOTE: Components may not add up to totals due to rounding.

⁽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



Continued robust demand, though trends have moderated from recent historical highs

- Secured new orders in targeted EV and cannabis markets
- Focused on working with OEMs to support semi demand

Approximately 75% of September 30, 2021 backlog is expected to convert to sales in Q4 21

Guidance and Perspective

Focused on further market differentiation and incremental growth and profitability

- Integrating newly acquired businesses
- New product development efforts
- Robust pipeline of new customer opportunities

Fourth Quarter 2021 Guidance⁽¹⁾

- Net revenue: \$21.5 million to \$22.5 million
- Gross margin: Consistent with prior quarter
- EPS (GAAP): \$0.10 to \$0.14
- Adjusted EPS (Non-GAAP): \$0.14 to \$0.18

(Note: Q4 2021 guidance did not include Acculogic Acquisition and related costs)

5-Point Strategy



Investment Highlights



Successful track record of identifying and integrating accretive acquisitions



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Diversified and growing end markets



Attractive margin profile with strong and consistent cash flow generation



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**Reconciliations for Non-GAAP Measures
and Supplemental Slides**

Adjusted Net Income Reconciliation

(\$ in thousands)

	Three Months Ended				
	<u>9/30/2021</u>	<u>6/30/2021</u>	<u>3/31/2021</u>	<u>12/31/2020</u>	<u>9/30/2020</u>
Net earnings (GAAP)	\$ 2,175	\$ 2,609	\$ 2,212	\$ (380)	\$ 458
Acquired intangible amortization	309	305	304	306	307
Tax adjustments	(4)	(4)	(4)	(2)	(15)
Adjusted net earnings (Non-GAAP)	<u>\$ 2,480</u>	<u>\$ 2,910</u>	<u>\$ 2,512</u>	<u>\$ (76)</u>	<u>\$ 750</u>
Diluted weighted average shares outstanding	<u>10,792</u>	<u>10,765</u>	<u>10,526</u>	<u>10,283</u>	<u>10,288</u>
Net earnings per share – diluted:					
Net earnings (GAAP)	\$ 0.20	\$ 0.24	\$ 0.21	\$ (0.04)	\$ 0.04
Acquired intangible amortization	0.03	0.03	0.03	0.03	0.03
Tax adjustments	-	-	-	-	-
Adjusted net earnings per share – diluted (Non-GAAP)	<u>\$ 0.23</u>	<u>\$ 0.27</u>	<u>\$ 0.24</u>	<u>\$ (0.01)</u>	<u>\$ 0.07</u>

Adjusted EBITDA Reconciliation

(\$ in thousands)

	Three Months Ended					Twelve Months Ended		
	<u>9/30/2021</u>	<u>6/30/2021</u>	<u>3/31/2021</u>	<u>12/31/2020</u>	<u>9/30/2020</u>	<u>9/30/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>
Net earnings (GAAP)	\$ 2,175	\$ 2,609	\$ 2,212	\$ (380)	\$ 458	\$ 6,616	\$ (895)	\$ 2,322
Acquired intangible amortization	309	305	304	306	307	1,224	1,233	1,257
Interest expense	4	2	-	4	4	10	33	-
Income tax expense	357	447	366	(74)	(25)	1,096	(336)	282
Depreciation	172	167	156	156	164	651	630	685
Non-cash stock-based compensation	371	454	269	191	85	1,285	671	884
Adjusted EBITDA (Non-GAAP)	<u>\$ 3,388</u>	<u>\$ 3,984</u>	<u>\$ 3,307</u>	<u>\$ 203</u>	<u>\$ 993</u>	<u>\$ 10,882</u>	<u>\$ 1,336</u>	<u>\$ 5,430</u>
Net revenue	\$ 21,144	\$ 21,820	\$ 19,556	\$ 14,875	\$ 14,443	\$ 77,395	\$ 53,823	\$ 60,660
Adjusted EBITDA margin (Non-GAAP)	<u>16.0%</u>	<u>18.3%</u>	<u>16.9%</u>	<u>1.4%</u>	<u>6.9%</u>	<u>14.1%</u>	<u>2.5%</u>	<u>9.0%</u>

Estimated Q4 2021 Adjusted EPS Reconciliation

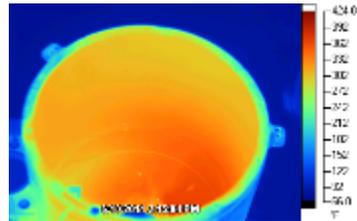
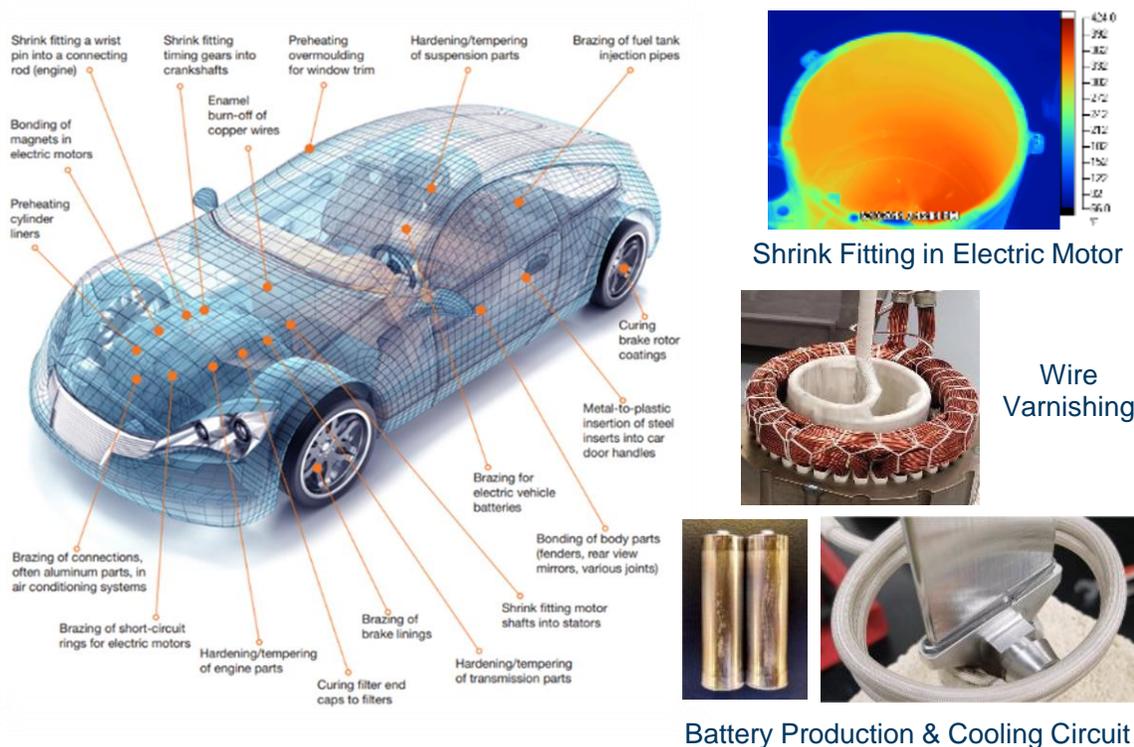
(\$ in thousands)

	Low	High
Estimated net earnings per share – diluted (GAAP)	\$0.10	\$0.14
Estimated acquired intangible amortization	0.04	0.04
Estimated tax adjustments	-	-
Estimated adjusted net earnings per share – diluted (Non-GAAP)	<u>\$0.14</u>	<u>\$0.18</u>

Thermal Segment: Growth Applications in Emerging Markets

Electric Vehicles

Wide-ranging induction heating solutions for heating metal and plastic parts in the manufacturing processes of electric vehicles



Shrink Fitting in Electric Motor



Wire Varnishing



Battery Production & Cooling Circuit

Cannabis Extraction

Broad chiller solutions used in THC and CBD extraction processes where it's critical to cool hydrocarbons or ethanol to ultra-low temperatures (-60°C to -90°C)



Capable of chilling 100 Gallons of Ethanol to -70°C in Under 30 Minutes

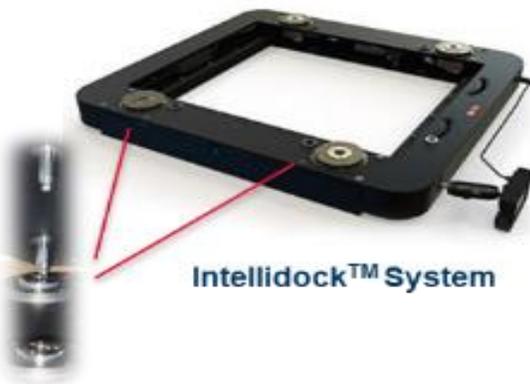
EMS Segment: Organic Growth through Innovation

Automated Manipulators + Docking

- **1st fully automated, fully featured ATE Manipulator**
 - Auto positions the test head
 - Unmatched precision and accuracy
- **Automated, high precision docking system for ATE testers**
 - Intelligent Pin/Cup design
 - Automatic latching feature



LS Series Manipulator



Intellidock™ System

Intelligent Test Cell

Reduces Downtime

- ✓ Prevents operator from damaging the system due to error or poor setup

Improves Quality

- ✓ Better manage rapidly changing production and process sequencing

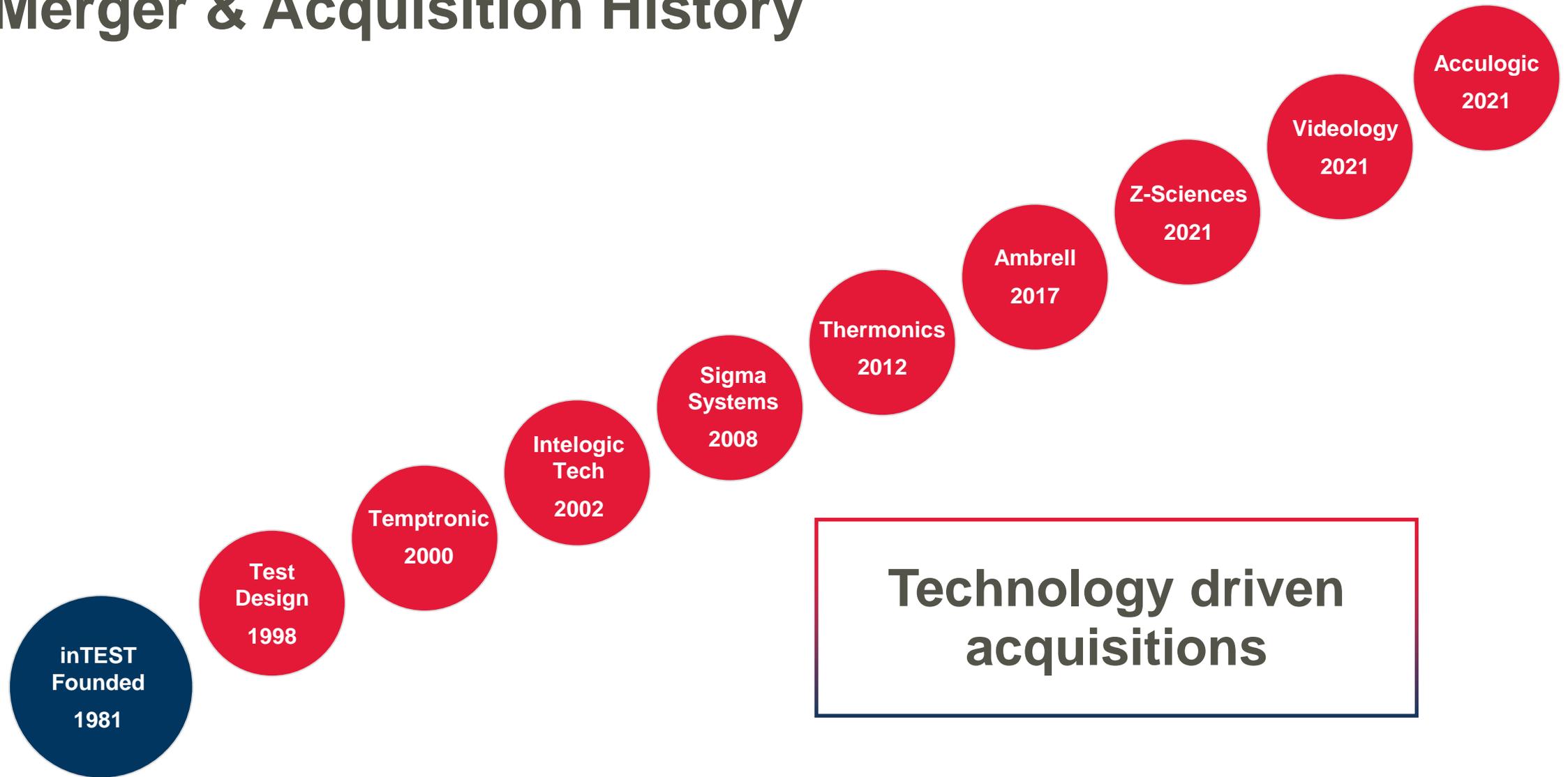
Increases Productivity

- ✓ Increase throughput, minimize waste and reduce errors
- ✓ Simplify machine operation and reduce setup time
- ✓ Optimize and create predictable and repeatable production setup
- ✓ Improve machine utilization and ergonomics

Enhances Safety

- ✓ Enhance operator interaction with test cell

Merger & Acquisition History



inTEST Organization & Markets Served

Business Segments		Brands			Focus	
Semiconductor (Semi) Multimarket		Ambrell Temptronic Sigma Systems Thermonics EMS Products			Electronic Test Process Cooling Induction Heating	

		SEMICONDUCTOR MARKET			MULTIMARKET	
		Back-End		Front-End	Electronic Test	Industrial
Applications		Production Test	Engineering Lab / Product Development	CVD Crystal Growth	Multiple Applications	Multiple Applications
THERMAL	EMS	Manipulators Docking Interfaces				
	iTS		ThermoStreams® Temperature Forcing System		Sigma Chambers ThermoStreams® Temperature Forcing System	Platforms Chillers
	Ambrell			EKOHEAT® Induction Tools		EASYHEAT® & EKOHEAT™ Induction Tools
		Cornerstone of inTEST and an important component of our business			Any market or industry not categorized as “Semi Market” Represents strategic diversification towards less cyclical markets (formerly “Non-Semi”)	

Thermal segment business can fall into either “Semi” or “Multimarket,” depending upon customer utilization of our products or upon their respective applications