



PRESS RELEASE

Integer Holdings Corporation Reports Second Quarter 2023 Results

~ Continued strong performance with 2Q23 financial results ~

~ Increasing full year 2023 outlook ~

PLANO, TX - July 27, 2023 - Integer Holdings Corporation (NYSE:ITGR), a leading medical device outsource manufacturer, today announced results for the three months ended June 30, 2023.

Second Quarter 2023 Highlights (compared to Second Quarter 2022, except as noted)

- Sales increased 14% to \$400 million, with organic growth of 14%.
- GAAP net income increased \$3 million to \$24 million, an increase of 15%. Non-GAAP adjusted net income increased \$4 million to \$38 million, an increase of 11%.
- GAAP operating income increased \$9 million to \$42 million, an increase of 27%. Non-GAAP adjusted operating income increased \$10 million to \$60 million, an increase of 20%.
- GAAP diluted EPS increased \$0.09 per share to \$0.71 per share. Non-GAAP adjusted EPS increased \$0.10 per share to \$1.14 per share.
- Adjusted EBITDA increased \$10 million to \$76 million, an increase of 16%.
- From the end of 2022, total debt increased \$60 million to \$985 million and net total debt increased \$56 million to \$963 million, mostly attributable to fees associated with the \$500 million convertible notes and the \$35 million related capped call, resulting in a leverage ratio of 3.5 times adjusted EBITDA as of June 30, 2023.

“Integer delivered another strong quarter of sales and profit growth supported by an improving supply chain and labor environment,” said Joseph Dziedzic, Integer’s president and CEO. “As we continue to see strong customer demand across our product lines, we are increasing our full year sales outlook to 12% growth at the midpoint, up 400 basis points. Additionally, we are raising our adjusted operating income outlook to 19% growth at midpoint, up 600 basis points. The execution of our product line and operational strategies will drive sustained above-market growth and margin expansion in 2023 and beyond.”

Discussion of Product Line Second Quarter 2023 Sales

- Cardio & Vascular sales increased 15% in the second quarter 2023 compared to the second quarter 2022, driven by continued strong demand across all markets, growth in key products such as guidewires, new product ramps in electrophysiology, and supply chain improvements.
- Cardiac Rhythm Management & Neuromodulation sales increased 13% in the second quarter 2023 compared to the second quarter 2022, driven by strong demand, including double-digit growth from emerging customers with PMA (premarket approval) products, and supply chain improvements.
- Advanced Surgical, Orthopedics & Portable Medical sales increased 17% in the second quarter 2023 compared to the second quarter 2022, driven by increased price and demand as a result of the execution of the multi-year Portable Medical exit announced in 2022, and low-single digit growth of Advanced Surgical and Orthopedics.
- Electrochem sales increased 7% in the second quarter 2023 compared to the second quarter 2022 driven by strong demand in military and environmental market segments partially offset by a decline in the energy market.

2023 Outlook^(a)

(dollars in millions, except per share amounts)

	GAAP		Non-GAAP ^(b)	
	As Reported	Change from Prior Year	Adjusted	Change from Prior Year
Sales	\$1,530 to \$1,550	11% to 13%	N/A	N/A
Operating income	\$152 to \$160	25% to 32%	\$224 to \$232	17% to 21%
EBITDA	N/A	N/A	\$294 to \$302	15% to 18%
Net income	\$83 to \$89	26% to 37%	\$143 to \$149	10% to 15%
Diluted earnings per share	\$2.45 to \$2.65	25% to 35%	\$4.23 to \$4.43	9% to 14%
Cash flow from operating activities	\$185 to \$205	59% to 76%	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 and Adjusted Earnings per Share ("EPS") included in our "2023 Outlook" above, and Adjusted total interest expense, Adjusted effective tax rate and Leverage ratio in "Supplemental Financial Information" 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 2023 consists of GAAP operating income, excluding items such as amortization of intangible assets, restructuring and restructuring-related charges, and acquisition and integration costs, totaling approximately \$72 million, pre-tax. Adjusted net income and Adjusted EPS for 2023 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 \$77 million, pre-tax. The after-tax impact of these items is estimated to be approximately \$60 million, or approximately \$1.78 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 \$152 million to \$153 million.

Supplemental Financial Information

(dollars in millions)	2023 Outlook	2022 Actual
Depreciation and amortization	\$100 to \$105	\$92
Adjusted total interest expense ^(a)	\$45 to \$50	\$39
Stock-based compensation	\$22 to \$25	\$21
Restructuring, acquisition and other charges ^(b)	\$15 to \$20	\$22
Adjusted effective tax rate ^(c)	17.0% to 19.0%	16.1%
Leverage ratio ^(d)	2.5x to 3.5x	3.5x
Capital expenditures ^(d)	\$100 to \$120	\$74
Cash income tax payments	\$27 to \$31	\$11

^(a) Adjusted total interest expense refers to our expected full-year GAAP total interest expense, expected to range from \$49 million to \$55 million for 2023, 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 total interest expense, if any.

^(b) Restructuring, acquisition and other charges consists of restructuring and restructuring-related charges, acquisition and integration costs, other general expenses, and incremental costs of complying with the new European Union medical device regulations.

^(c) Adjusted effective tax rate refers to our full-year GAAP effective tax rate, expected to range from 15.0% to 17.0% for 2023, adjusted to reflect the full-year impact of the items that are excluded in providing adjusted net income and certain other identified items.

^(d) Please see "Notes Regarding Non-GAAP Financial Information" for additional information regarding leverage ratio and capital expenditures.

Summary Financial Results

(dollars in thousands, except per share data)

	Three Months Ended			Six Months Ended		
	June 30, 2023	July 1, 2022	QTD Change	June 30, 2023	July 1, 2022	YTD Change
Operating income	\$ 41,576	\$ 32,707	27.1 %	\$ 75,742	\$ 55,204	37.2 %
Net income	\$ 23,971	\$ 20,836	15.0 %	\$ 37,036	\$ 32,203	15.0 %
Diluted EPS	\$ 0.71	\$ 0.62	14.5 %	\$ 1.10	\$ 0.97	13.4 %
EBITDA ^(a)	\$ 65,794	\$ 55,407	18.7 %	\$ 123,171	\$ 97,865	25.9 %
Adjusted EBITDA ^(a)	\$ 76,300	\$ 65,897	15.8 %	\$ 142,645	\$ 120,102	18.8 %
Adjusted operating income ^(a)	\$ 59,824	\$ 49,679	20.4 %	\$ 109,686	\$ 88,484	24.0 %
Adjusted net income ^(a)	\$ 38,372	\$ 34,651	10.7 %	\$ 67,432	\$ 60,730	11.0 %
Adjusted EPS ^(a)	\$ 1.14	\$ 1.04	9.6 %	\$ 2.01	\$ 1.82	10.4 %

^(a) EBITDA, Adjusted EBITDA, Adjusted operating income, Adjusted net income, and Adjusted EPS are non-GAAP financial measures. Please see "Notes Regarding Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures. Refer to Tables A and B at the end of this release for reconciliations of adjusted amounts to the closest corresponding GAAP financial measures.

Summary Product Line Results

(dollars in thousands)

	Three Months Ended			
	June 30, 2023	July 1, 2022	QTD Change	Organic Change ^(a)
Medical Sales				
Cardio & Vascular	\$ 208,494	\$ 180,604	15.4 %	15.3 %
Cardiac Rhythm Management & Neuromodulation	153,411	135,945	12.8 %	12.8 %
Advanced Surgical, Orthopedics & Portable Medical	27,206	23,285	16.8 %	16.8 %
Total Medical Sales	389,111	339,834	14.5 %	14.4 %
Non-Medical Sales	10,933	10,247	6.7 %	6.7 %
Total Sales	\$ 400,044	\$ 350,081	14.3 %	14.2 %
	Six Months Ended			
	June 30, 2023	July 1, 2022	YTD Change	Organic Change ^(a)
Medical Sales				
Cardio & Vascular	\$ 399,697	\$ 339,641	17.7 %	16.4 %
Cardiac Rhythm Management & Neuromodulation	298,550	259,269	15.2 %	15.2 %
Advanced Surgical, Orthopedics & Portable Medical	55,130	42,951	28.4 %	28.4 %
Total Medical Sales	753,377	641,861	17.4 %	16.7 %
Non-Medical Sales	25,452	19,132	33.0 %	33.0 %
Total Sales	\$ 778,829	\$ 660,993	17.8 %	17.2 %

^(a) Organic sales change is a non-GAAP financial measure. Please see "Notes Regarding Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures and refer to Table D at the end of this release for a reconciliation of these amounts.

Conference Call Information

The Company will host a conference call on Thursday, July 27, 2023, at 8 a.m. CT / 9 a.m. ET to discuss these results. The scheduled conference call will be webcast live and is accessible through our website at investor.integer.net or by dialing (888) 330-3567 (U.S.) or (646) 960-0842 (outside U.S.) and the conference ID is 9252310. The call will be archived on the Company's website. An earnings call slide presentation containing supplemental information about the Company's results will be posted to our website at investor.integer.net prior to the conference call and will be referenced during the conference call.

From time to time, the Company posts information that may be of interest to investors on its website at investor.integer.net. To automatically receive Integer financial news by email, please visit investor.integer.net and subscribe to email alerts.

About Integer®

Integer Holdings Corporation (NYSE: ITGR) is one of the largest medical device outsource (MDO) manufacturers in the world serving the cardiac, neuromodulation, vascular, portable medical and orthopedics markets. The Company provides innovative, high-quality medical technologies that enhance the lives of patients worldwide. In addition, the Company develops batteries for high-end niche applications in energy, military, and environmental markets. The Company's brands include Greatbatch Medical®, Lake Region Medical® and Electrochem®. Additional information is available at www.integer.net.

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Notes Regarding Non-GAAP Financial Information

In addition to our results reported in accordance with generally accepted accounting principles in the United States of America ("GAAP"), we provide adjusted net income, adjusted EPS, earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA, adjusted operating income, and organic sales change rates.

Adjusted net income and adjusted EPS consist of GAAP amounts adjusted for the following to the extent occurring during the period: (i) amortization of intangible assets, (ii) certain legal expenses, (iii) restructuring and restructuring-related charges; (iv) acquisition and integration related costs; (v) other general expenses; (vi) (gain) loss on equity investments; (vii) extinguishment of debt charges; (viii) European Union medical device regulation incremental charges, (ix) inventory step-up amortization; (x) unusual, or infrequently occurring items; (xi) the income tax provision (benefit) related to these adjustments and (xii) certain tax items that are outside the normal tax provision for the period. Adjusted EPS is calculated by dividing adjusted net income by diluted weighted average shares outstanding.

EBITDA is 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 financial measure. Adjusted EBITDA consists of EBITDA plus adding back stock-based compensation and the same adjustments as listed above except for items (i), (vii), (xi) and (xii). Adjusted operating income consists of operating income adjusted for the same items listed above except for items (vi), (vii), (xi) and (xii).

Organic sales change is reported 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.

We believe that the presentation of adjusted net income, adjusted EPS, EBITDA, adjusted EBITDA, adjusted operating income, and organic sales change rates, provides important supplemental information to management and investors seeking to understand the financial and business trends relating to our financial condition and results of operations. In addition to the performance measures identified above, we believe that net total debt and leverage ratio provide meaningful measures of liquidity and a useful basis for assessing our ability to fund our activities, including the financing of acquisitions and debt repayments. Net total debt is calculated as total principal amount of debt outstanding less cash and cash equivalents. We calculate leverage ratio as net total debt divided by adjusted EBITDA for the trailing 4 quarters. Free cash flow is defined as Net cash provided by operating activities (as stated in our Condensed Consolidated Statements of Cash Flows) reduced by capital expenditures (acquisition of property, plant, and equipment (PP&E), net of proceeds from the sale of PP&E).

Forward-Looking Statements

Some of the statements contained in this press release are “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 2023 financial results and guidance; statements relating to future sales, expenses, and profitability; customer demand; supplier performance (including delivery delays); costs (including wages, staffing levels and freight); future development and expected growth of our business and industry, including expansion of our manufacturing capacity; 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 “outlook,” “projected,” “may,” “will,” “should,” “could,” “expect,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “project,” or “continue” or variations or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those stated or implied by these forward-looking statements. In evaluating these statements and our prospects, you should carefully consider the factors set forth below.

Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from the results expressed or implied by our forward-looking statements or that may affect our future results, some of these factors and other risks and uncertainties that arise from time to time are described in Item 1A “Risk Factors” of our Annual Report on Form 10-K and in our other periodic filings with the SEC and include the following:

- operational risks, such as the duration, scope and impact of global supply chain issues and the military conflict between Russia and Ukraine, including the evolving economic, social and governmental environments and their effects on our associates, suppliers and customers as well as the global economy; our dependence upon a limited number of customers; pricing pressures that we face from customers; our reliance on third party suppliers for raw materials, key products and subcomponents; the competitive labor market and our ability to attract, train and retain a sufficient number of qualified associates; the potential for harm to our reputation caused by quality problems related to our products; the dependence of our energy market-related revenues on the conditions in the oil and natural gas industry; interruptions in our manufacturing operations; our dependence upon our information technology systems and our ability to prevent cyber-attacks and other failures; and our dependence upon our senior management team and technical personnel;
- strategic risks, such as the intense competition we face and our ability to successfully market our products; our ability to respond to changes in technology; our ability to develop new products and expand into new geographic and product markets; and our ability to successfully identify, make and integrate acquisitions to expand and develop our business in accordance with expectations;
- financial risks, such as our significant amount of outstanding indebtedness and our ability to remain in compliance with financial and other covenants under our senior secured credit facilities; economic and credit market uncertainties that could interrupt our access to capital markets, borrowings or financial transactions; financial and market risks related to our international operations and sales; our complex international tax profile; and our ability to realize the full value of our intangible assets; and
- legal and compliance risks, such as regulatory issues resulting from product complaints, recalls or regulatory audits; the potential of becoming subject to product liability or intellectual property claims; our ability to protect our intellectual property and proprietary rights; our ability and the cost to comply with environmental regulations; our ability to comply with customer-driven policies and third party standards or certification requirements; our ability to obtain necessary licenses for new technologies; legal and regulatory risks from our international operations, including trade regulation; and the fact that the healthcare industry is highly regulated and subject to various regulatory changes.

Except as may be required by law, we assume no obligation to update forward-looking statements in this press release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

Condensed Consolidated Balance Sheets - Unaudited

(in thousands)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 38,615	\$ 24,272
Accounts receivable, net	236,526	224,325
Inventories	228,931	208,766
Refundable income taxes	3,030	2,003
Contract assets	80,010	71,927
Prepaid expenses and other current assets	28,816	27,005
Total current assets	615,928	558,298
Property, plant and equipment, net	348,895	317,243
Goodwill	985,982	982,192
Other intangible assets, net	797,594	819,889
Deferred income taxes	6,447	6,247
Operating lease assets	70,281	74,809
Financing lease assets	8,537	8,852
Other long-term assets	27,680	26,856
Total assets	<u>\$ 2,861,344</u>	<u>\$ 2,794,386</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 5,000	\$ 18,188
Accounts payable	107,507	110,780
Income taxes payable	3,036	10,923
Operating lease liabilities	10,075	10,362
Accrued expenses and other current liabilities	74,214	73,499
Total current liabilities	199,832	223,752
Long-term debt	980,398	907,073
Deferred income taxes	152,926	160,671
Operating lease liabilities	59,988	64,049
Financing lease liabilities	7,677	8,006
Other long-term liabilities	14,868	13,379
Total liabilities	1,415,689	1,376,930
Stockholders' equity:		
Common stock	33	33
Additional paid-in capital	715,715	731,393
Retained earnings	717,737	680,701
Accumulated other comprehensive income	12,170	5,329
Total stockholders' equity	1,445,655	1,417,456
Total liabilities and stockholders' equity	<u>\$ 2,861,344</u>	<u>\$ 2,794,386</u>

Condensed Consolidated Statements of Operations - Unaudited

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Sales	\$ 400,044	\$ 350,081	\$ 778,829	\$ 660,993
Cost of sales (COS)	294,240	257,184	576,352	486,621
Gross profit	105,804	92,897	202,477	174,372
Operating expenses:				
Selling, general and administrative (SG&A)	45,827	41,786	87,713	81,346
Research, development and engineering (RD&E)	16,883	14,871	35,975	30,954
Restructuring and other charges (R&O)	1,518	3,533	3,047	6,868
Total operating expenses	64,228	60,190	126,735	119,168
Operating income	41,576	32,707	75,742	55,204
Interest expense	11,459	7,773	28,713	13,741
(Gain) loss on equity investments	(134)	320	21	2,724
Other loss, net	359	191	1,119	368
Income before taxes	29,892	24,423	45,889	38,371
Provision for income taxes	5,921	3,587	8,853	6,168
Net income	<u>\$ 23,971</u>	<u>\$ 20,836</u>	<u>\$ 37,036</u>	<u>\$ 32,203</u>
Earnings per share:				
Basic	\$ 0.72	\$ 0.63	\$ 1.11	\$ 0.97
Diluted	\$ 0.71	\$ 0.62	\$ 1.10	\$ 0.97
Weighted average shares outstanding:				
Basic	33,312	33,111	33,285	33,101
Diluted	33,686	33,350	33,631	33,326

Condensed Consolidated Statements of Cash Flows - Unaudited

(in thousands)

	Six Months Ended	
	June 30, 2023	July 1, 2022
Cash flows from operating activities:		
Net income	\$ 37,036	\$ 32,203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	48,569	45,753
Debt related charges included in interest expense	6,118	962
Inventory step-up amortization	—	798
Stock-based compensation	11,603	10,951
Non-cash lease expense	5,473	5,344
Non-cash loss on equity investments	21	2,724
Contingent consideration fair value adjustment	(265)	—
Other non-cash losses	(1,437)	7,510
Deferred income taxes	(4)	(969)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	(9,742)	(37,642)
Inventories	(21,646)	(41,471)
Prepaid expenses and other assets	1,308	(783)
Contract assets	(7,983)	(6,189)
Accounts payable	797	25,554
Accrued expenses and other liabilities	1,781	(7,295)
Income taxes payable	(9,296)	(439)
Net cash provided by operating activities	62,333	37,011
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(57,416)	(22,610)
Proceeds from sale of property, plant and equipment	50	587
Acquisitions, net	—	(126,636)
Net cash used in investing activities	(57,366)	(148,659)
Cash flows from financing activities:		
Principal payments of term loans	(398,438)	(7,625)
Proceeds from issuance of convertible notes, net of discount	486,250	—
Proceeds from revolving credit facility	229,604	160,000
Payments of revolving credit facility	(263,443)	(34,000)
Purchase of capped calls	(35,000)	—
Payment of debt issuance costs	(2,181)	—
Proceeds from the exercise of stock options	1,948	—
Tax withholdings related to net share settlements of restricted stock unit awards	(2,930)	(1,926)
Contingent consideration payments	(7,660)	(493)
Principal payments on finance leases	(557)	(353)
Net cash provided by financing activities	7,593	115,603
Effect of foreign currency exchange rates on cash and cash equivalents	1,783	(6,247)
Net increase (decrease) in cash and cash equivalents	14,343	(2,292)
Cash and cash equivalents, beginning of period	24,272	17,885
Cash and cash equivalents, end of period	\$ 38,615	\$ 15,593

Table A: Net Income and Diluted EPS Reconciliations

(in thousands, except per share amounts)

	Three Months Ended					
	June 30, 2023			July 1, 2022		
	Pre-Tax	Net of Tax	Per Diluted Share	Pre-Tax	Net of Tax	Per Diluted Share
Net income (GAAP)	\$ 29,892	\$ 23,971	\$ 0.71	\$ 24,423	\$ 20,836	\$ 0.62
Adjustments ^(a) :						
Amortization of intangible assets	13,107	10,360	0.31	12,285	9,710	0.29
Restructuring and restructuring-related charges ^(b)	3,116	2,461	0.07	884	728	0.02
Acquisition and integration costs ^(c)	556	432	0.01	3,333	2,614	0.08
Other general expenses ^(d)	26	20	—	205	167	0.01
(Gain) loss on equity investments	(134)	(106)	—	320	253	0.01
Loss on extinguishment of debt ^(e)	38	31	—	—	—	—
Medical device regulations ^(f)	534	422	0.01	182	143	—
Other adjustments ^(g)	909	718	0.02	83	66	—
Tax adjustments ^(h)	—	63	—	—	134	—
Adjusted net income (non-GAAP)	<u>\$ 48,044</u>	<u>\$ 38,372</u>	1.14	<u>\$ 41,715</u>	<u>\$ 34,651</u>	1.04
Weighted average shares for adjusted diluted EPS		33,686			33,350	

	Six Months Ended					
	June 30, 2023			July 1, 2022		
	Pre-Tax	Net of Tax	Per Diluted Share	Pre-Tax	Net of Tax	Per Diluted Share
Net income (GAAP)	\$ 45,889	\$ 37,036	\$ 1.10	\$ 38,371	\$ 32,203	\$ 0.97
Adjustments ^(a) :						
Amortization of intangible assets	26,031	20,576	0.61	23,889	18,882	0.57
Restructuring and restructuring-related charges ^(b)	4,921	3,857	0.11	2,637	2,075	0.06
Acquisition and integration costs ^(c)	938	702	0.02	5,269	4,149	0.12
Other general expenses ^(d)	109	79	—	501	396	0.01
Loss on equity investments	21	17	—	2,724	2,152	0.06
Loss on extinguishment of debt ^(e)	4,431	3,501	0.10	—	—	—
Medical device regulations ^(f)	1,036	817	0.02	292	230	0.01
Other adjustments ^(g)	909	718	0.02	(106)	(83)	—
Inventory step-up amortization (COS) ⁽ⁱ⁾	—	—	—	798	630	0.02
Tax adjustments ^(h)	—	129	—	—	96	—
Adjusted net income (Non-GAAP)	<u>\$ 84,285</u>	<u>\$ 67,432</u>	\$ 2.01	<u>\$ 74,375</u>	<u>\$ 60,730</u>	\$ 1.82
Weighted average shares for adjusted diluted EPS		33,631			33,326	

(a) The difference between pre-tax and net of tax amounts is the estimated tax impact related to the respective adjustment. Net of tax amounts are computed using a 21% U.S. tax rate, and the statutory tax rates applicable in foreign tax jurisdictions, as adjusted for the existence of net operating losses ("NOLs"). Expenses that are not deductible for tax purposes (i.e. permanent tax differences) are added back at 100%.

(b) We initiate discrete restructuring programs primarily to realign resources to better serve our customers and markets, improve operational efficiency and capabilities, and lower operating costs or improve profitability. Depending on the program, restructuring charges may include termination benefits, contract termination, facility closure and other exit and disposal costs. Restructuring-related expenses are directly related to the program and may include retention bonuses, accelerated depreciation, consulting expense and costs to transfer manufacturing operations among our facilities.

(c) Acquisition and integration costs are incremental costs that are directly related to a business or asset acquisition. These costs may include, among other things, professional, consulting and other fees, system integration costs, and fair value adjustments relating to contingent consideration.

- (d) Other general expenses are discrete transactions occurring sporadically and affect period-over-period comparisons. The expenses for the 2023 and 2022 periods primarily include severance, information technology systems conversion expenses, and expenses related to the restructuring of certain legal entities of the company.
- (e) Loss on extinguishment of debt consists of accelerated write-offs of unamortized deferred debt issuance costs and discounts which are included in interest expense. The 2023 amounts represent a write-off of unamortized deferred debt issuance costs and discounts in connection with the amendments to the credit agreement governing our credit facilities, prepayments of portions of the Term Loan A facility, and repayment in full of our Term B Loan Facility.
- (f) The charges represent incremental costs of complying with the new European Union medical device regulations for previously registered products and primarily include charges for contractors supporting the project and other direct third-party expenses.
- (g) For the 2023 periods, amounts relate to severance costs associated with the departure of an executive and incremental costs associated with leadership transitions, all of which are included in SG&A expense. The 2022 amounts relate to a former customer that filed bankruptcy in November 2019 and are predominantly due to favorable settlements on supplier purchase order termination clauses and benefits recognized from the utilization or sale of previously reserved inventory.
- (h) For the 2023 and 2022 periods, tax adjustments predominately relate to acquired foreign tax credits, including utilization, changes to uncertain tax benefits and associated interest. For the 2022 periods, tax adjustments also include acquisition costs that are not deductible for tax purposes.
- (i) The accounting associated with our acquisitions require us to record inventory at its fair value, which is sometimes greater than the previous book value of inventory. The increase in inventory value is amortized to cost of sales over the period that the related inventory is sold. We exclude inventory step-up amortization from our non-GAAP financial measures because it is a non-cash expense that we do not believe is indicative of our ongoing operating results.

Please see "Notes Regarding Non-GAAP Financial Information" for additional information regarding our use of non-GAAP financial measures.

Table B: Adjusted Operating Income Reconciliations

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Operating income (GAAP)	\$ 41,576	\$ 32,707	\$ 75,742	\$ 55,204
Adjustments:				
Amortization of intangible assets	13,107	12,285	26,031	23,889
Restructuring and restructuring-related charges	3,116	884	4,921	2,637
Acquisition and integration costs	556	3,333	938	5,269
Other general expenses	26	205	109	501
Medical device regulations	534	182	1,036	292
Other adjustments	909	83	909	(106)
Inventory step-up amortization	—	—	—	798
Adjusted operating income (non-GAAP)	<u>\$ 59,824</u>	<u>\$ 49,679</u>	<u>\$ 109,686</u>	<u>\$ 88,484</u>

Table C: EBITDA Reconciliations

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Net income (GAAP)	\$ 23,971	\$ 20,836	\$ 37,036	\$ 32,203
Interest expense	11,459	7,773	28,713	13,741
Provision for income taxes	5,921	3,587	8,853	6,168
Depreciation	11,005	10,666	21,882	21,402
Amortization of intangible assets and financing leases	13,438	12,545	26,687	24,351
EBITDA (non-GAAP)	65,794	55,407	123,171	97,865
Stock-based compensation ^(a)	5,499	5,483	11,540	10,122
Restructuring and restructuring-related charges	3,116	884	4,921	2,637
Acquisition and integration costs	556	3,333	938	5,269
Other general expenses	26	205	109	501
(Gain) loss on equity investments	(134)	320	21	2,724
Medical device regulations	534	182	1,036	292
Other adjustments	909	83	909	(106)
Inventory step-up amortization	—	—	—	798
Adjusted EBITDA (non-GAAP)	<u>\$ 76,300</u>	<u>\$ 65,897</u>	<u>\$ 142,645</u>	<u>\$ 120,102</u>

^(a) Total stock-based compensation expense less amounts included in Restructuring and restructuring-related charges and Acquisition and integration costs.

Table D: Organic Sales Change Reconciliation (% Change)

	GAAP Reported Growth	Impact of Acquisitions and Foreign Currency ^(a)	Non-GAAP Organic Change
QTD Change (2Q 2023 vs. 2Q 2022)			
Medical Sales			
Cardio & Vascular	15.4%	0.1%	15.3%
Cardiac Rhythm Management & Neuromodulation	12.8%	—%	12.8%
Advanced Surgical, Orthopedics & Portable Medical	16.8%	—%	16.8%
Total Medical Sales	14.5%	0.1%	14.4%
Non-Medical Sales	6.7%	—%	6.7%
Total Sales	14.3%	0.1%	14.2%

YTD Change (6M 2023 vs. 6M 2022)

Medical Sales			
Cardio & Vascular	17.7%	1.3%	16.4%
Cardiac Rhythm Management & Neuromodulation	15.2%	—%	15.2%
Advanced Surgical, Orthopedics & Portable Medical	28.4%	—%	28.4%
Total Medical Sales	17.4%	0.7%	16.7%
Non-Medical Sales	33.0%	—%	33.0%
Total Sales	17.8%	0.6%	17.2%

^(a) Sales have been adjusted to exclude the impact of foreign currency exchange rate fluctuations and acquisitions.

Table E: Net Total Debt Reconciliation

(in thousands)

	June 30, 2023	December 31, 2022
Total debt	\$ 985,398	\$ 925,261
Add: Unamortized discount and deferred debt issuance costs included above	15,742	5,977
Total principal amount of debt outstanding	1,001,140	931,238
Less: Cash and cash equivalents	38,615	24,272
Net Total Debt (non-GAAP)	<u>\$ 962,525</u>	<u>\$ 906,966</u>