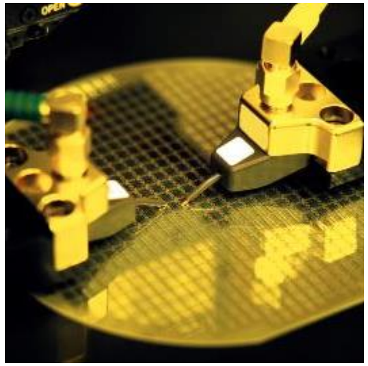
inTEST Corporation


Innovative Test & Process Solutions

Nick Grant
President and CEO

Hugh Regan
Treasurer and CFO

Quarter Ended September 30, 2020
Investor Relations Presentation

inTEST

inTEST Corporation (NYSE American: INTT)

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Therefore, actual outcomes and results may differ materially from what is expressed herein. For a discussion of these risks and uncertainties, the Company urges investors to review in detail the risks and uncertainties and other factors described in its Securities and Exchange Commission (SEC) filings, including, but not limited to, the “Risk Factors”, “Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our public reports filed with the SEC, including our annual report on Form 10-K and our quarterly report on Form 10-Q filed with the SEC, and available on our Investor webpage www.intest.com and on the SEC website at www.sec.gov.

Generally Accepted Accounting Principles

In addition to disclosing results that are determined in accordance with GAAP, we also disclose non-GAAP performance measures. These non-GAAP performance measures include adjusted net earnings, adjusted net earnings per diluted share and adjusted EBITDA. Adjusted net earnings is derived by adding acquired intangible amortization, adjusted for the related income tax expense, to net earnings and removing any change in the fair value of our contingent consideration liability from net earnings. Adjusted net earnings per diluted share is derived by dividing adjusted net earnings by diluted weighted average shares outstanding. Adjusted EBITDA is derived by adding interest expense, income tax expense, depreciation, acquired intangible amortization, adjusted for the related income tax expense, acquisition-related expense and restructuring charges to net earnings and removing any change in the fair value of our contingent consideration liability from net earnings. These results are provided as a complement to results provided in accordance with GAAP. Adjusted net earnings, adjusted net earnings per diluted share and adjusted EBITDA are non-GAAP performance measures presented to provide investors with meaningful supplemental information regarding our baseline performance before acquired intangible amortization charges, acquisition-related expenses, restructuring charges and changes in the estimate of future consideration that may be paid out related to prior acquisitions as these expenses or income items may not be indicative of our current core business or future outlook. These non-GAAP performance measures 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. A reconciliation from net earnings and net earnings per diluted share to adjusted net earnings and adjusted net earnings per diluted share and from net earnings to adjusted EBITDA, which are shown in this presentation, is contained in the reconciliation for non-GAAP measures section of this presentation. The non-GAAP performance measures shown in this presentation may not be comparable to similarly titled measures used by other companies. The presentation of non-GAAP 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.

Key Takeaways

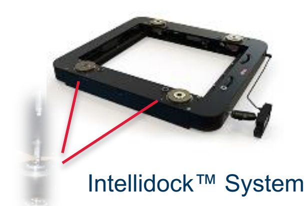
NEW VISION, LEADERSHIP & FOCUS

Customer Focus

Growth Focus

Innovation Focus

Standardization & Scalability



Management – Focused on Growth

President & CEO, Richard N. "Nick" Grant, Jr.

- ABB SVP Americas Region Industrial Automation Measurement & Analytics Division
- AMETEK VP & GM Materials Analysis Division (Test & Measurement)
- Emerson Electric
- MBA (Xavier University) / BS Physics (Northern Kentucky University)

Treasurer & CFO, Hugh T. Regan, Jr.

- CFO & Treasurer since 1996. Elected Secretary 1999
- VP Finance & CFO for Value Property Trust, publicly traded REIT
- BS Accounting & Finance (Rider University). CPA

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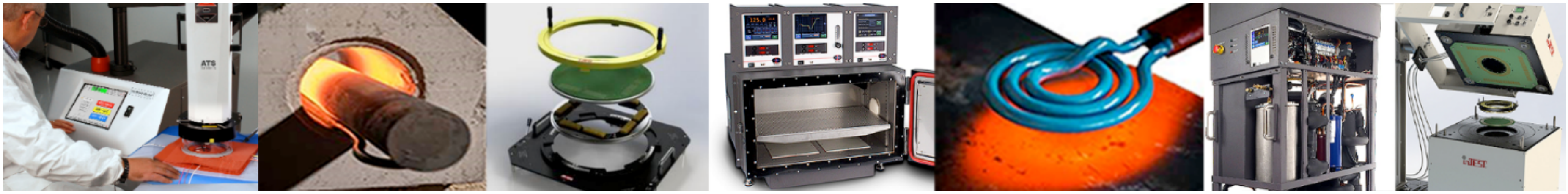
Worldwide Expertise

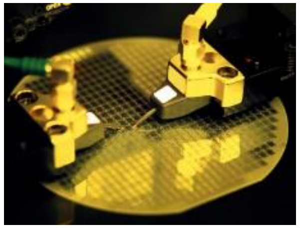
Solving technical challenges others can't -
thermally, mechanically, electronically

Temperature Forcing Systems | Thermal Chambers | Low-temp Chillers |
Induction Heating Systems |
ATE Test Head Manipulators, Docking, and Interfaces



Serving Diverse Applications

Hardware to interface with testers to develop and test Semiconductors



Critical temperature testing to ensure reliability of infotainment electronics

Thermal equipment delivers focused heating for forging and joining metals in manufacturing

Ultra-low temperatures provide cooling to condition fuel for jet engine testing

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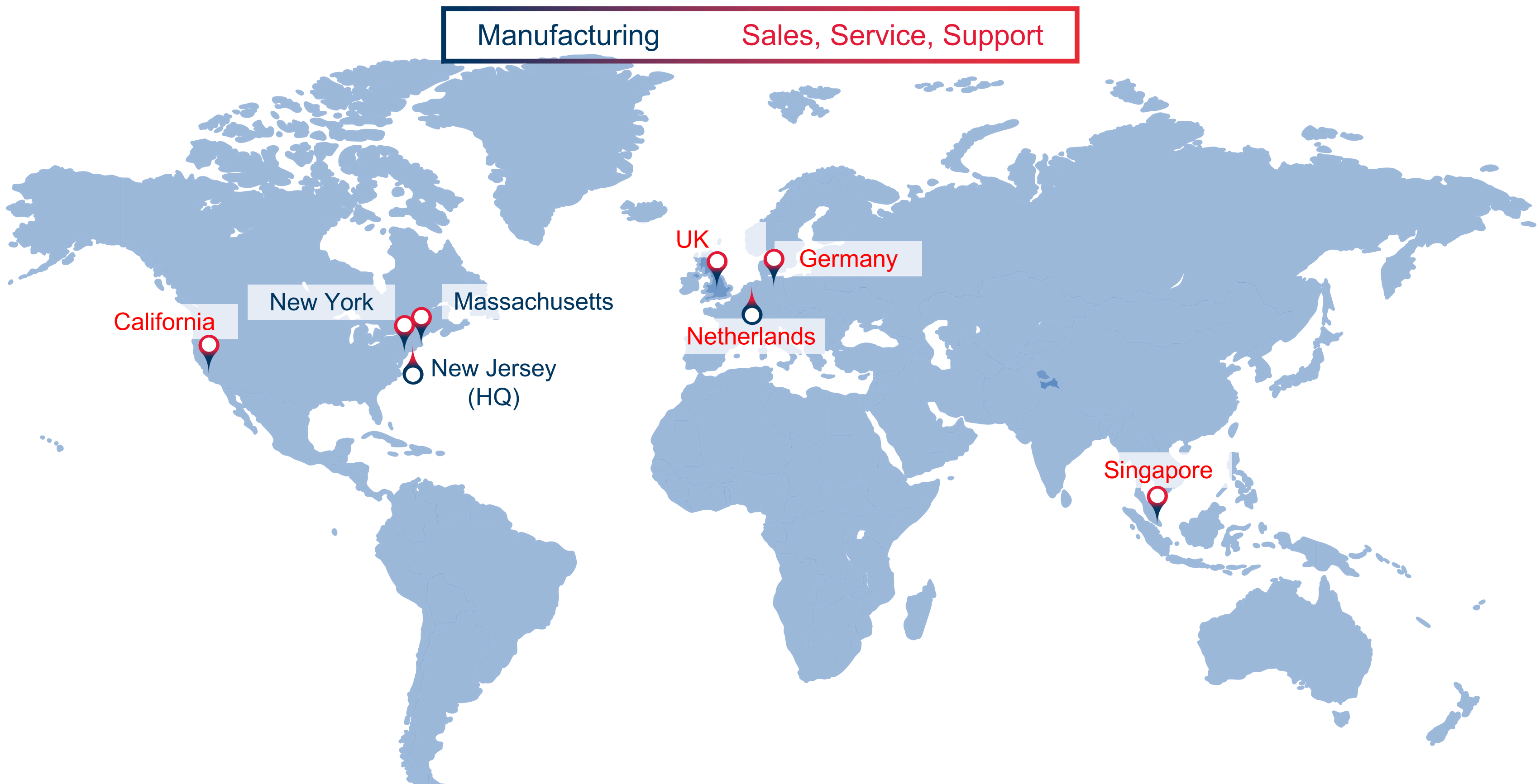
Global Presence Serving Key Industries



Supplier of precision engineered solutions to key industries

- Automotive
- Defense / Aero
- Energy
- Industrial
- Medical
- Semiconductors
- Telecommunications

inTEST Organization

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
EMS	EMS	Manipulators Docking Interfaces				
THERMAL	iTS		ThermoStreams® Temperature Forcing System		Sigma Chambers ThermoStreams® Temperature Forcing System	Platforms Chillers
THERMAL	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

Electronic Test Solutions – inTEST's Heritage

Products

Test Interfaces

Docking Systems

Manipulators

Semi Market

Providing high integrity signal path between DUT and tester

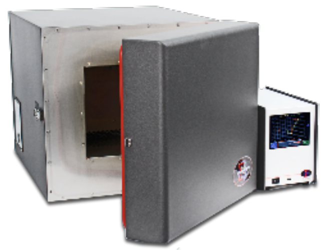
Improves accuracy and integrity of test results and protects delicate test interface components

Ease of positioning test heads for any test application, compatible with all major wafer prober or device handler models

Thermal Test Solutions

+932°F
+500°C

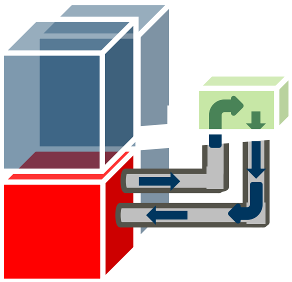
-301°F
-185°C



Space Research
-185°C 350°C

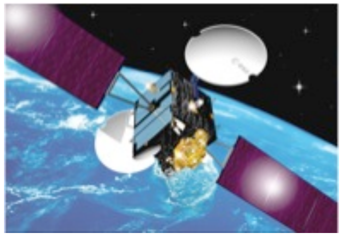
Network Infrastructure
-10°C 60°C

Missile Guidance
-60°C 150°C



Custom Design
Thermal Engine
-65°C 200°C

LED Extended Life Test
-100°C 200°C



Communication
Satellite
-65°C 200°C

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Thermal Process Solutions

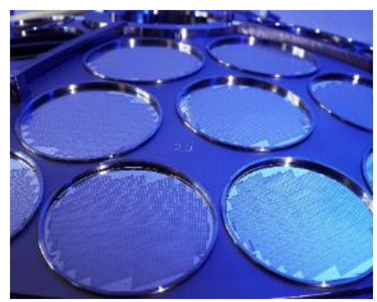
+5450°F
+3000°C

Brazing, catheter tipping, nanoparticle heating
1-10 kW

Hot heading, brazing, annealing, shrink fitting
1-100 kW

Brazing, metal-to-plastic, curing, hardening
1-500 kW

Chilling for Biomass Extraction
25 kW at -60C

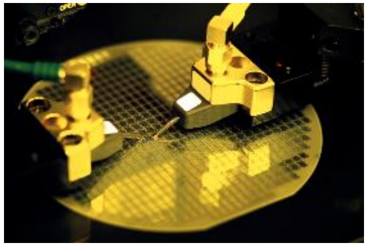


Cooling for semiconductor production
500 W at -80C

Cooling in Energy production
4 kW at -60C

-148 °F
-100 °C

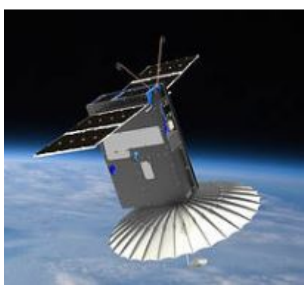
Markets Served



Historical Markets:

- Semiconductor Manufacturers – End Users
  (Test Facilities, Labs, Production Floor)
- ATE Equipment Suppliers – OEMs

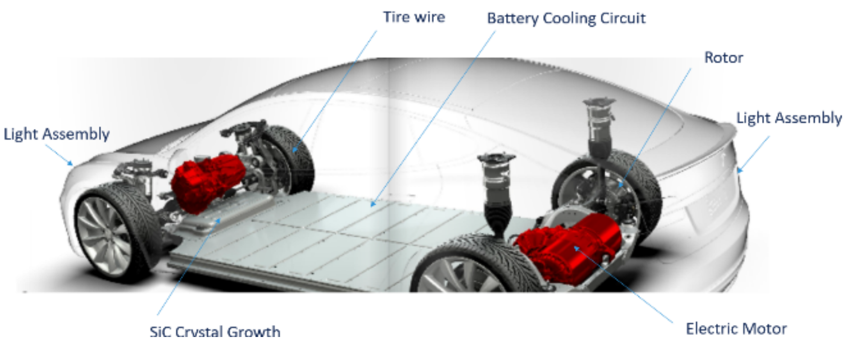
Multi-Markets:
Automotive, consumer electronics, defense/aero, telecom, industrial

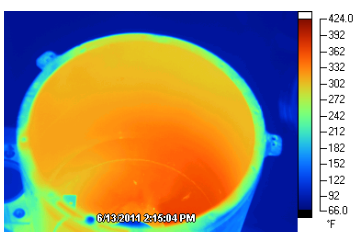


Examples of Growth Applications in Emerging Markets (Thermal Segment)

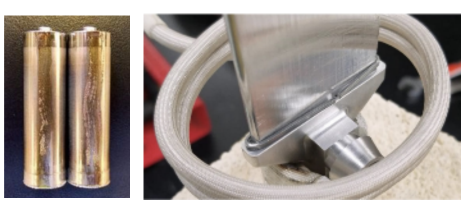
Electric Vehicles

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





Shrink Fitting in Electric Motor



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 (-60ºC to -90ºC)

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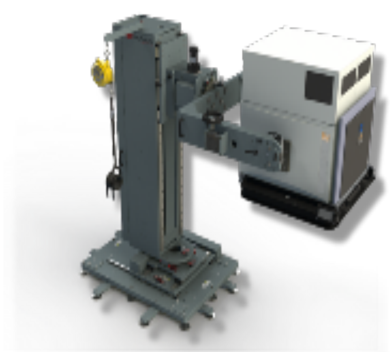
Example of Organic Growth through Innovation (EMS Segment)

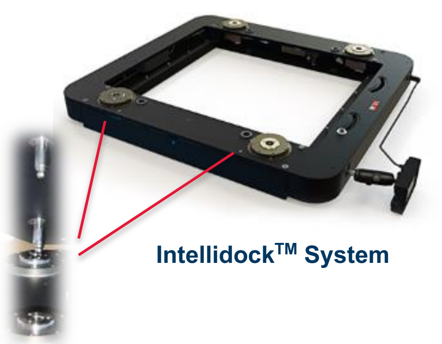
Automated Manipulators + Docking

- **1st fully automated, fully featured ATE Manipulator**
  - Auto positions the test head
  - Unmatched precision and accuracy



LS Series Manipulator

- **Automated, high precision docking system for ATE testers**
  - Intelligent Pin/Cup design
  - Automatic latching feature



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

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Blue-Chip Customer Base

Top 10 Customers: 35% of Sales

Semi

AIXTRON

ANALOG DEVICES

Hakuto

Qualcomm

intersil

RENESAS

TEXAS INSTRUMENTS

Multimarket

EMERSON

Hakuto

LOCKHEED MARTIN

Raytheon

TESLA

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Financial Overview

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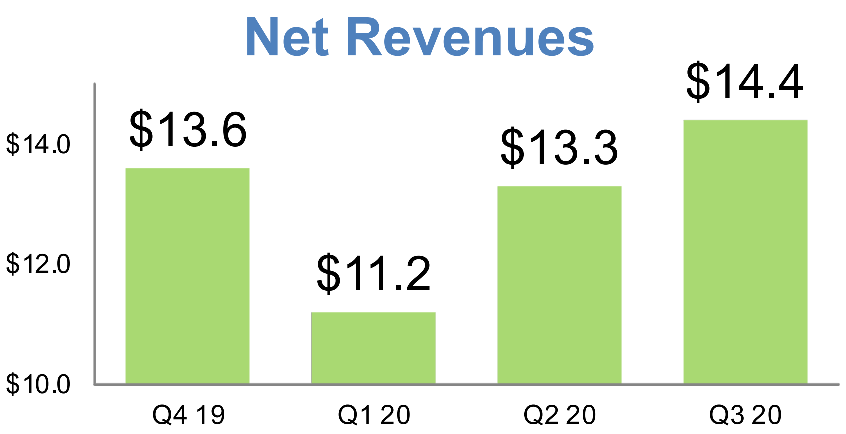
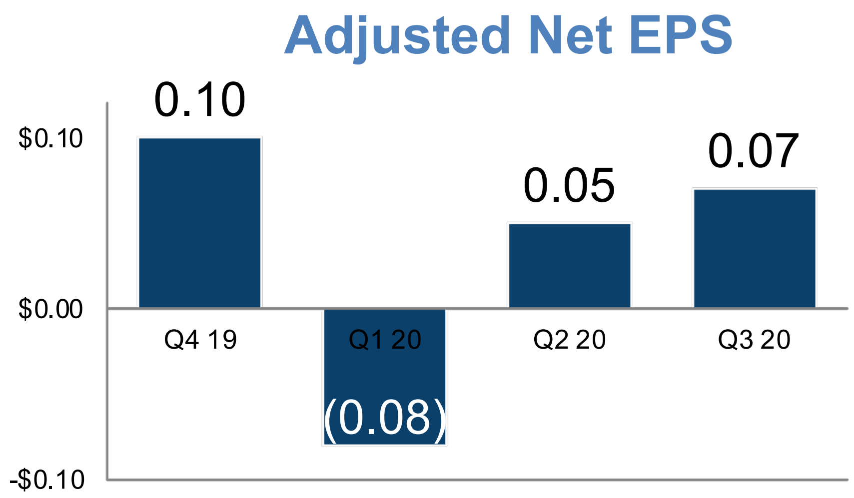
Operating Model

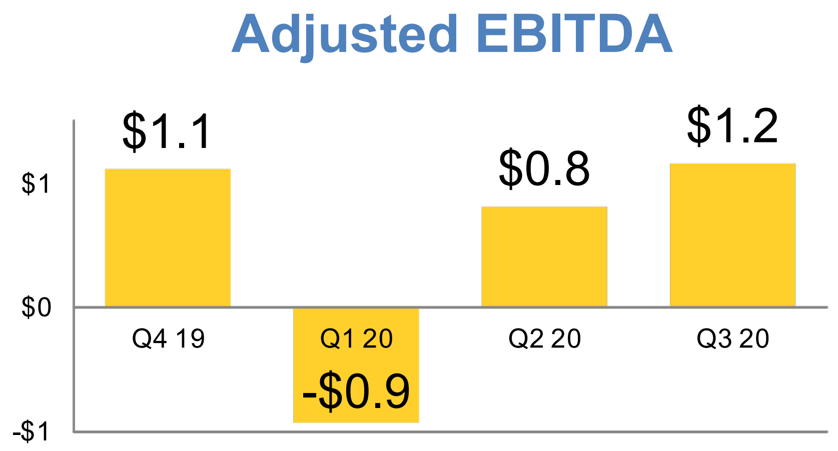
	2015	2016	2017	2018	2019	9/30/20 YTD
Gross Margin	48%	51%	52%	50%	49%	**45%**
SG&A	31%[a]	31%[a]	30%[a]	29%	36%[a]	**36%[c]**
Eng. & Prod. Development	10%	9%	6%	6%	8%	**10%**
Operating Margin	7%[a]	11%[a]	17%[ab]	15%[ab]	5%[a]	(1)%[c]
Adj. EBITDA	9%[a]	13%[a]	20%[ab]	18%[ab]	9%[a]	3%[c]

a. Includes acquisition related expenses: 2015 - $329K; 2016 - $510K; 2017 - $905K; 2019 - $683K
b. Adjusted for contingent consideration adjustment (related to earnout): $7.0M (2017) and $6.9M (2018)
c. Includes restructuring and CEO transition costs of $422K

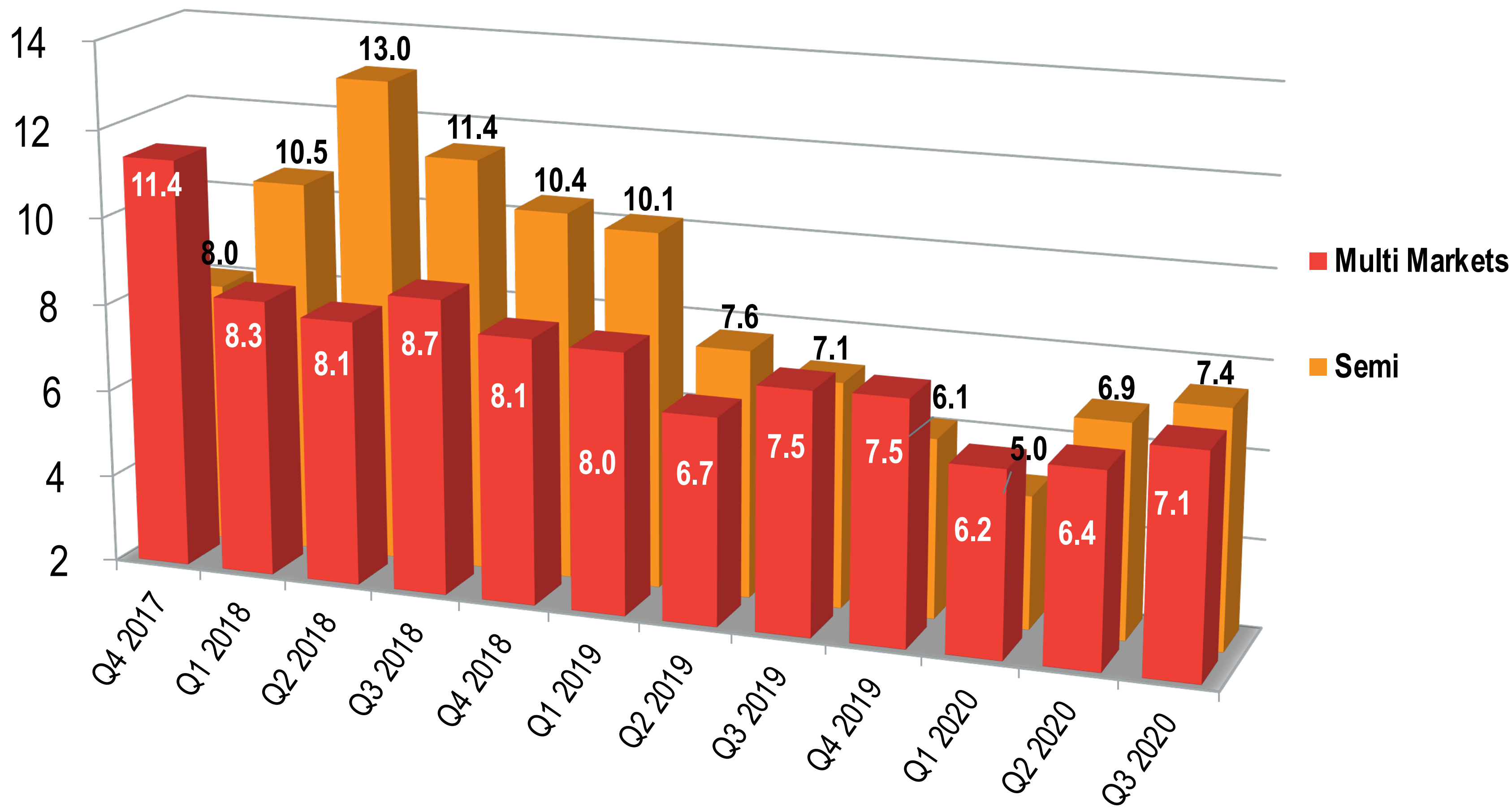
Recent Financial Results







Consolidated Revenue Diversification Trends ($$MM)



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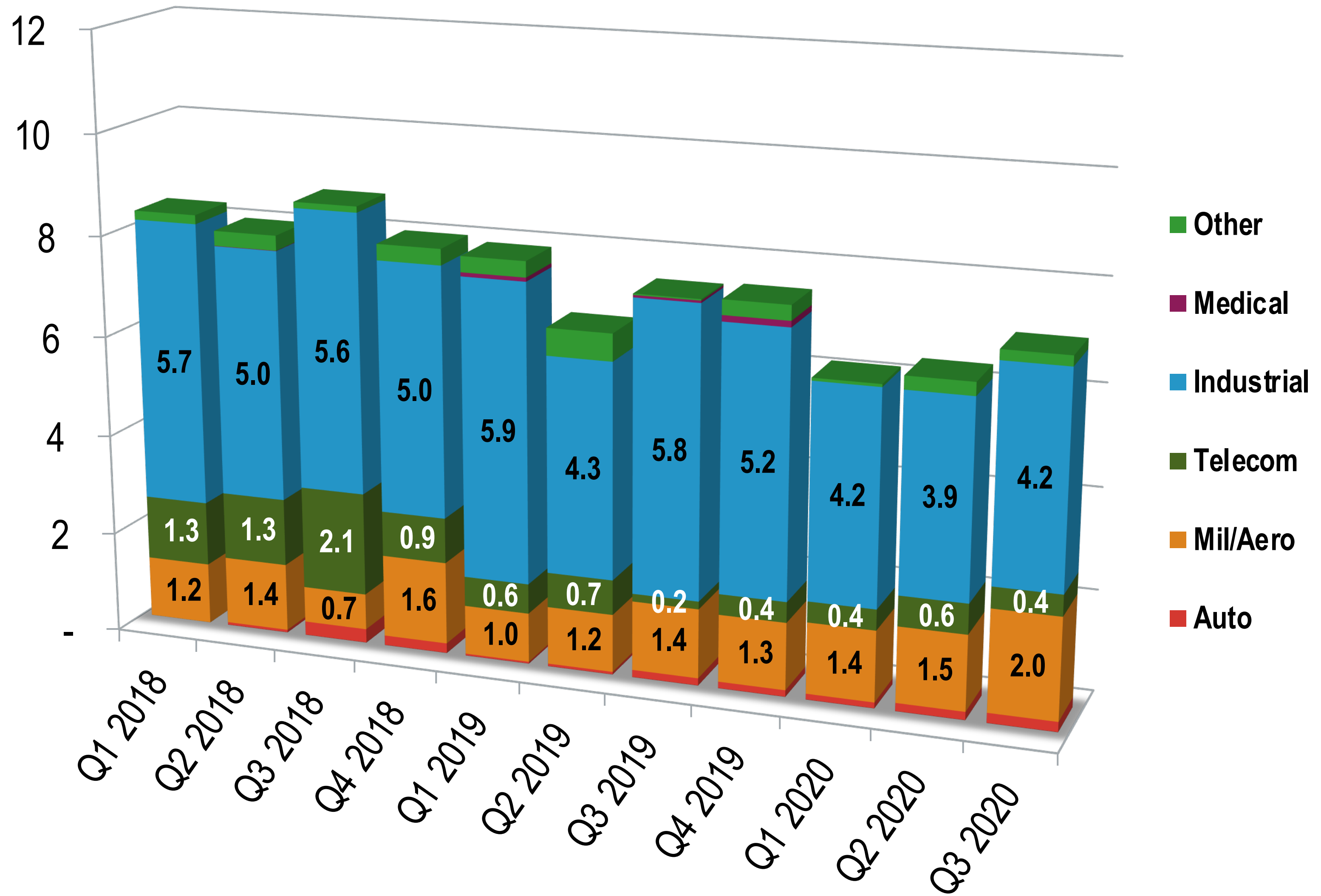
Multimarket Revenue Trends ($$MM)



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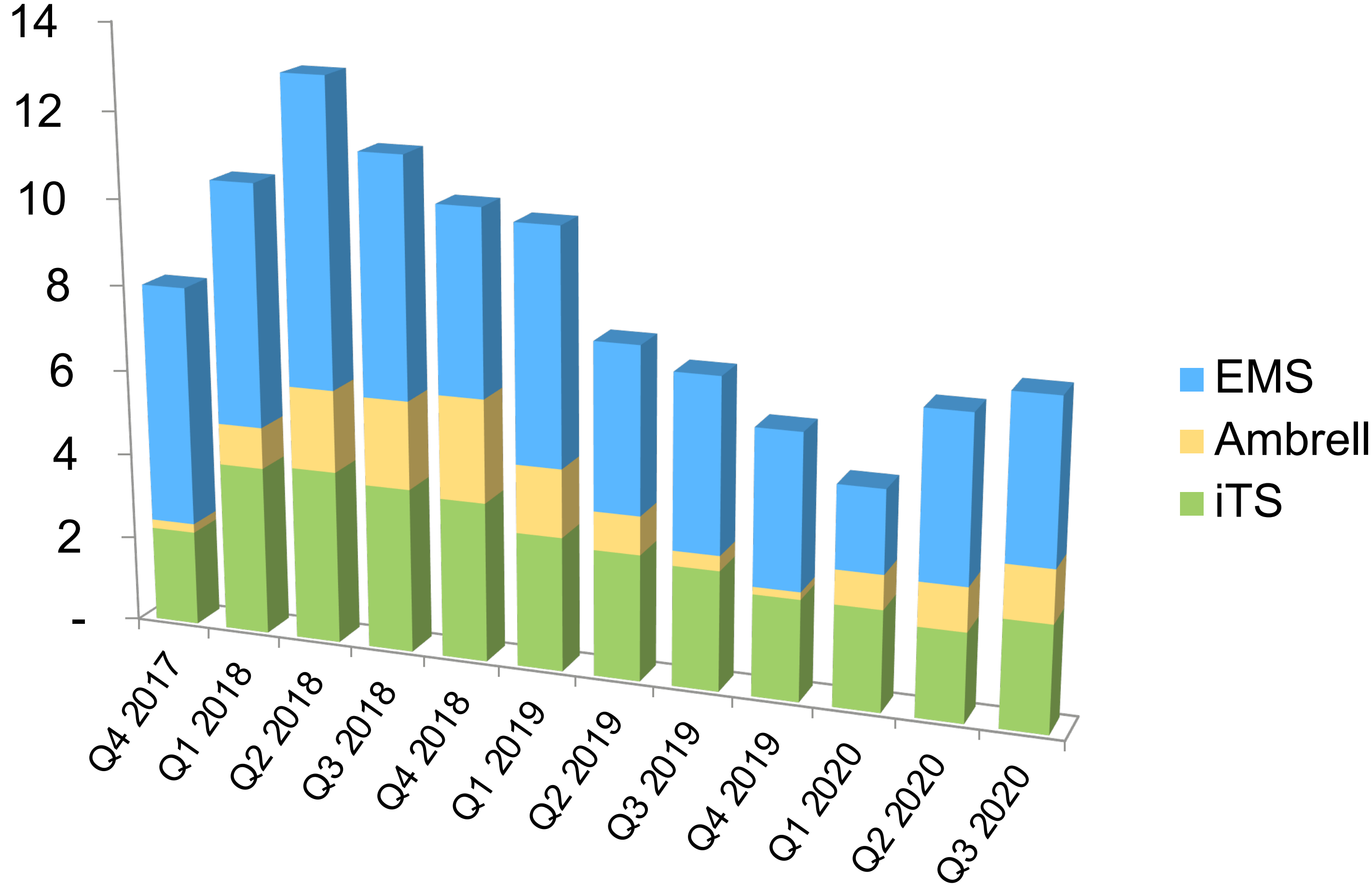
Semi Revenue Trends ($$MM)



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Balance Sheet Highlights

	As of 09/30/2020
Cash and Cash Equivalents	$9.5M
Working Capital	$17.4M
Total Assets	$62.8M
Long-Term Debt	$0
Shareholder Equity	$44.8M

Q4 2020 Guidance

Net Revenue	$14.0M to $15.0M
GAAP Net Loss	$(0.08) to $(0.03) diluted EPS
Non-GAAP Adjusted Net Earnings/Loss	$(0.05) to $0.00 diluted EPS
Gross Margin	44% to 45%

inTEST's fourth quarter guidance includes $1.3 million in non-recurring charges associated with (i) the consolidation of the Company's EMS Products division into the manufacturing operation located in Mt. Laurel, NJ, and (ii) the reduction of the administrative footprint in the Company's Mansfield, MA corporate office associated with the reestablishment of the Mt. Laurel, NJ office as the Company's corporate headquarters.

Excluding the non-recurring charges, the Company's guidance for the fourth quarter of 2020 would have been for GAAP net earnings per diluted share in the range of $0.02 to $0.10 and non-GAAP adjusted net earnings per diluted share in the range of $0.05 to $0.13.

"Absent the non-recurring charges, our guidance for the fourth quarter of 2020 would have represented an improvement in our financial results as compared to the third quarter. We initiated cost reduction activities in the third quarter that included rightsizing our New Jersey EMS operation and consolidation of our California manufacturing into New Jersey. These actions not only provide cost reductions through footprint optimization, but they also allow us to better serve our global customers through streamlined operations. We expect that the consolidation of our EMS manufacturing will result in substantial annual savings going forward."
Nick Grant, President & CEO (Quote from Q3 2020 Financial Results Press Release issued November 10, 2020)

Net income guidance is based upon current expectations and may be subject to change due to audit adjustment

The Path Ahead: It's ALL about Growth

Growth through Innovative Technologies

- Increased focus on differentiated/disruptive technologies
- Expansion of complementary capabilities
- Driving a broader use of customer applications and standardization

Growth through Geographic and Market Expansion

- Enhanced customer focus in current markets (Deeper and Wider)
- Continued diversification of served markets (Adjacent markets)
- Global Expansion (Asia, Europe and Lat.Am.)

Growth through Strategic M&A and Partnerships

- Broadening our customer solutions – complementary Technology plays
- Strengthening our Geographic Presence
- Higher growth adjacent segments

Investor Contacts

inTEST Corporation

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Guerrant Associates

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Reconciliations for Non-GAAP Measures

Reconciliations for Non-GAAP Measures
(Dollars in Thousands, except per share)

Consolidated Adjusted EBITDA	Years Ending December 31,					Nine Months Ended
	2015	2016	2017	2018	2019	9/30/2020
Net income (loss) (GAAP)	1,861	2,658	975	3,037	2,322	(515)
Add back: Interest expense	(27)			2		29
Income tax expense (benefit)	722	1,549	2,863	2,006	282	(262)
Depreciation expense	464	370	618	768	685	474
Amortization expense	289	229	1,161	1,102	1,257	927
EBITDA (Non-GAAP)	3,309	4,806	5,617	6,915	4,546	653
Add back: Acquisition related expenses	329	510	905		683	
Restructuring expenses/CEO Transition	21		100		240	422
Contingent consideration liability adjustment			6,976	6,901		
Adjusted EBITDA (Non-GAAP)	3,659	5,316	13,598	13,816	5,469	1,075

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Reconciliations for Non-GAAP Measures
(Dollars in Thousands, except per share)

Consolidated Adjusted Net Earnings (Loss)			Quarters Ending			
			12/31/2019	3/31/2020	6/30/2020	9/30/2020
Net income (loss) (GAAP)			724	(1,143)	170	458
Add back: Acquired intangible amortization			313	311	309	307
Contingent consideration liability adjustment						
Tax adjustments			6	(4)	(5)	(15)
Adjusted net earnings (loss) (Non-GAAP)			1,040	(836)	474	750
Diluted average shares outstanding			10,299	10,221	10,259	10,288
Net income (loss) (GAAP)			$ 0.07	$ (0.11)	$ 0.02	$ 0.04
Add back: Acquired intangible amortization			0.03	0.03	0.03	0.03
Contingent consideration liability adjustment						
Tax adjustments			0.00	0.00	0.00	0.00
Adjusted net earnings (loss) (Non-GAAP)			$ 0.10	$ (0.08)	$ 0.05	$ 0.07

Reconciliations for Non-GAAP Measures
(Dollars in Thousands, except per share)

Adjusted EBITDA	Quarters Ending				
		12/31/19	3/31/20	6/30/20	9/30/20
Net income (loss) (GAAP)		724	(1,143)	170	458
Add back: Interest expense				25	4
Income tax expense (benefit)		(76)	(250)	13	(25)
Depreciation expense		150	155	155	164
Amortization expense		313	311	309	307
EBITDA (Non-GAAP)		1,111	(927)	672	908
Add back: Restructuring/CEO transition expenses			8	38	248
Adjusted EBITDA (Non-GAAP)		1,111	(919)	710	1,156

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Appendix

inTEST History

Founded in 1981, inTEST served the Semiconductor industry with manipulator and docking systems to support ATE production test equipment at end users and OEMs. As the success of its engineered solutions grew, the company established operations in Asia, quickly followed by a subsidiary in Europe.

inTEST expanded its presence in supporting production test with tester interface products by acquiring TestDesign in 1998.

With a strategy to broaden its Semiconductor business to include thermal systems for electronics test, inTEST acquired Temptronic Corporation in 2000 and created the ThermoStream brand of temperature forcing systems known throughout the world today for characterizing ICs and devices.

In the mid-2000s, inTEST executed a strategy to expand the reach of thermal products outside of the Semiconductor industry, resulting most notably as the leading supplier to optical transceiver production test customers. Continuation of the thermal strategy to handle conditioning of larger devices, inTEST acquired Sigma Systems, thermal chamber and plate products in 2008. This permitted the company to deliver thermal using conduction and convection for larger test articles such as electronic modules, subassemblies, and PCBs, used extensively in automotive, aerospace, defense, and industrial applications. The company has been expanding thermal electronics test ever since.

As the strategy for thermal evolved, inTEST looked to develop business in the industrial arena. That challenge was met in 2017 with the acquisition of Ambrell Corporation, a manufacturer of induction heating systems used in a myriad of industrial processes.

Today, customers worldwide rely on inTEST engineered products to provide custom and standard solutions for their product development, production, testing, and quality requirements.

inTEST Divisions

Designs and manufactures engineered solutions for Automated Test Equipment (ATE) and other electronic test, as well as industrial process applications.

<u>Thermal Segment</u>

inTEST Thermal Solutions (iTS): Temperature affects everything and that's why it is critical to many test and process environments. iTS provides thermal systems for applications in the automotive, aerospace, defense, telecom, and Semiconductor space. Products deliver a wide range of temperatures from cryogenic to high heat for thermal conditioning in electronic and production test of sensors, modules and subassemblies. Other products are used to condition processes with chiller systems by adding or removing heat to maintain a thermally stable manufacturing or test site.

Ambrell: The use of metals and the need to heat them is prolific throughout production processes in a myriad of industries including automotive, aerospace, defense, electronics, fiber optic, machining, medical, and Semiconductor to name a few. Ambrell provides induction heating systems that provide just the right amount of heat for industrial manufacturing. Using non-contact, electromagnetic energy these systems are used for annealing, bonding, brazing, curing, forging, hardening, melting, sealing, shrink fitting, and soldering.

<u>EMS Products Segment</u>

inTEST EMS Products: Automotive, consumer electronics, and the Internet of Things continue to drive the production of Semiconductors. The wide range of components that serve these applications require significant testing and involves many test configurations of varying size. EMS Products make efficient testing possible through easy manipulation of test heads weighing hundreds of pounds, and secure docking and signal interfacing with automated test equipment.

Merger & Acquisition History

inTEST Founded 1981

Test Design 1998

Temptronic 2000

Intelogic Tech 2002

Sigma Systems 2008

Thermonics 2012

Ambrell 2017

Technology driven acquisitions

Thermal Segment

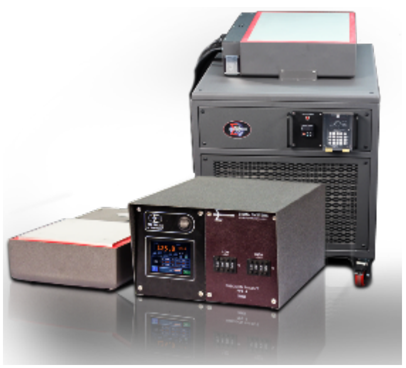
EMS Segment

inTEST Thermal Test & Process Solutions

MobileTemp ThermoStreams

Thermal Chambers

Platforms

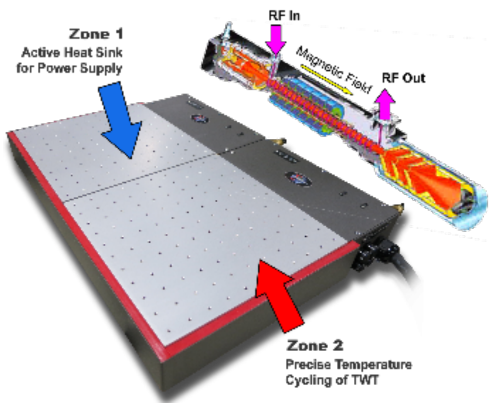


EasyHeat® Induction Heating Systems

EKOHeat® Induction Heating Systems

inTEST Custom Thermal Test Solutions

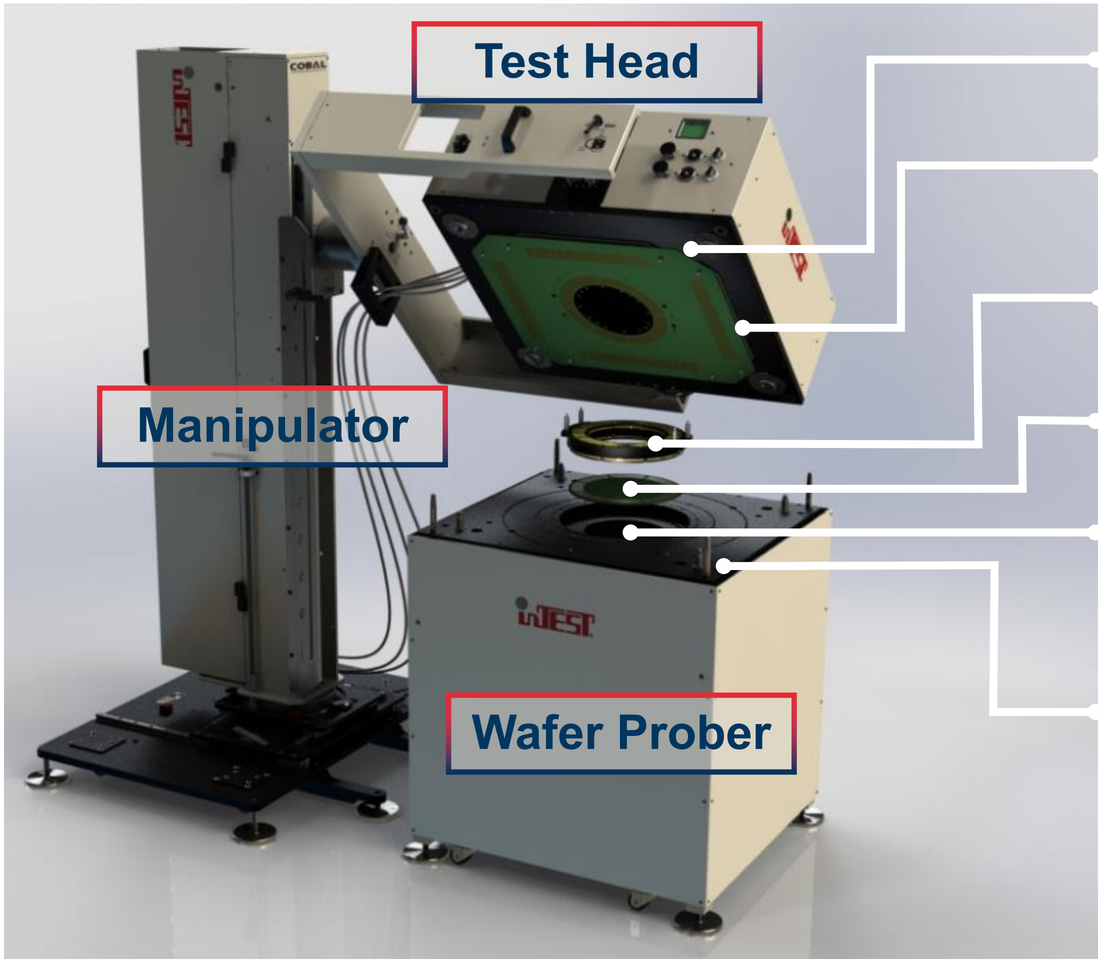
- Energy application for testing sensors and electronics
- Three zone chamber allows independent temperature control across entire assembly



- Satellite application for testing microwave amplifiers
- Two-zone plate provides heat sink for power supply while simulating wave tube temperatures in orbit

- Consumer electronics application for characterizing RF (WiFi, Bluetooth) components
- ThermoStream air forcing system provides the temperature source for rapid thermal cycling

inTEST EMS Semi-ATE Solutions



Test Head Side Docking Hardware

Interface Board

Test Interface

Probe Card

Thermal Chuck

Prober Side Docking Hardware

Equipment supplied by inTEST EMS Products