



Integer[®]

1Q22 Earnings Conference Call

April 28, 2022



Integer[®]



Integer Holdings Corporation First Quarter 2022 Earnings Conference Call 9 a.m. Eastern Time, April 28, 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
- 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, May 5, 2022, by dialing
 - (800) 770-2030 (U.S.)
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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) and the SEC’s website (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).

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 recovery from COVID-19 global pandemic; future sales, expenses, and profitability; future development and expected growth of our business and industry; our ability to execute our business model and our business strategy, including 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
- Aran Biomedical Acquisition
- Financial Results
- Product Line Review
- 2022 Outlook
- Wrap-up
- Q&A

Opening Remarks

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1Q22 sales and profit consistent with expectations

2022 outlook updated for Aran acquisition

Continued execution of strategy to accelerate top-line growth

1Q22 financial results consistent with expectations

- Sales up 7% vs. 1Q21 from Oscor acquisition, ~flat organically due to January COVID absenteeism and supply chain constraints
- Adjusted operating income down (16)% vs. 1Q21
 - 1Q22 gross margin consistent with 3Q21 and 4Q21, ~350 bps impact from supply chain and labor constraints
 - Labor and supply chain well positioned for ~double-digit sequential sales growth 2Q22 vs. 1Q22 ... 1Q22 direct labor associates +10% vs. 1Q21
 - Expect gross margin improvement through remainder of 2022

2022 outlook updated for Aran Biomedical acquisition

- Sales \$1,356 - \$1,381 million, up 11% - 13%, organic 5% - 7%
- Adjusted EBITDA \$273 - \$285 million, up 12% - 17%
- Aran adds \$16 million of sales and \$3 million adjusted EBITDA to 2Q22 through 4Q22 outlook

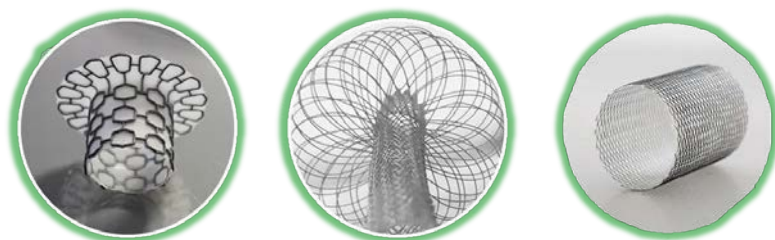
Executing strategy to drive accelerated top-line growth

- Acquisitions adding capabilities in high-growth markets
 - Closed Oscor Dec'21 and Aran Biomedical Apr'22
 - Adds ~\$90 million annualized sales at accretive growth rates

Aran Biomedical Acquisition

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Integer Acquired Aran Biomedical



- ✓ Signed and closed acquisition of Aran Biomedical on April 6, 2022 (2Q22)
- ✓ Brings highly-differentiated, proprietary biomaterial technologies for implantable cardiovascular devices
- ✓ Excited to welcome ~130 associates to the Integer team
- ✓ Trusted development and manufacturing partner with industry-leading customers
- ✓ Immediately accretive to sales growth and gross margin ... Expect EPS accretive by end of 2023



Galway, Ireland



Adding highly differentiated capabilities in high-growth markets



Aran Highlights

- Private MDO located in the medical device hub of Galway, Ireland
- ~20 years in medical technology development & manufacturing
- 2021 sales of \$17 million ... expect 20%+ average annual growth rate over at least the next few years



Strategic Fit

- Adds proprietary medical textiles, high precision biomaterial coverings & coatings, and advanced braiding solutions
- Combination enhances customer partnerships by offering end-to-end solutions for access, delivery systems & implants for complex devices
- Robust and complementary pipeline in high-growth markets



Financials

- €120 million purchase price (revolver financed), with up to an additional €10 million of contingent payment, based on meeting 2022 sales targets
- Expect debt leverage within 2.5 - 3.5x in 3Q22
- Expect EPS accretive by YE 2023 and ROIC > WACC⁽¹⁾ by year 5

⁽¹⁾ Refer to the appendix of this presentation for more information on Return on Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC)

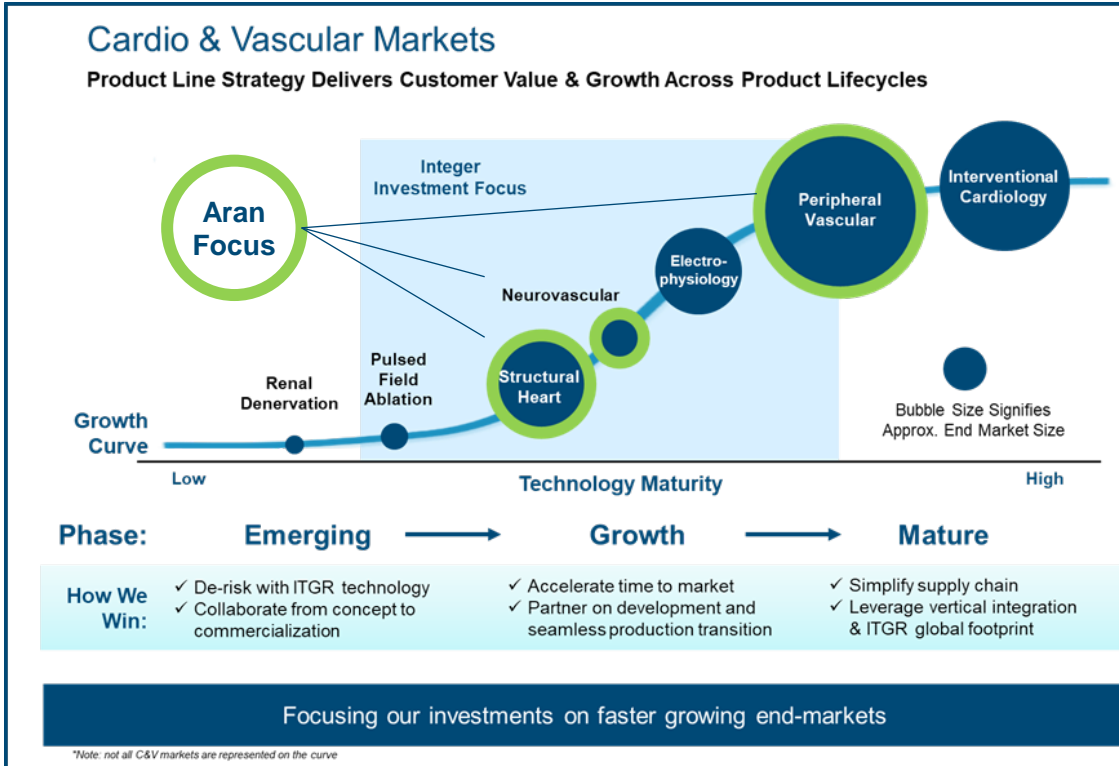
Aran Brings Differentiated Capabilities



From Integer 4Q21 earnings presentation:



Markets & Products:



Structural Heart

- ✓ LAAC implant coverings & coatings
- ✓ TAVR valve skirts & valve frame covers
- ✓ TMVR/TTVR implant coverings & coatings
- ✓ TMVr clip & annuloplasty ring covers
- ✓ Covered delivery system components
- ✓ ValveTEX® Proprietary Low-Profile Implant Covering Technology Platform

Neurovascular

- ✓ Braided & coated flow diverters
- ✓ Coated aspiration & thrombectomy catheter components
- ✓ Embolic protection devices

Peripheral Vascular

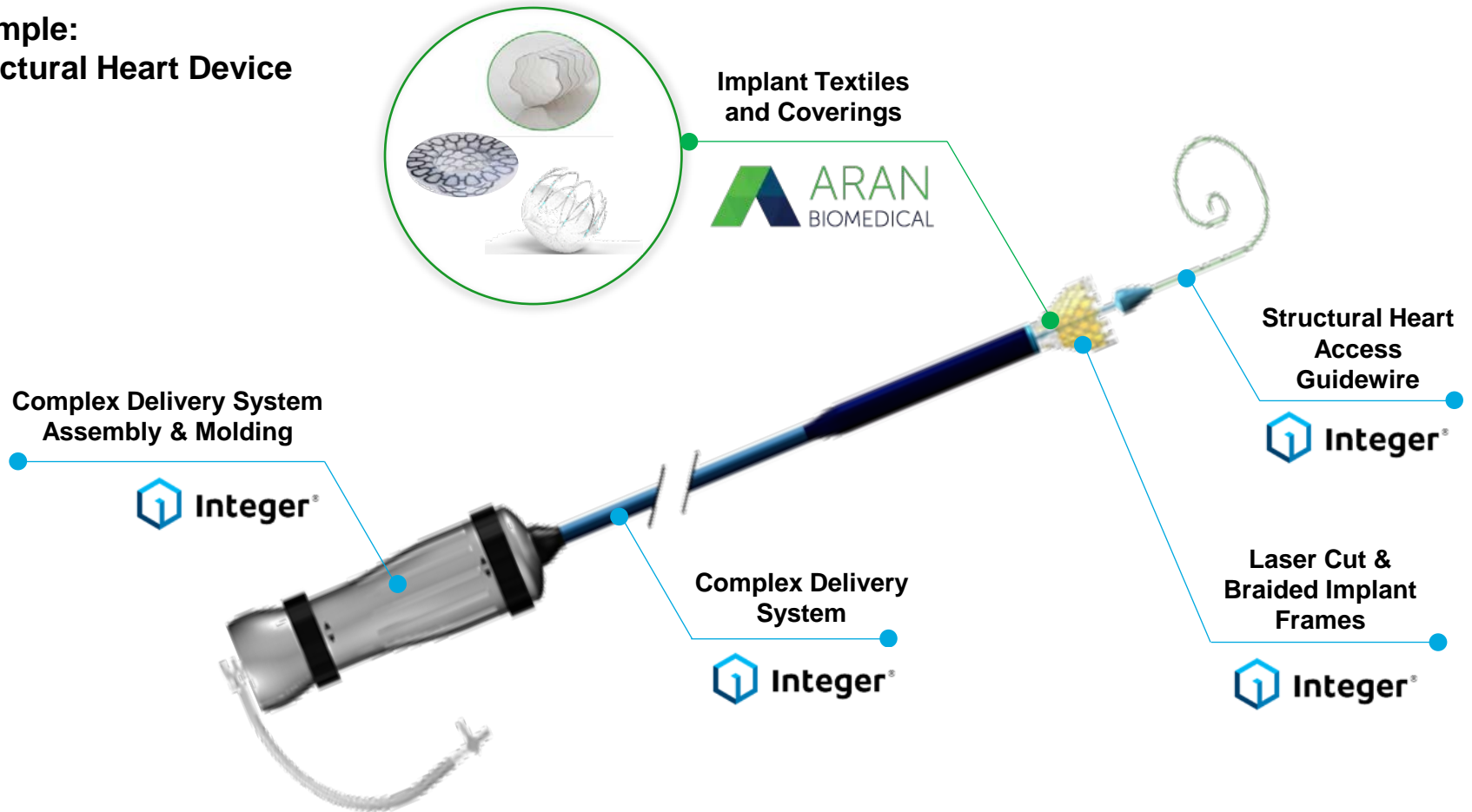
- ✓ Braided thrombectomy devices
- ✓ Covered AAA & peripheral stents

Enables customers' innovation in targeted high-growth markets

Integer+Aran Creates Comprehensive Structural Heart Device Offering: Access, Delivery System & Implant Integer®

Device Offering: Access, Delivery System & Implant

**Example:
Structural Heart Device**



End-to-end capability for medical devices in high-growth markets

Financial Results

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1Q22 Financial Results⁽¹⁾

(\$ in millions, except per share amounts)



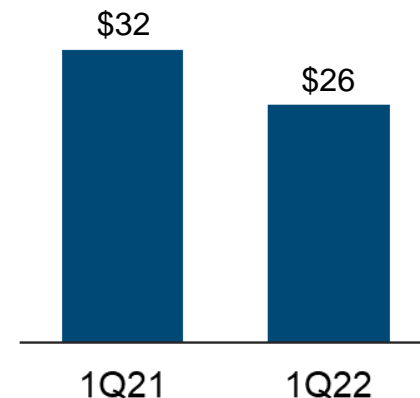
Sales

Adjusted EBITDA

Adj. Operating Income

Adjusted Net Income

% Change	7%	(11)%	(16)%	(19)%
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Adjusted EPS

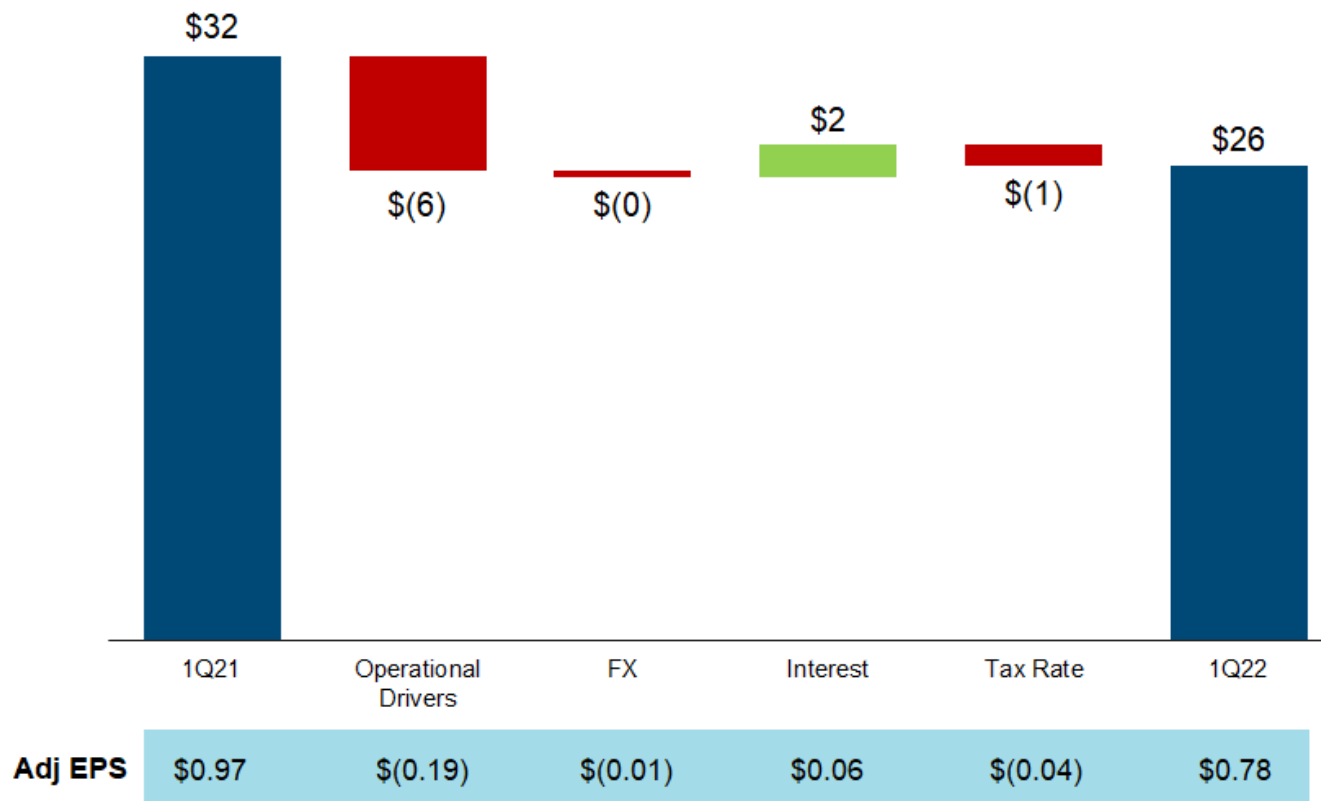
1Q21	\$0.97
1Q22	\$0.78

Organic Sales Change: 1%

⁽¹⁾ 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

1Q22 Adjusted Net Income⁽¹⁾

(\$ in millions, except per share amounts)



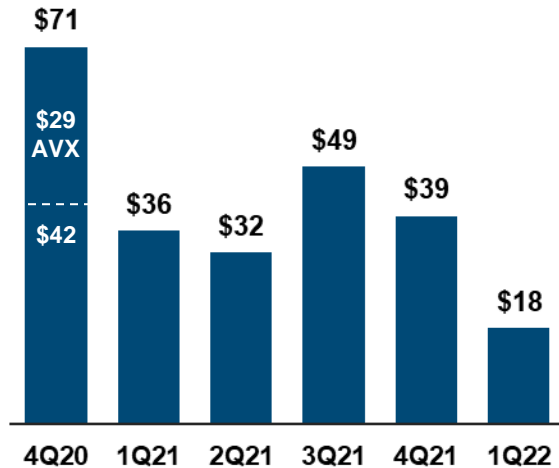
⁽¹⁾ Refer to the appendix of this presentation for a reconciliation of Adjusted Net Income and Adjusted EPS to the most directly comparable GAAP measure

Cash Flow & Leverage Ratio⁽¹⁾

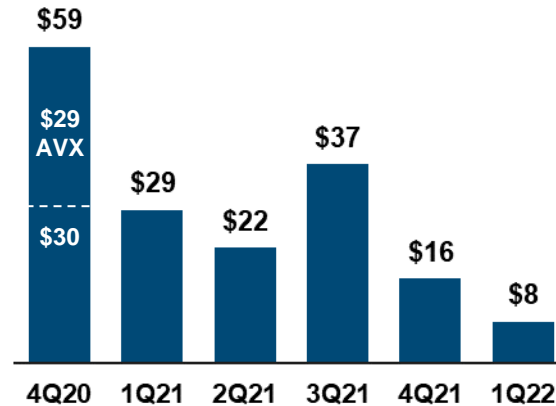
(\$ in millions)



Cash Flow From Ops



Free Cash Flow

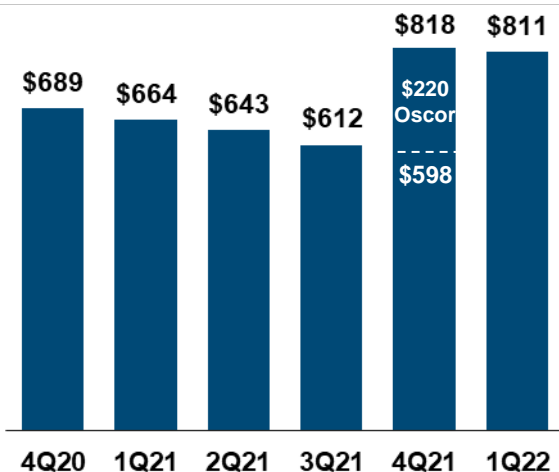


Highlights

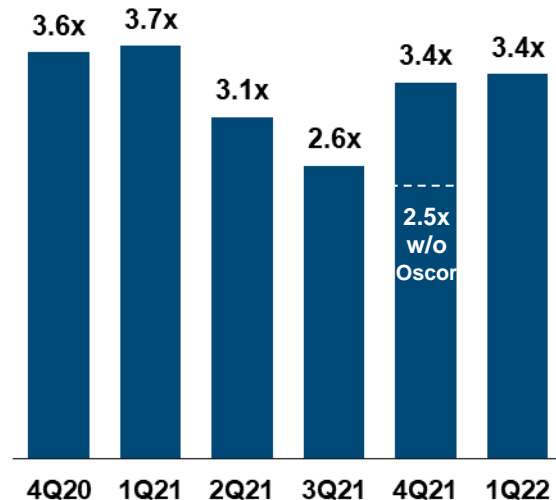
- ✓ Slower cash flow growth due to inventory build to support accelerated sales in 2Q22 and the second-half of 2022
- ✓ \$10 million capex spend in 1Q22 ... on-track to full-year guidance of \$65 - \$75 million
- ✓ Leverage ratio within target of 2.5x – 3.5x including Oscor acquisition, excluding Aran

Net Total Debt

Change vs Prior Quarter: \$(25) \$(22) \$(31) \$206 \$(7)



Leverage



⁽¹⁾ 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

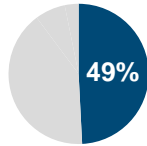
Product Line Review

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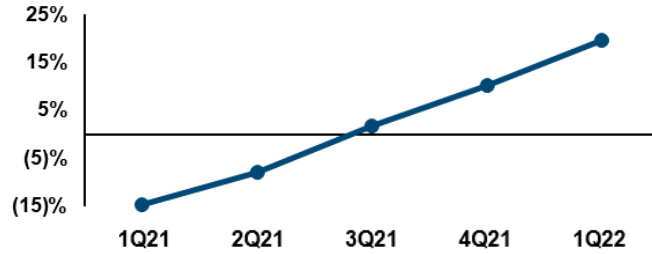
Year-over-Year Sales Trend, Trailing 4 Quarters



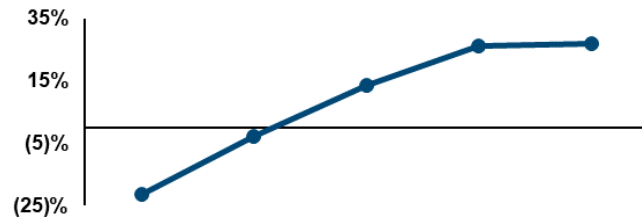
% of Sales



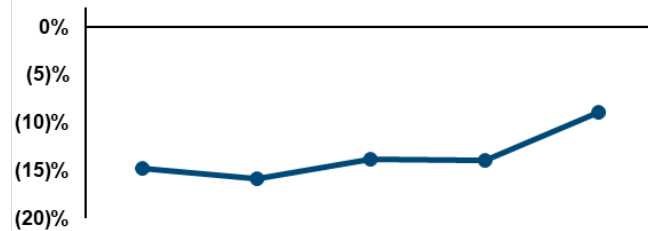
Cardio & Vascular



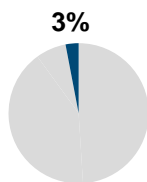
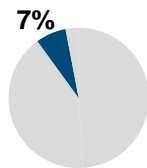
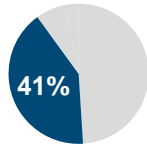
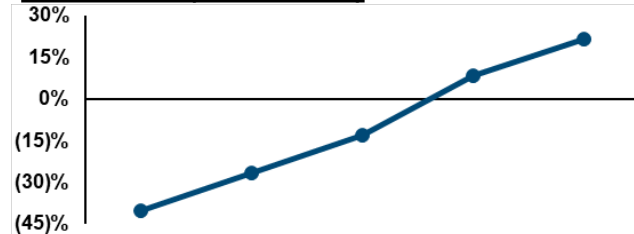
Cardiac & Neuromodulation



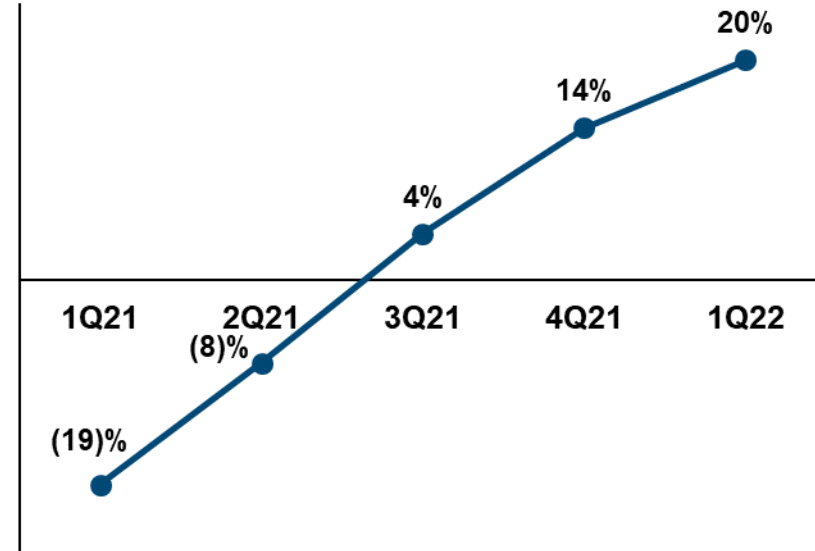
Advanced Surgical, Orthopedic & Portable Medical



Electrochem (Non-Medical)



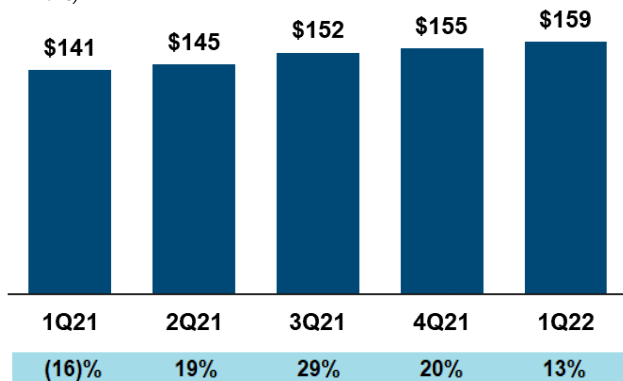
Integer



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

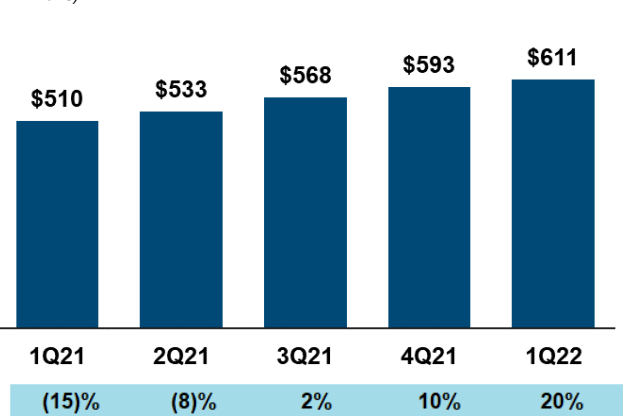
Quarterly Sales

(\$ in millions)

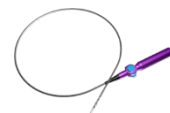


Trailing 4 Quarter Sales

(\$ in millions)



Steerable Sheaths



Catheters & Sheaths



Guidewires, Stylets & Accessories



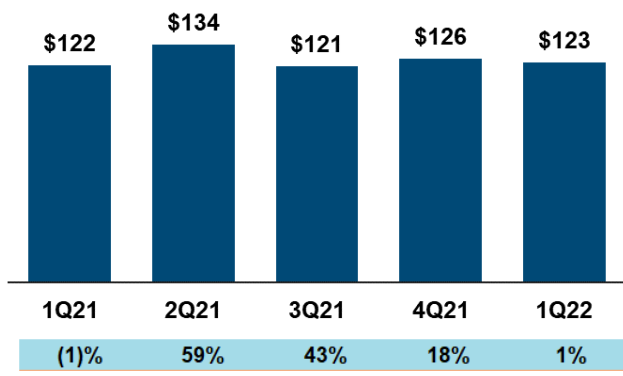
Introducers

- 1Q22 double-digit year-over-year sales increase, despite high direct labor absenteeism in January 2022 from the COVID-19 surge and supply chain constraints, driven by strong demand in the neurovascular market and structural heart product development revenue
- Trailing 4 quarter sales increased 20% year-over-year in 1Q22, with strong double-digit growth across all C&V markets, driven by customer demand and recovery from the effects of the pandemic in 2020
- Expect C&V product line trailing four quarter sales to continue to grow double digits year-over-year in 2Q22

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

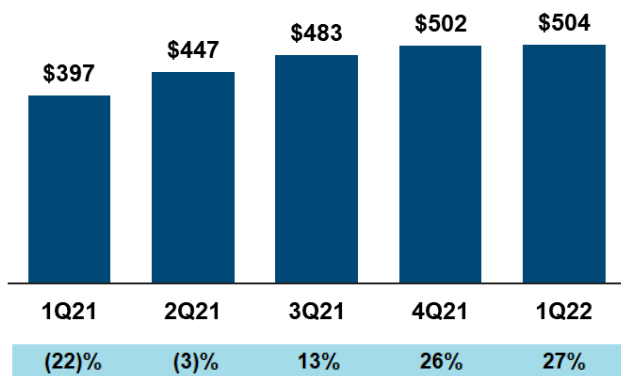
Quarterly Sales

(\$ in millions)



Trailing 4 Quarter Sales

(\$ in millions)



Pulse Generator Components & Assemblies



Leads & Lead Components, Adaptors & Assemblies



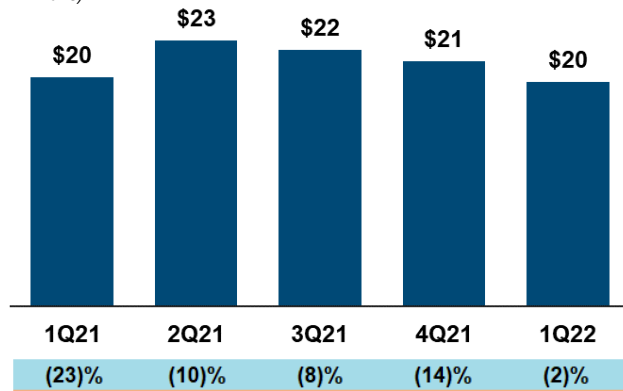
Pulse Generators & External Solutions (Programmeters, Chargers, Patient Devices)

- 1Q22 sales increased 1% year-over-year, as sales growth from the recently acquired Oscor was offset by higher direct labor absenteeism in January 2022 from the COVID-19 surge and supply chain constraints
- Trailing 4 quarter sales continued strong, double-digit year-over-year growth in CRM and Neuromodulation, driven by demand recovery from the effects of the pandemic in 2020
- Expect CRM&N product line trailing four quarter sales to grow double-digits year-over-year in 2Q22

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

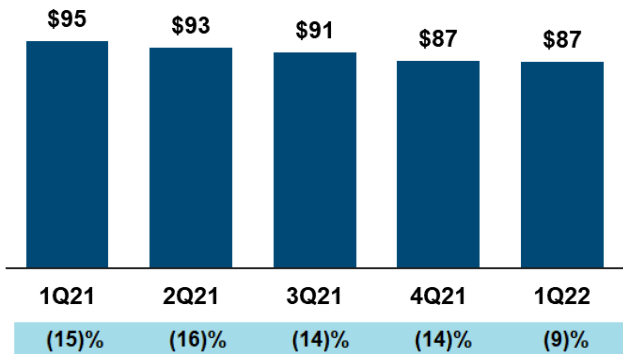
Quarterly Sales

(\$ in millions)



Trailing 4 Quarter Sales

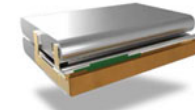
(\$ in millions)



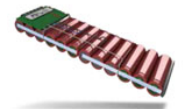
Orthopedic Implants & Instruments



Electrosurgical Accessories



Li-Ion Battery Packs



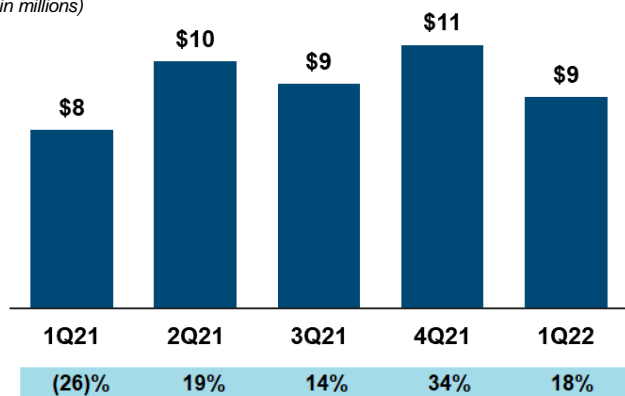
Core Battery Pack Assemblies

- 1Q22 sales vs. prior year decreased, driven by lower demand for COVID-related ventilator and patient monitoring components
- Trailing 4 quarter 9% sales decline reflects high-single digit decline in Advanced Surgical and Orthopedics, the divested product line currently under supply agreement, and low double-digit decline in Portable Medical driven by lower demand for COVID-related ventilators and patient monitoring components
- Expect trailing four quarter sales to continue to decline at a similar rate in 2Q22

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

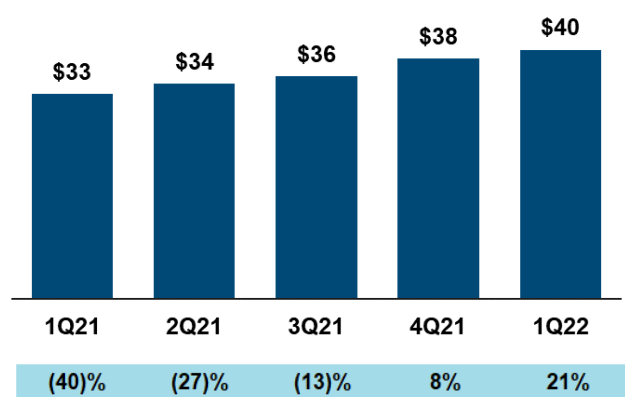
Quarterly Sales

(\$ in millions)



Trailing 4 Quarter Sales

(\$ in millions)



Battery Cells



Battery Packs



Battery Chargers

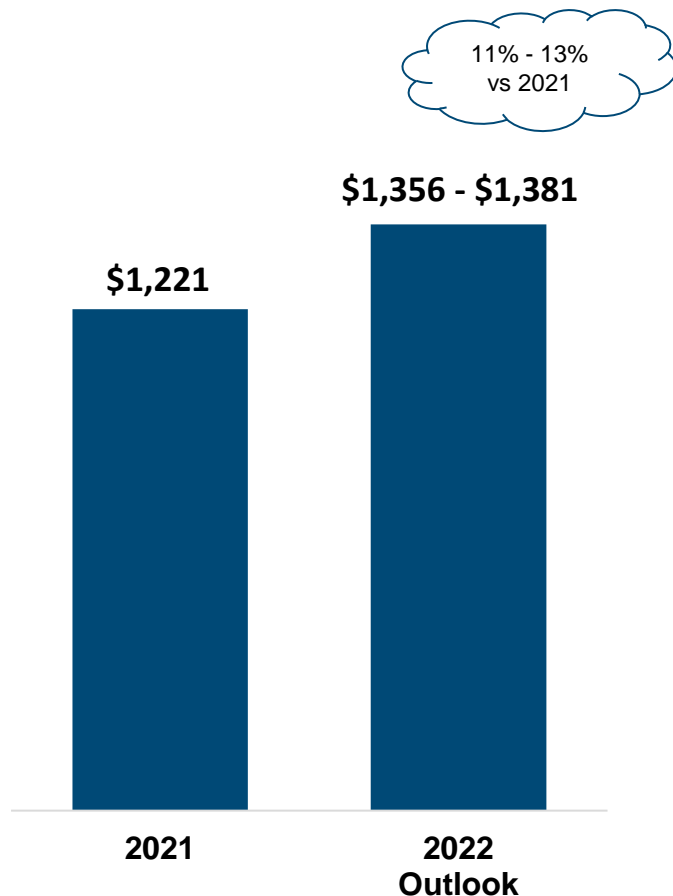
- 1Q22 sales increased 18% vs. 1Q21 despite negative impacts from supply chain constraints as the energy market continues to recover
- Trailing 4 quarter sales increased 21% year-over-year, driven by continued energy market recovery
- Expect further energy market growth in 2022 with the trailing four quarter sales to increase double-digits year-over-year on strong customer demand and easing supply chain constraints

2022 Outlook

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2022 Sales Outlook

(\$ in millions)



Full year

- 11% - 13% year-over-year growth ... 5% - 7% organic
- Inorganic sales outlook \$82 million ... Oscor \$66 million and Aran \$16 million
- 2022 outlook increased versus prior guidance for Aran acquisition

Quarterly profile

- Labor and supply chain well positioned for ~double-digit sales growth in 2Q22 versus 1Q22
- Anticipate strong second-half growth from improved labor, supply chain, and new product introductions

Strong growth in a difficult supply chain & labor environment

2022 Full-Year Outlook⁽¹⁾

(\$ in millions, except per share amounts)



Sales

Adjusted EBITDA

Adj. Operating Income

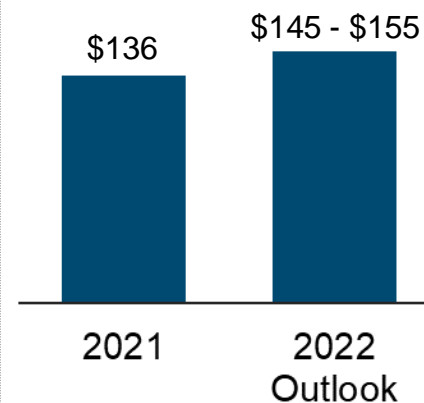
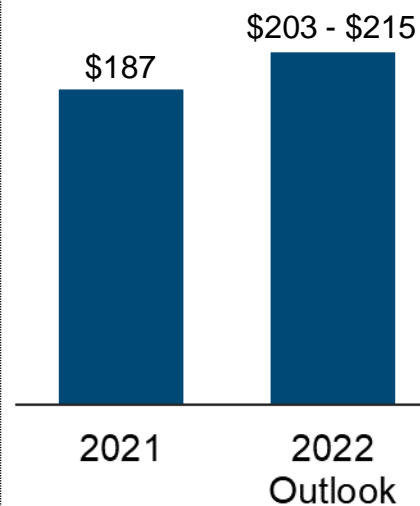
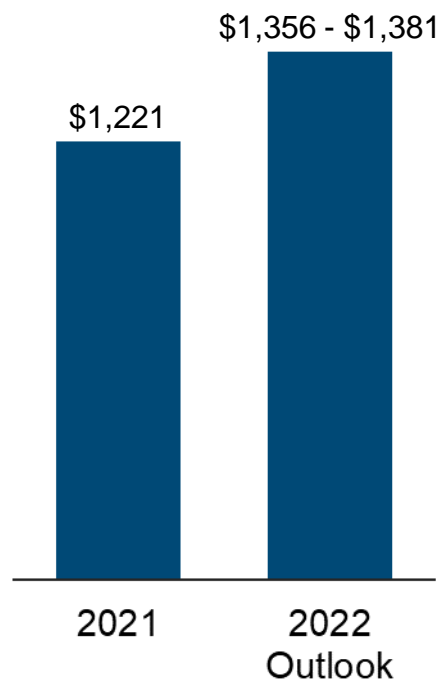
Adjusted Net Income

% Change **11% - 13%**

12% - 17%

9% - 15%

7% - 14%



Organic Sales Change: 5% - 7%

Adjusted EPS
 \$4.08 \$4.32 - \$4.62

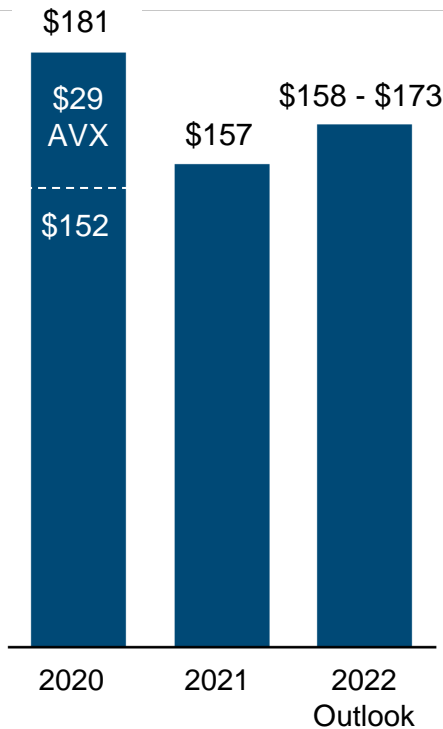
⁽¹⁾ Refer to the appendix of this presentation for a reconciliation of Organic Sales Change, Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted EPS, each for 2021, to the most directly comparable GAAP measure, and information regarding the availability of reconciliations for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

2022 Cash Flow Outlook⁽¹⁾

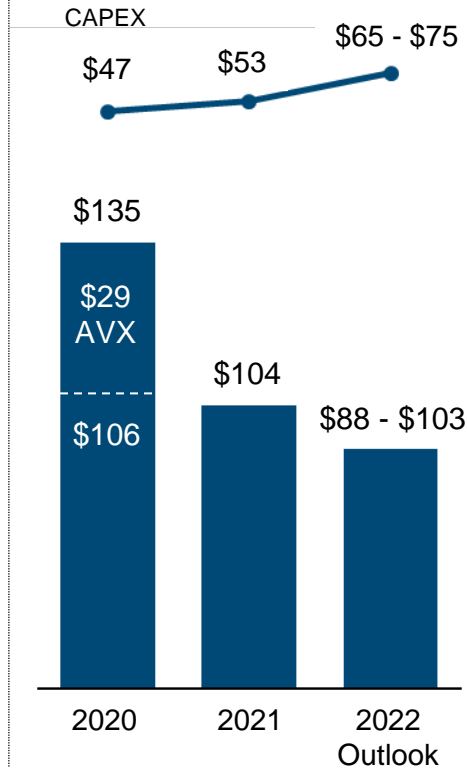
(\$ in millions)



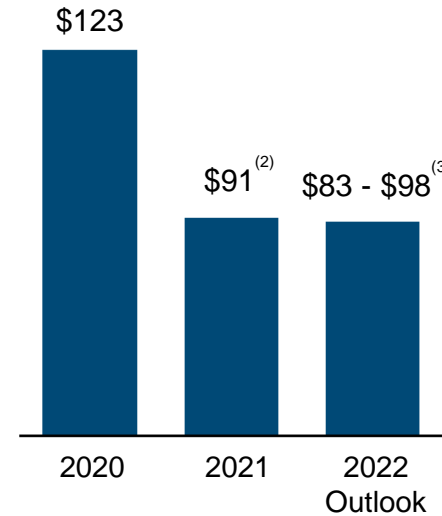
Cash Flow From Ops



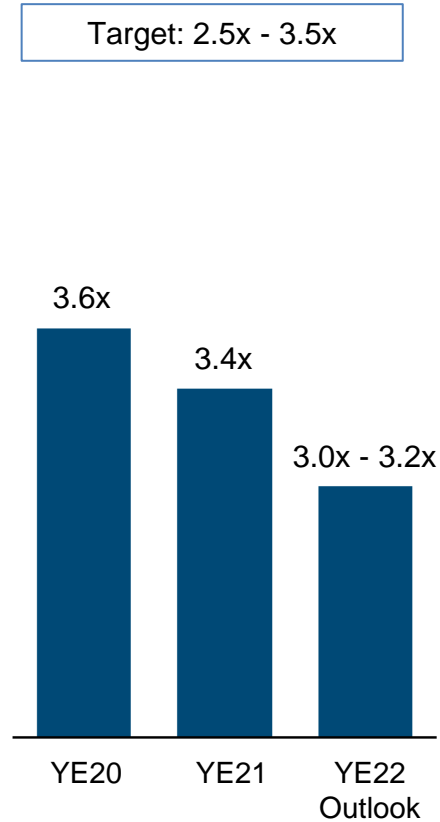
Free Cash Flow



Net Total Debt Reduction (excluding acquisition debt)



Leverage



⁽¹⁾ 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.

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

⁽³⁾ 2022 Outlook for Net Total Debt Reduction excludes the impact of \$135 million incremental borrowing to fund the acquisition of Aran Biomedical.

Wrap-up

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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

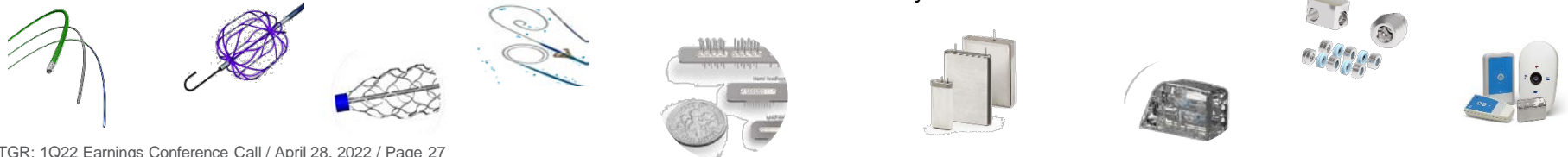
- ✓ ~70% sales under multi-year agreements
- ✓ Favorable outsourcing trends
- ✓ World-class research & development capabilities

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



✓ **1Q22 sales and profit consistent with expectations**

- Sales up 7% vs 1Q21, adjusted operating income down \$8 million vs 1Q21
- 1Q22 results negatively impacted by January absenteeism caused by COVID and supply chain constraints

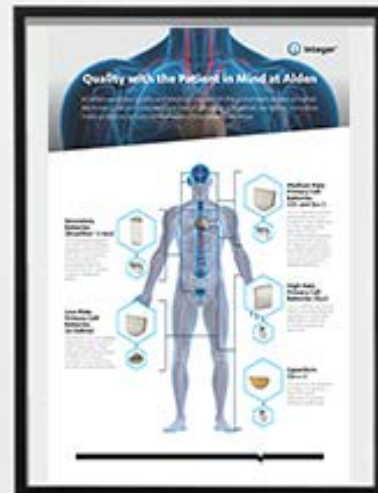
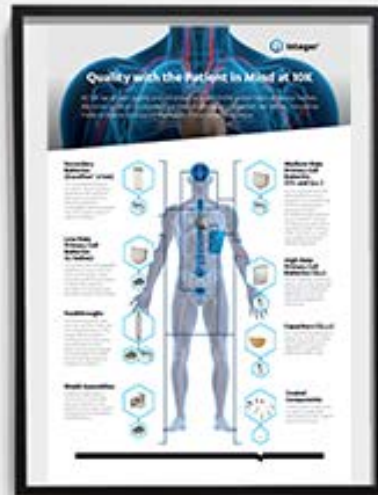
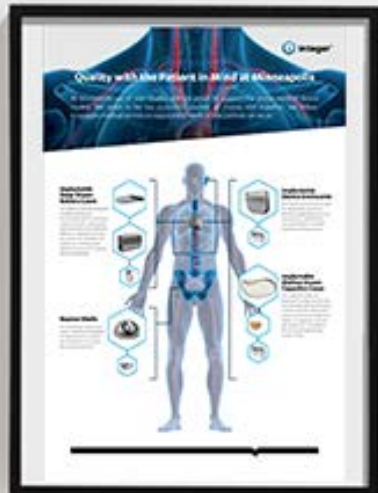
✓ **2022 outlook updated for Aran Biomedical acquisition**

- Sales \$1,356 - \$1,381 million, up 11% - 13%, organic 5% - 7%
- Adjusted EBITDA \$273 - \$285 million, up 12% - 17%
- 1Q22 progress on direct labor and supply chain positions us for double-digit growth in 2Q22 and rest of year ... 1Q22 direct labor associates +10% vs. 1Q21

✓ **Strategy execution accelerating top-line growth**

- Acquisitions adding capabilities in high-growth markets
- Oscor and Aran acquisitions add ~\$90 million annualized sales at accretive growth rates

Questions?



APPENDIX

The background features a large black triangle on the left side, pointing towards the bottom right. To its right is a vertical cyan triangle pointing towards the top right. The right half of the image is a solid dark blue rectangle. At the bottom right corner, there is a light blue triangular shape pointing towards the top right.

2022 Outlook^(a)

(\$ in millions, except per share amounts)



	GAAP		Non-GAAP ^(b)	
	As Reported	Change from Prior Year	Adjusted	Change from Prior Year
Sales	\$1,356 to \$1,381	11% to 13%	N/A	N/A
Operating income	\$130 to \$142	(4)% to 5%	\$203 to \$215	9% to 15%
EBITDA	N/A	N/A	\$273 to \$285	12% to 17%
Net income	\$87 to \$97	(6)% to 5%	\$145 to \$155	7% to 14%
Diluted earnings per share	\$2.61 to \$2.91	(7)% to 4%	\$4.32 to \$4.62	6% to 13%
Cash flow from operating activities	\$158 - \$173	1% to 10%	N/A	N/A

^(a) 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.

^(b) Adjusted operating income for 2022 is expected to consist of GAAP operating income, excluding items such as amortization of intangible assets, restructuring and restructuring-related charges, and acquisition and integration costs, totaling approximately \$73 million, pre-tax. Adjusted net income and Adjusted EPS for 2022 are expected to 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 \$73 million, pre-tax. The after-tax impact of these items is estimated to be approximately \$57 million, or approximately \$1.71 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 \$129 million to \$131 million.

2022 Outlook

(\$ in millions, except per share amounts)



Supplemental Financial Information

	2022 Outlook	2021 Actual
Depreciation and amortization	\$95 - \$105	\$81
Adjusted interest expense ^(a)	\$28 - \$32	28
Stock-based compensation	\$18 - \$21	\$16
Restructuring, acquisition and other charges ^(b)	\$12 - \$17	\$8
Adjusted effective tax rate ^(c)	16.0% - 17.5%	15%
Leverage ratio	3.0x - 3.2x	3.4x
Capital expenditures, net	\$65 - \$75	\$53
Cash tax payments	\$15 - \$20	\$20

(a) Adjusted interest expense refers to our expected full-year GAAP interest expense, expected to range from \$28 million to \$32 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 interest expense.

(b) Restructuring, acquisition and other charges consists of restructuring and restructuring-related charges, acquisition and integration costs and other general expenses.

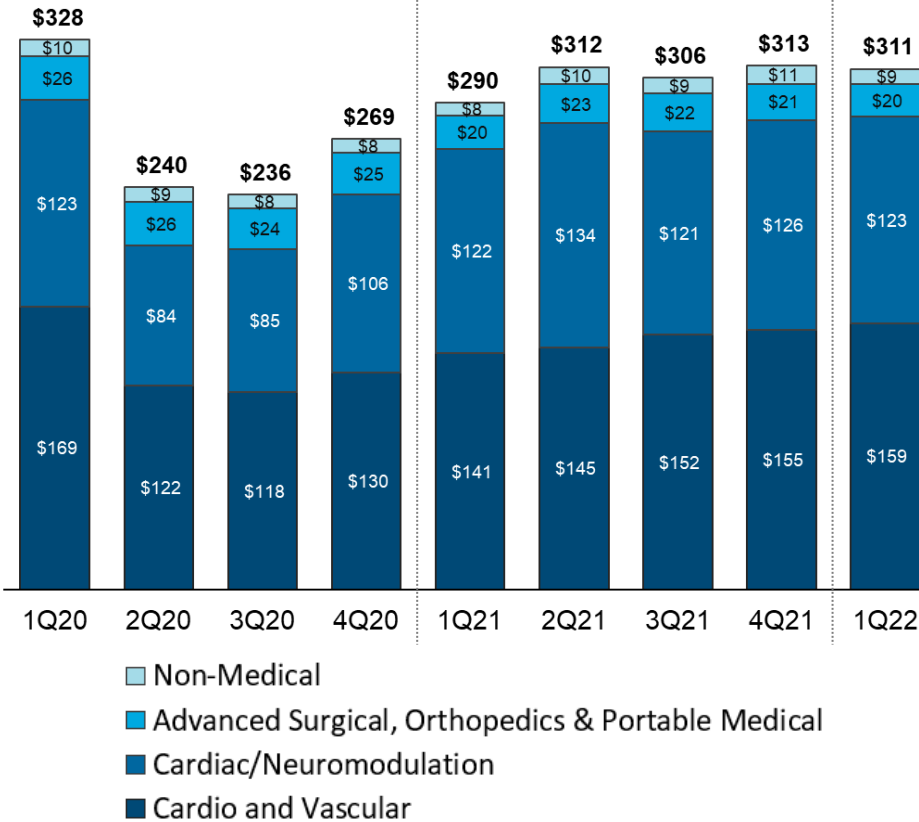
(c) Adjusted effective tax rate refers to our full-year GAAP effective tax rate, expected to range from 14.0% to 15.5% for 2022, adjusted to reflect the full-year impact of the items that are excluded in providing adjusted net income and certain other identified items.

Historical Financial Results⁽¹⁾

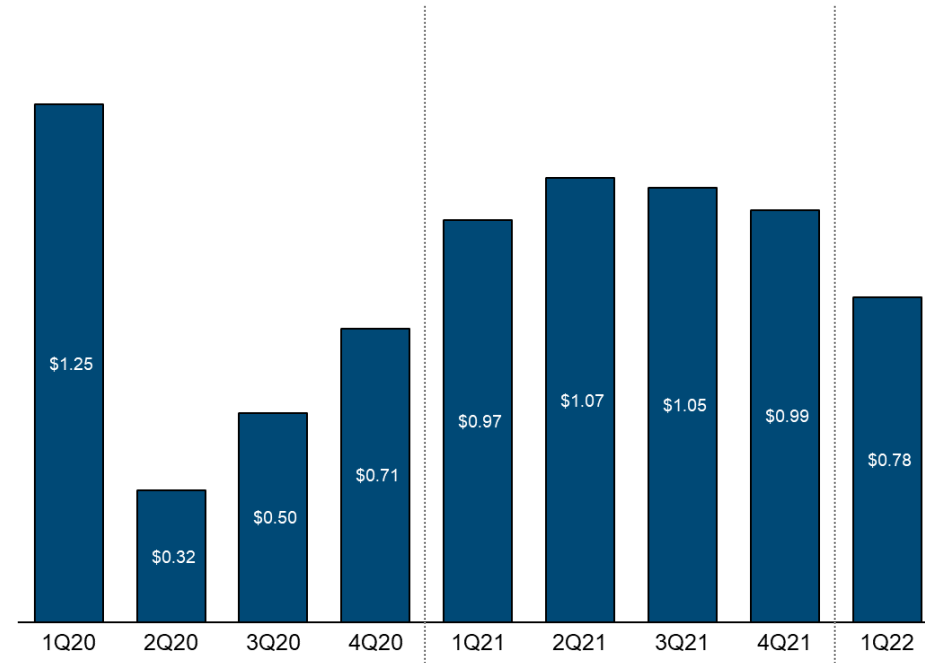
(\$ in millions, except per share amounts)



Sales



Adjusted EPS



⁽¹⁾ 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

1Q22 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	\$ 310,912	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 310,912	\$ 290,467	7.0%
Cost of sales	229,437	(3,645)	(155)	-	-	-	(732)	-	224,905	202,615	11.0%
Gross profit	81,475	3,645	155	-	-	-	732	-	86,007	87,852	-2.1%
<i>Gross margin</i>	26.2%	1.2%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	27.7%	30.2%	-2.5 pts
Operating expenses:											
Selling, general and administrative	39,560	(7,959)	(318)	-	-	-	(31)	-	31,252	28,064	11.4%
<i>SG&A as a % of sales</i>	12.7%	-2.6%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	10.1%	9.7%	0.4 pts
Research, development and engineering	16,083	-	(177)	-	-	-	44	-	15,950	13,461	18.5%
<i>RD&E as a % of sales</i>	5.2%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	4.6%	0.5 pts
Restructuring and other charges	3,335	-	(1,103)	(1,936)	(296)	-	-	-	-	-	0.0%
Total operating expenses	58,978	(7,959)	(1,598)	(1,936)	(296)	-	13	-	47,202	41,525	13.7%
Operating income	22,497	11,604	1,753	1,936	296	-	719	-	38,805	46,327	-16.2%
<i>Operating margin</i>	7.2%	3.7%	0.6%	0.6%	0.1%	0.0%	0.2%	0.0%	12.5%	15.9%	-3.4 pts
Interest expense	5,968	-	-	-	-	-	-	-	5,968	8,186	-27.1%
Loss on equity investments	2,404	-	-	-	-	(2,404)	-	-	-	-	0.0%
Other (income) loss, net	177	-	-	-	-	-	-	-	177	(237)	-174.7%
Income before taxes	13,948	11,604	1,753	1,936	296	2,404	719	-	32,660	38,378	-14.9%
Provision for income taxes	2,581	2,432	406	401	67	505	151	38	6,581	6,268	5.0%
<i>Effective tax rate</i>	18.5%	21.0%	23.2%	20.7%	22.6%	21.0%	21.0%	n/a	20.2%	16.3%	3.9 pts
Income	\$ 11,367	\$ 9,172	\$ 1,347	\$ 1,535	\$ 229	\$ 1,899	\$ 568	\$ (38)	\$ 26,079	\$ 32,110	-18.8%
Diluted earnings per share	\$ 0.34	\$ 0.28	\$ 0.04	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.02	\$ -	\$ 0.78	\$ 0.97	-19.6%
Weighted average shares - Diluted	33,302	33,302	33,302	33,302	33,302	33,302	33,302	33,302	33,302	33,188	0.3%

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

Capitalization

(\$ in millions)



	04/01/22 As Reported	04/01/22 Rate
Cash & Cash Equivalents	\$ 26	
\$400M Revolver [Due 2026]	\$ 24	L + 150
TLA [Due 2026]	\$ 464	L + 150
TLB [Due 2028]	\$ 348	L + 250
Total Principal Amount of Debt Outstanding	\$ 837	⁽²⁾
Deferred Fees and OID	\$ (7)	
Total Debt (Principal Amount of Debt Outstanding Less Deferred Fees and Discounts)	\$ 830	
Net Total Debt (Total Principal Amount of Debt Outstanding Less Cash)⁽¹⁾	\$ 811	
<u>Continuing Operations Statistics</u>		
Trailing 4 Quarter Adjusted EBITDA ⁽¹⁾	\$ 236	
Trailing 4 Quarter Cash Interest Expense	\$ 23	
Trailing 4 Quarter Capital Expenditures	\$ 56	
<u>Credit Statistics</u>		
Leverage Ratio ⁽¹⁾ : Net Total Debt / Trailing 4 Quarter Adjusted EBITDA		3.4x

⁽¹⁾ Non-GAAP financial measure. Refer to Notes in the appendix of this presentation.

⁽²⁾ Principal amount of debt outstanding, not reduced for unamortized discount and debt issuance costs

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.

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 interest expense	Defined as GAAP 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 investor.integer.net 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.

Regarding Integer's acquisition of Aran Biomedical, Return on Invested Capital (ROIC) and Weighted Average Cost of Capital (WACC) are useful to management and our board in evaluating expected acquisition performance and for relevant decision making in mergers and acquisitions. As commonly used, ROIC evaluates value-creation by comparing the acquisition purchase price, inclusive of earnout consideration, to the expected proforma operating profit after tax, inclusive of synergies and added business expense. WACC is estimated based upon many factors, which include, among others, those specific to Integer (equity value, weighted average interest rate, debt value, effective tax rate) and those market based (equity risk premium, market beta, various treasury maturities).

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