



A Trusted Technology Partner

January 2022



Safe Harbor Statement

The statements in this presentation that relate to guidance, pro forma presentations, future plans, goals, business opportunities, and future events or performance are forward-looking statements that involve risks and uncertainties, including risks associated with business and economic conditions, failure to achieve expected benefits of acquisitions, failure to comply with the Food and Drug Administration regulations, customer and/or supplier contract cancellations, manufacturing risks, competitive factors, ability to successfully introduce new products, uncertainties pertaining to customer orders, demand for products and services, growth and development of markets for the Company's products and services, risks associated with the COVID-19 pandemic and other events outside our control, and other risks identified in our filings made with the Securities and Exchange Commission ("SEC"). Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company disclaims any obligation to update these forward-looking statements as a result of developments occurring after the date of this presentation. Readers are encouraged to refer to the risk disclosures included in the Company's Form 10-K for the year ended December 31, 2020 and subsequent quarterly filings with the SEC, as applicable. Please see "Safe Harbor and Forward-Looking Information" in the Company's most recent quarterly earnings release Form 8-K filing for more information.

In this presentation, we present the non-GAAP financial measures of Adjusted Revenue and Adjusted EBITDA. Please see "Use of Non-GAAP Financial Measures" in the accompanying appendix and our third quarter 2021 earnings press release for the reasons why we use these measures, a reconciliation of these measures to the most directly comparable GAAP measures, and other information relating to these measures.

The Company neither updates nor confirms any guidance regarding the future operating results of the Company which may have been given prior to this presentation.

Leader in Mission Critical Technologies to Medical and Advanced Industrial Markets



~\$700M

annual revenue

+50% in medical
end-markets



~\$150M

adjusted EBITDA

+20% of sales



~\$6B

addressable market

with 5%–7% CAGR

Novanta Operating Model

Differentiated OEM Business Model



Highly engineered “sticky” solutions based on proprietary technology

Imbedded in ~10-year customer platforms

Diversified across +40 end-market applications

Focus on Cash Returns



Disciplined capital allocation based on ROIC

Strategic and disciplined M&A (+\$750M deployed 2013-2021)

Operating cash flow +100% of GAAP net income

High Performance Growth Culture



Novanta Growth System

Owner mindset through autonomous business units

Collaborative and performance based culture

Where We Play and How We Win

TREND ALIGNMENT

Better outcomes
at lower cost



Personalized medicine

Efficient workflow with
lower cost per procedure or test

Factory floor and warehouse automation

WHERE WE PLAY

Secular
growth markets



Robotic surgery

Minimally invasive surgery

Robotics and Automation

Advanced diagnostics

HOW WE WIN

Innovation and long term
OEM customer partnerships



Proprietary IP with +460 patents

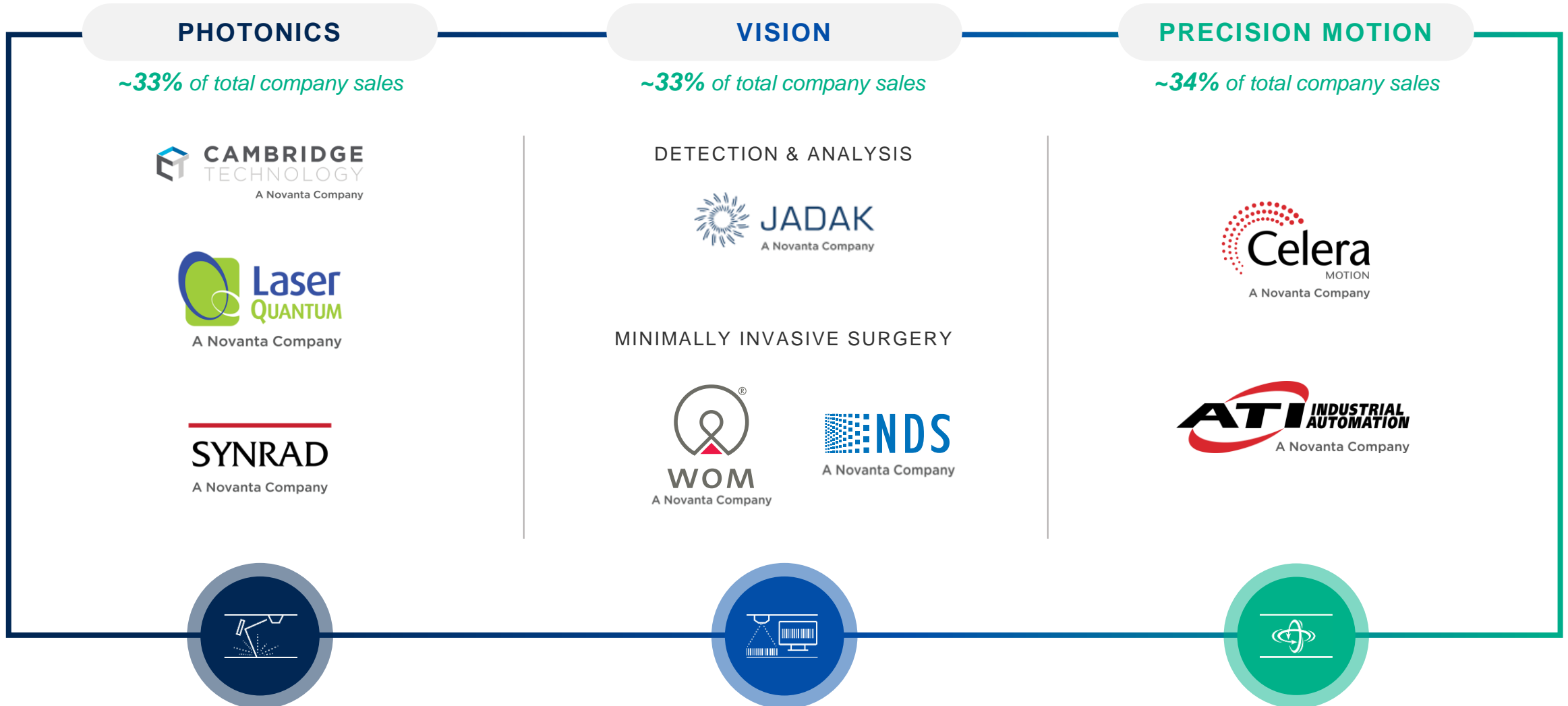
Innovation (R&D at ~10% of sales)

Increasing content with OEMs

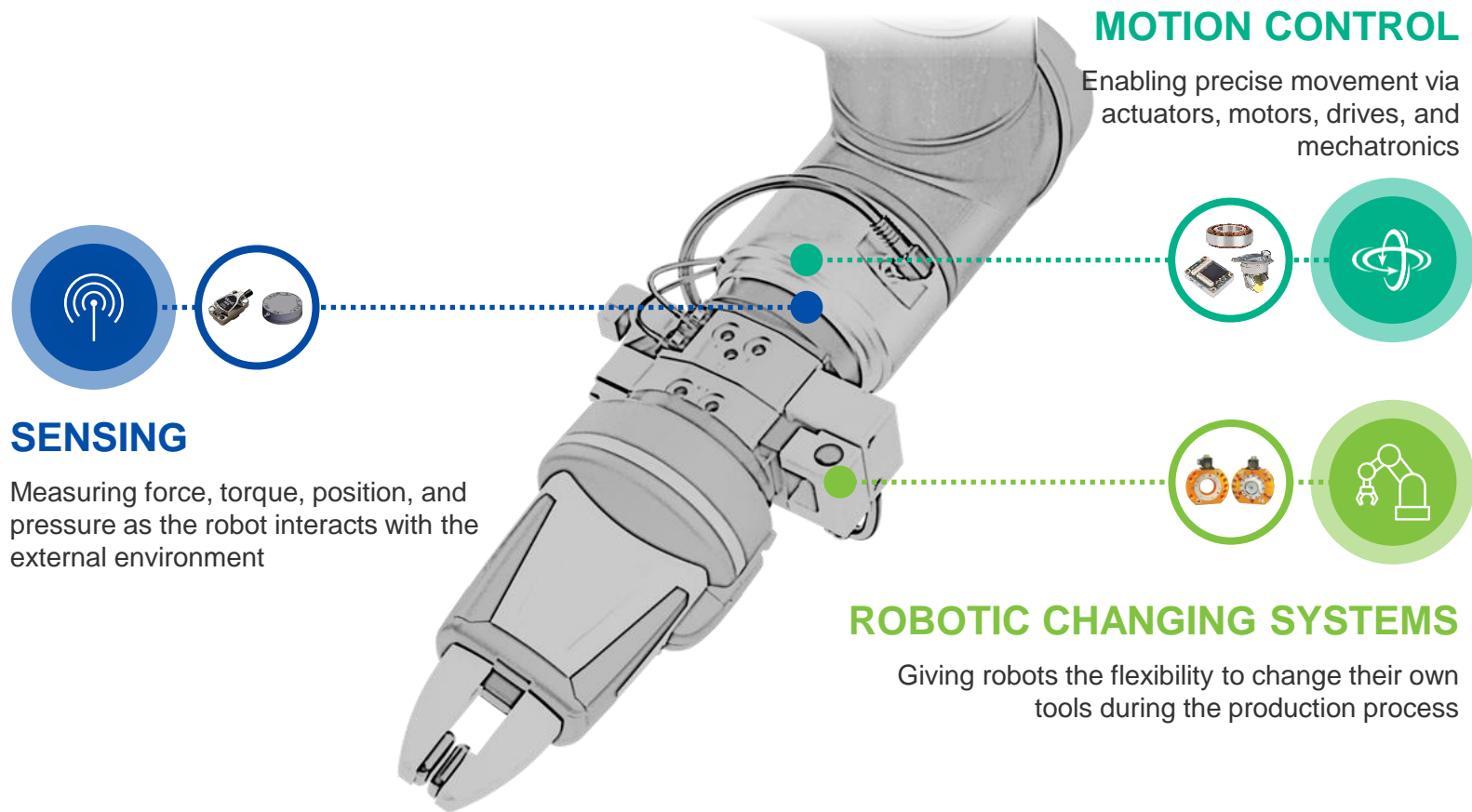
Increasing embedded software content

Novanta Operating Groups and Businesses

Pro Forma for completed acquisitions



Converging Technology Solutions for Robotic Applications



ROBOTICS IS A **KEY ENABLER** TO FACTORY 4.0 GOALS OF AUTOMATING TO IMPROVE SAFETY, QUALITY AND PRODUCTIVITY



Strong presence, brand recognition and value proposition

Portfolio of highly engineered, intelligent end-effector technologies

Strength in integrating sophisticated precision motion technologies

Well-positioned to capture growth in automation and robotics

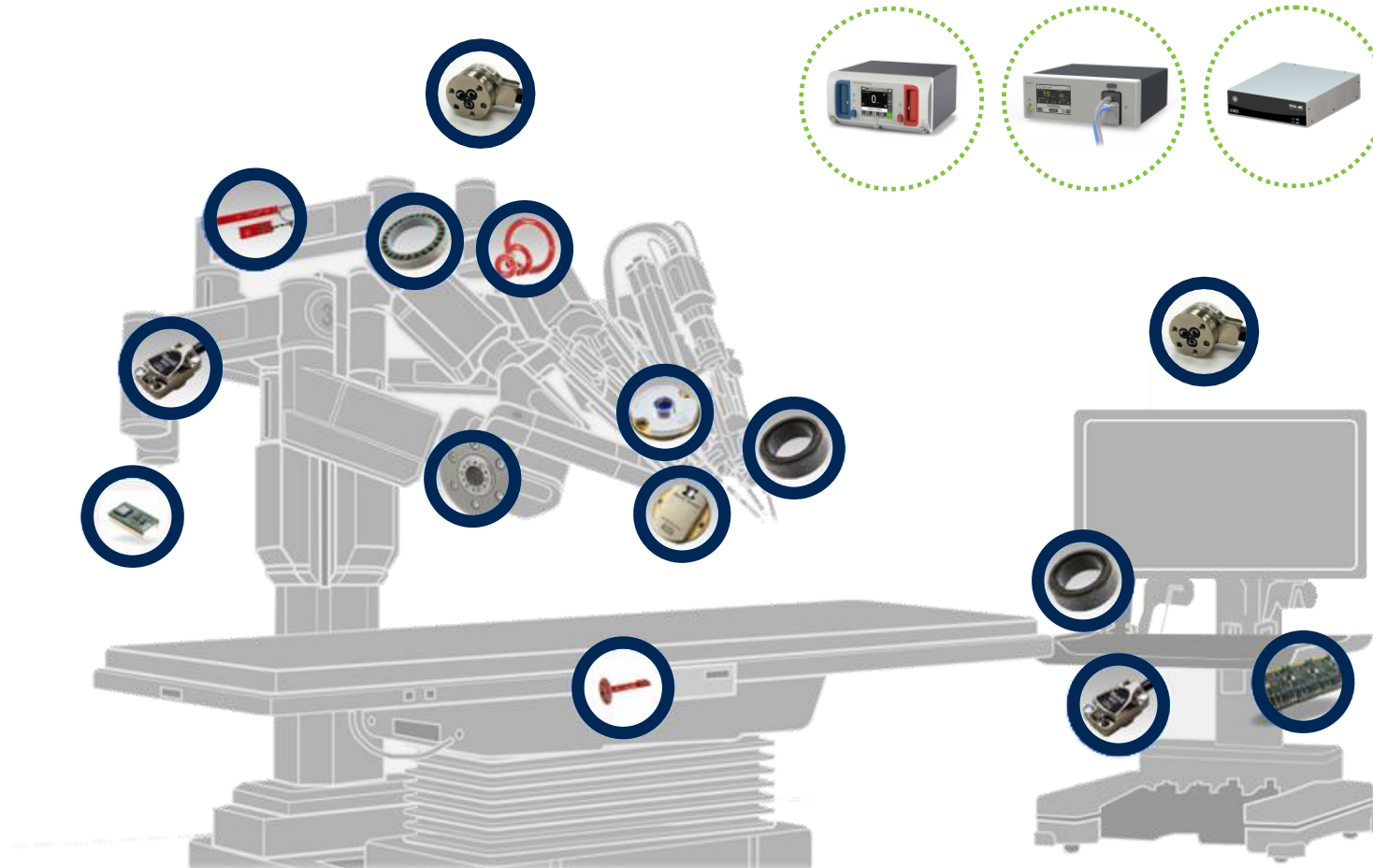
Leading Technology Provider to Robotic Surgery Applications



Precision and
proprietary technologies
optimized for the most
demanding applications

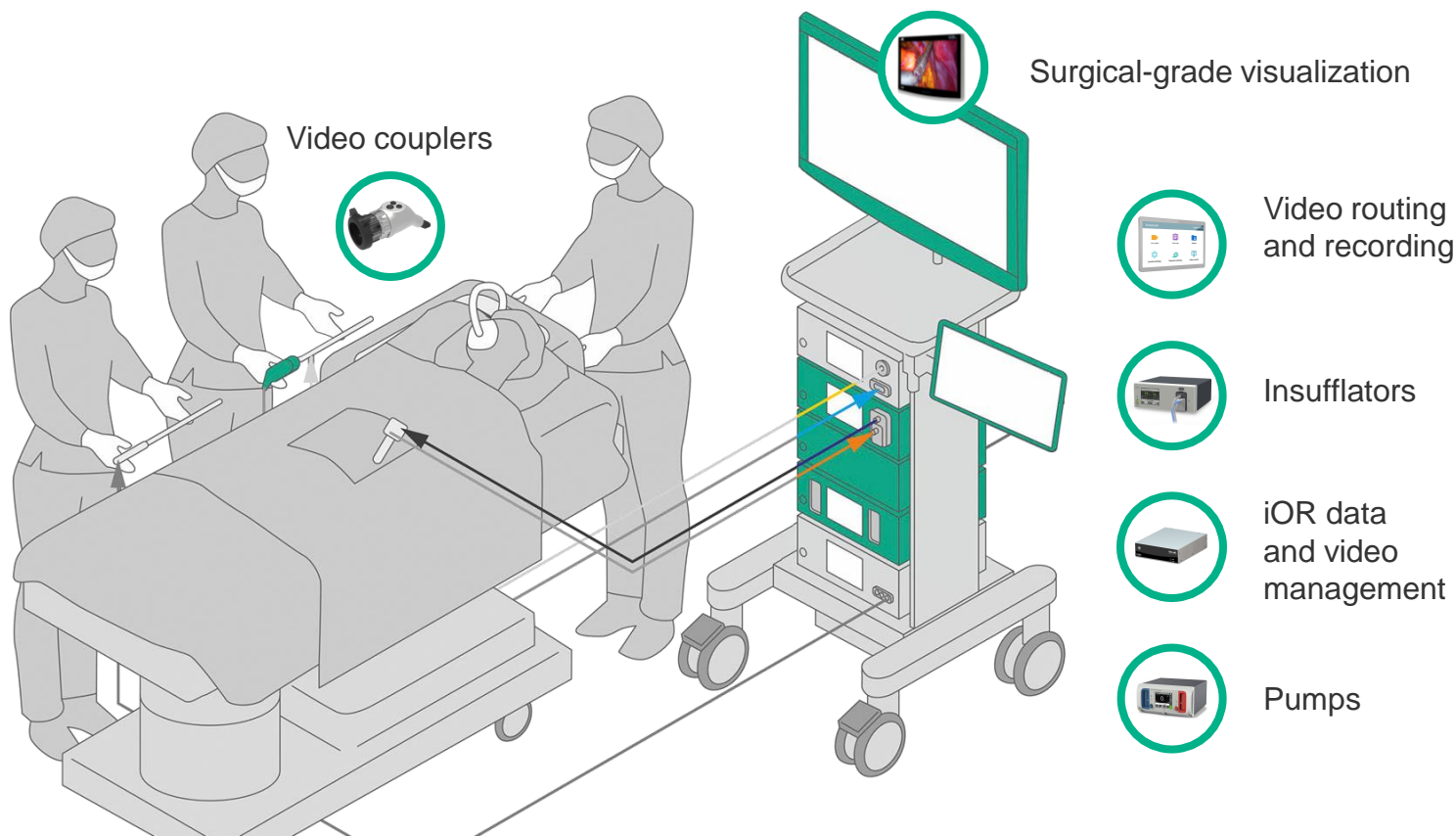
PRODUCT OFFERINGS

- Inductive Encoders
- Optical Encoders
- Force / Torque Sensors
- Motion Control Drives
- Robotic Joints
- Precision Motors
- Insufflators and Pumps
- iOR data and video management



PRECISION MOTION AND FLUID / GAS MANAGEMENT SOLUTIONS FOR ROBOTIC SURGERY

Leading Proprietary Solutions Provider to Endoscopic Surgery



EXAMPLE: LAPAROSCOPY, ARTHROSCOPY AND ROBOTIC SURGERY



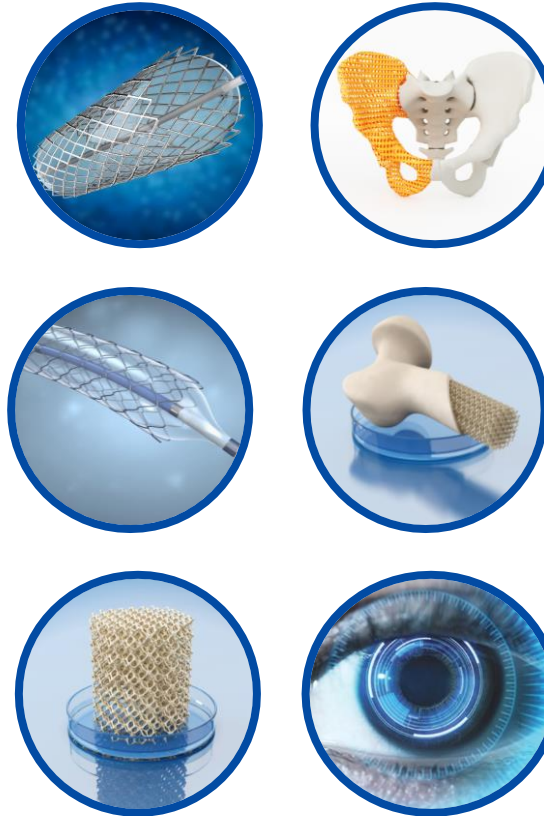
World leader in

Fluid and gas management

- Insufflators with integrated smoke evacuation
- Intelligent pumps for arthroscopy

Integrated video and data management

Intelligent Sub Systems for Laser Additive Manufacturing, Micromachining and Ophthalmology



**Never before possible
throughput, precision
and miniaturization**

Laser Additive Manufacturing –
next gen disruptive production
technology in e.g. orthopedic
implants

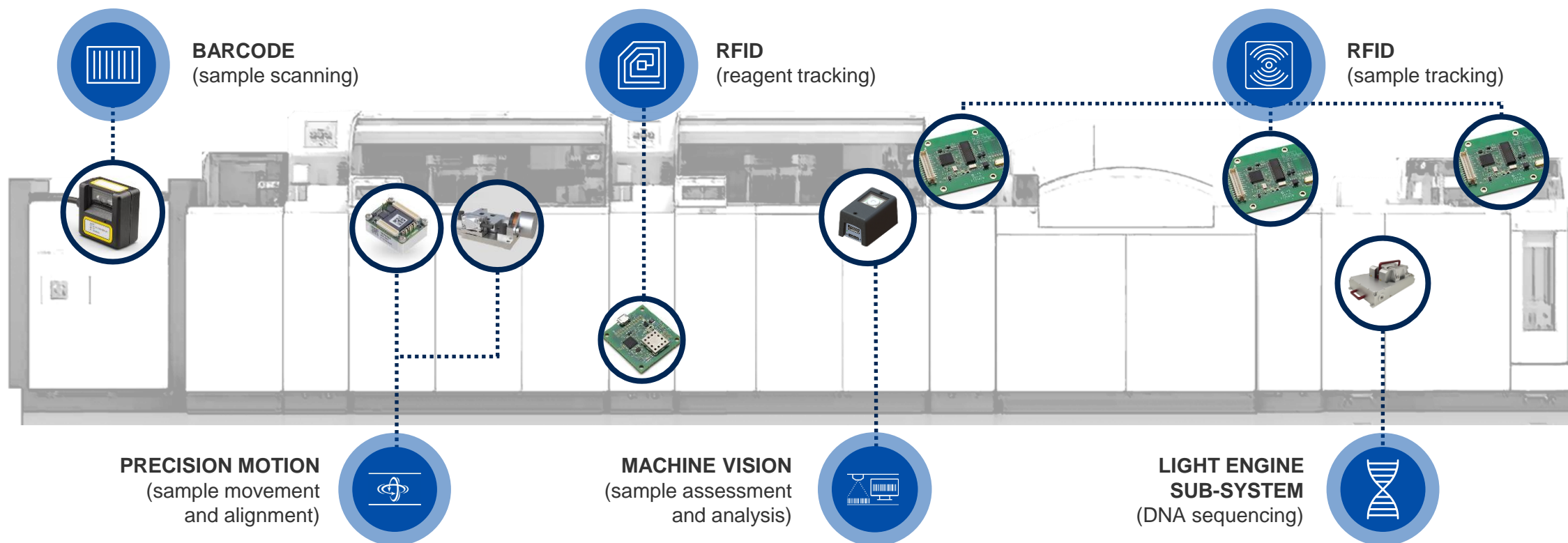
Micromachined devices present
next frontier in functionality,
versatility and miniaturization

INTELLIGENT LASER BEAM STEERING SUB SYSTEMS

Intelligent Solutions for Advanced Diagnostics



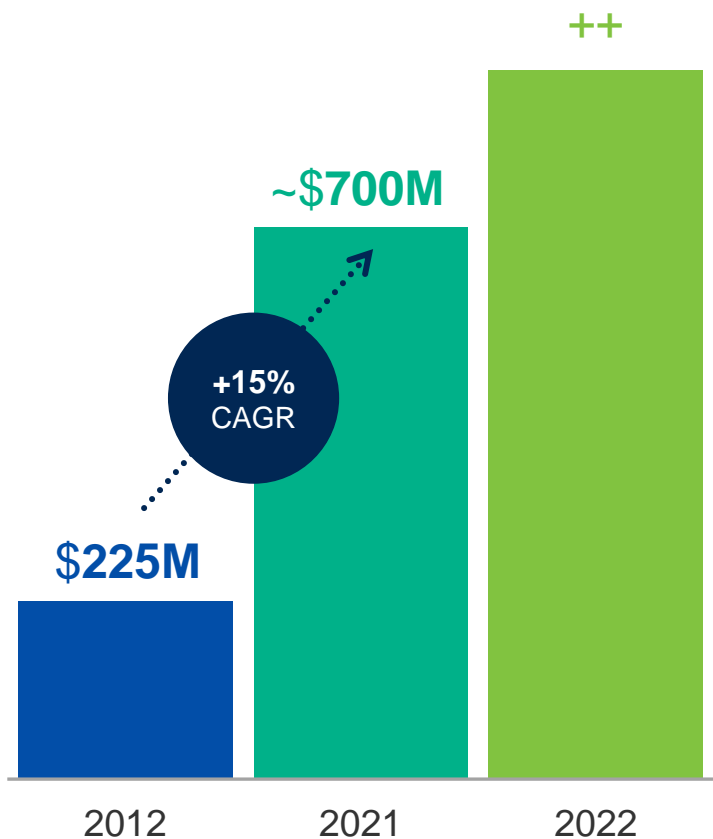
High-single-digit
LONG-TERM MARKET GROWTH RATE



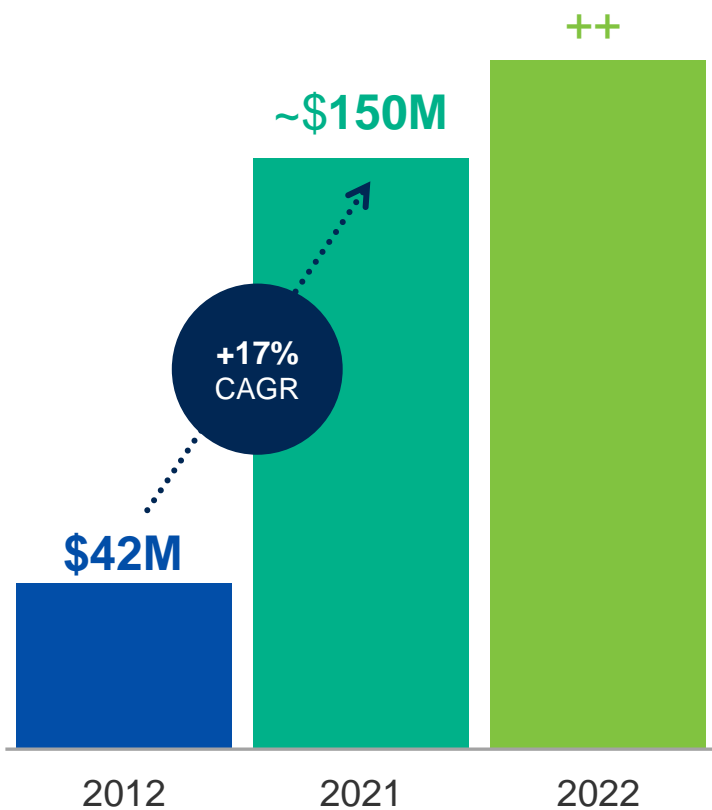
IN VITRO DIAGNOSTICS AND DNA SEQUENCING WITH **MULTIPLE PROPRIETARY SOLUTIONS**

Delivering Consistent Financial Results

ADJUSTED REVENUE



ADJUSTED EBITDA



FINANCIAL FRAMEWORK

Mid to high single-digit **organic growth**

Double-digit reported growth through **acquisitions**

100 bps per year of gross margin expansion

Strong **free cash flow** generation



Delivering Innovation Where It Matters Most

Minimally Invasive Surgery

Robotics and Automation

Life Sciences

In Vitro Diagnostics

Robotic Surgery

Patient Monitoring

Laser Additive Manufacturing

Ophthalmology

Laser-based Material Processing

Use of Non-GAAP Measures

The non-GAAP financial measures used in this presentation are non-GAAP Adjusted Revenue and Adjusted EBITDA.

The Company believes that these non-GAAP financial measures provide useful and supplementary information to investors regarding the Company's operating performance. It is management's belief that these non-GAAP financial measures would be particularly useful to investors because of the significant changes that have occurred outside of the Company's day-to-day business in accordance with the execution of the Company's strategy. This strategy includes streamlining the Company's existing operations through site and functional consolidations, strategic divestitures and product line closures, expanding the Company's business through significant internal investments, and broadening the Company's product and service offerings through acquisition of innovative and complementary technologies and solutions. The financial impact of certain elements of these activities, particularly acquisitions, divestitures, and site and functional restructurings, is often large relative to the Company's overall financial performance and can adversely affect the comparability of its operating results and investors' ability to analyze the business from period to period.

Adjusted Revenue excludes the JK Lasers business to only show the results of ongoing operations of the Company as the JK Lasers business was sold in April 2015. We excluded JK Lasers sales from Adjusted Revenue because divestiture activities can vary between reporting periods and between us and our peers, which we believe make comparisons of long-term performance trends difficult for management and investors and could result in overstating or understating to our investors the performance of our operations. Additionally, we include estimated revenue from contracts acquired with business acquisitions that will not be fully recognized due to business combination rules. Because GAAP accounting rules require the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. These non-GAAP adjustments are intended to reflect the full amount of such revenue.

The Company defines Adjusted EBITDA as operating income (loss) from continuing operations before deducting depreciation, amortization, non-cash share-based compensation, costs directly related to employee COVID-19 testing, restructuring, acquisition, divestiture and other costs, impairment of goodwill and intangible assets, acquisition fair value adjustments, CEO transition costs, and inventory related charges associated with product line closures. The Company's Adjusted EBITDA is used by management to evaluate operating performance internally, communicate financial results to the Board of Directors, benchmark results against historical performance and the performance of peers, and evaluate investment opportunities including acquisitions and divestitures. In addition, Adjusted EBITDA is used to determine bonus payments for senior management and employees. Accordingly, the Company believes that this non-GAAP measure provides greater transparency and insight into management's method of analysis.

Non-GAAP financial measures should not be considered as substitutes for, or superior to, measures of financial performance prepared in accordance with GAAP. They are limited in value because they exclude charges that have a material effect on the Company's reported results and, therefore, should not be relied upon as the sole financial measures to evaluate the Company's financial results. The non-GAAP financial measures are meant to supplement, and to be viewed in conjunction with, GAAP financial measures. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures as provided in the tables accompanying this document.

Non-GAAP Reconciliation

(in thousands of dollars)

Twelve Months Ended

Nine Months Ended

December 31, 2012 December 31, 2013 December 31, 2014 December 31, 2015 December 31, 2016 December 31, 2017 December 31, 2018 December 31, 2019 December 31, 2020 October 1, 2021

ADJUSTED REVENUE

| | | | | | | | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue (GAAP) | \$243,796 | \$316,910 | \$364,706 | \$373,598 | \$384,758 | \$521,290 | \$614,337 | \$626,099 | \$590,623 | \$507,833 |
| JK Lasers divestiture | (19,200) | (19,051) | (22,425) | (5,731) | - | - | - | - | - | - |
| Acquisition fair value adjustments | - | 275 | 220 | 143 | 32 | - | - | - | - | - |
| Adjusted Revenue (Non-GAAP) | \$224,596 | \$298,134 | \$342,501 | \$368,010 | \$384,790 | \$521,290 | \$614,337 | \$626,099 | \$590,623 | \$507,833 |

ADJUSTED EBITDA

| | | | | | | | | | | |
|---|-----------------|-----------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|
| Operating income (loss) from continuing operations (GAAP) | \$20,798 | \$19,951 | \$(16,729) | \$29,304 | \$32,955 | \$57,566 | \$71,013 | \$55,282 | \$55,888 | \$42,366 |
| Depreciation and amortization | 12,458 | 19,570 | 23,797 | 19,114 | 20,357 | 30,758 | 37,052 | 38,280 | 38,293 | 30,479 |
| Share-based compensation | 4,534 | 5,442 | 4,329 | 4,387 | 4,293 | 5,493 | 7,647 | 9,340 | 22,535 | 17,204 |
| Impairment of goodwill and intangible assets | - | - | 41,442 | - | - | - | - | - | - | - |
| Restructuring, acquisition, divestiture and other costs | 4,369 | 5,387 | 3,091 | 8,273 | 7,945 | 7,542 | 8,041 | 16,574 | 3,810 | 16,485 |
| Inventory related charges for discontinuation of radiology products | - | - | - | - | 1,370 | - | - | - | - | - |
| Acquisition fair value adjustments | - | 965 | 596 | 358 | 205 | 4,754 | - | 1,270 | 188 | 280 |
| CEO transition costs | - | - | - | - | 1,306 | - | - | - | - | - |
| Employee COVID-19 testing costs | - | - | - | - | - | - | - | - | 275 | 3,314 |
| Adjusted EBITDA (Non-GAAP) | \$42,159 | \$51,315 | \$56,526 | \$61,436 | \$68,431 | \$106,113 | \$123,753 | \$120,746 | \$120,989 | \$110,128 |