# Welcome Investors

March 2023

UFP TECHNOLOGIES

# Forward Looking Statements

Certain statements in this presentation may be considered “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally relate to future events or the Company’s future financial or operating performance and may be identified by words such as “may,” “should,” “expect,” “intend,” “will,” “estimate,” “anticipate,” “believe,” “predict,” or similar words. These forward-looking statements are based upon assumptions made by the Company as of the date hereof and are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements include, among other things, statements regarding: the Company’s prospects, anticipated advantages the Company expects to realize from its acquisition strategies, the Company’s financial performance, targets, goals, and metrics, the Company’s revenue, gross margin and operating margin targets, participation in multiple markets, its engineering and product development resources, the benefits of the Company’s product development business (including its margin and customer relationship), the Company’s business opportunities and competitive advantages, the Company’s growth potential and strategies for growth, and statements about customer and industry demand.

Investors are cautioned that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including without limitation risks associated with the identification of suitable acquisition candidates and the successful, efficient execution of acquisition transactions and integration of any such acquisition candidates, economic conditions that affect sales of the products of the Company’s customers, adverse changes in general economic and geopolitical conditions, including, without limitation, global supply chain disruptions, labor cost increases and inflation, the ongoing conflict between Russia and Ukraine and the adverse effect such conflict has or may have on our business and results of operations, the ability of the Company to obtain new customers, the ability of the Company to fulfill its obligations on long-term contracts and to retain current customers, the ability of the Company to maintain and grow its current margins, the ability of the Company to achieve its revenue, gross margin and operating margin targets, the Company’s ability to adapt to changing market needs and other factors as well as other risks and uncertainties that are detailed in the documents filed by the Company with the Securities and Exchange Commission (“SEC”). Accordingly, actual results may differ materially. The risks and uncertainties included above are not exhaustive. Readers are referred to the documents filed by the Company with the SEC, specifically the last reports on Forms 10-K and 10-Q. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statement to reflect any change in the Company’s expectations or any change in events, conditions or circumstances on which any such statement is based.

Use of Non-GAAP Financial Measures

This presentation includes non-generally accepted accounting principles (“GAAP”) performance measures. The Company uses these non-GAAP financial measures to facilitate management's financial and operational decision-making, including evaluation of the Company’s historical operating results. The Company’s management believes these non-GAAP measures are useful in evaluating the Company’s operating performance and are similar measures reported by publicly listed U.S. competitors, and regularly used by securities analysts, institutional investors, and other interested parties in analyzing operating performance and prospects. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting the Company’s business. By providing these non-GAAP measures, the Company’s management intends to provide investors with a meaningful, consistent comparison of the Company’s performance for the periods presented. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. The Company's definition of these non-GAAP measures may differ from similarly titled measures of performance used by other companies in other industries or within the same industry.

# Who We Are

UFP TECHNOLOGIES

UFP Technologies is a designer and custom manufacturer of comprehensive solutions for medical devices, sterile packaging, and other highly engineered custom products.

## Key Stats:

- Headquarters: Newburyport, MA
- Ticker: UFPT
- Established: 1963
- Annual Revenue: ~$353 million
- Market Cap: ~$894 million[1]
- Share Count: ~7.6 million[1]
- 3,000+ Employees/ Temps
- 14 Manufacturing Facilities
- 5 Design R&D Centers

1. As of 2/20/2023

# Shaping Innovation

We help our customers develop, improve, manufacture, or protect their products through:

- Design & engineering capabilities
- Materials expertise
- Precision manufacturing
- Strategic locations

# Our Process

Innovative process from design and engineering to manufacturing and delivery

Customer Challenge

Design & Development

Prototype

Tooling

Proprietary and Tested Technology Integration

Custom Equipment

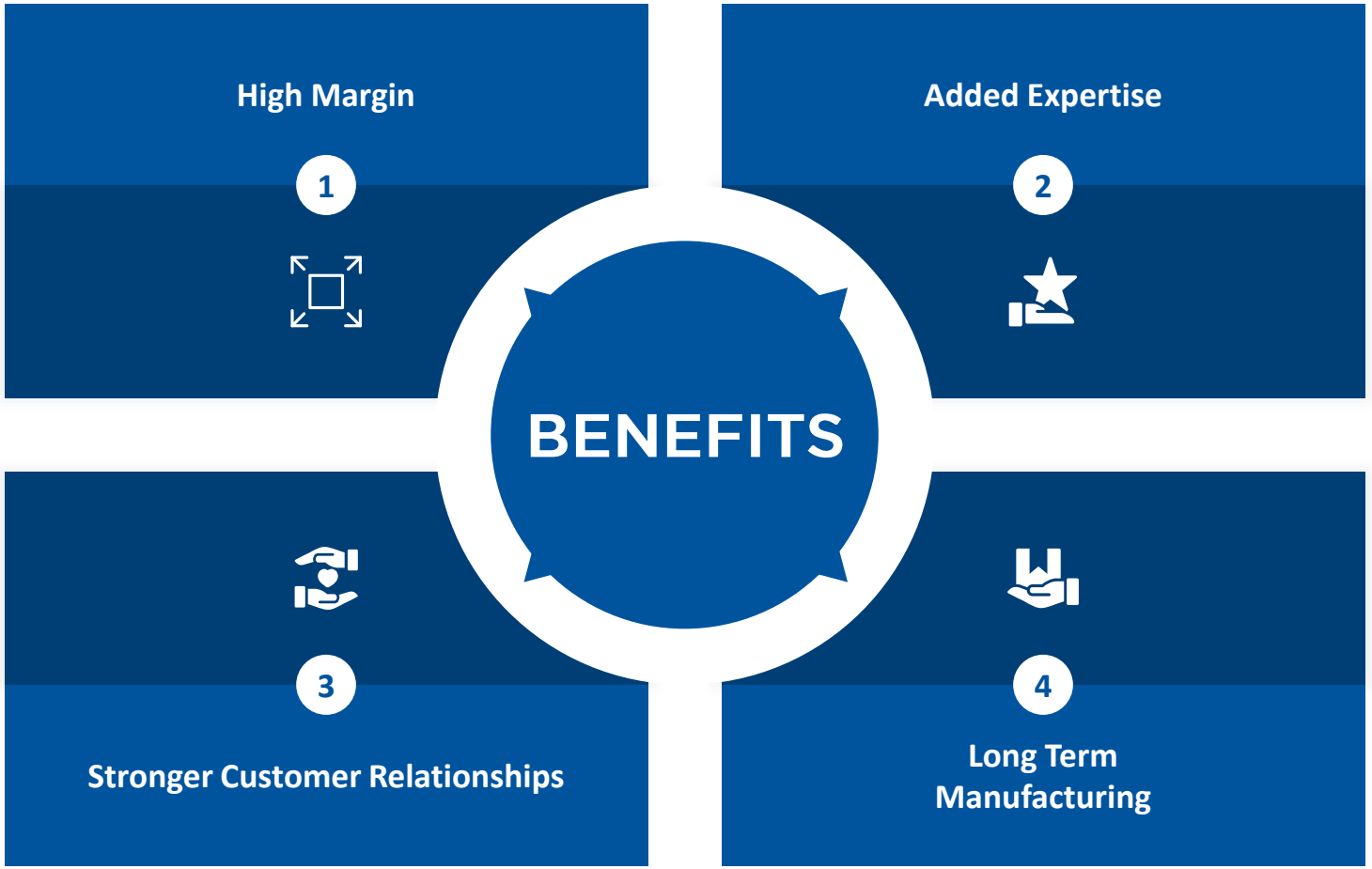
Quality Systems

Pilot Manufacturing

Commercial Production

# Product Development Business

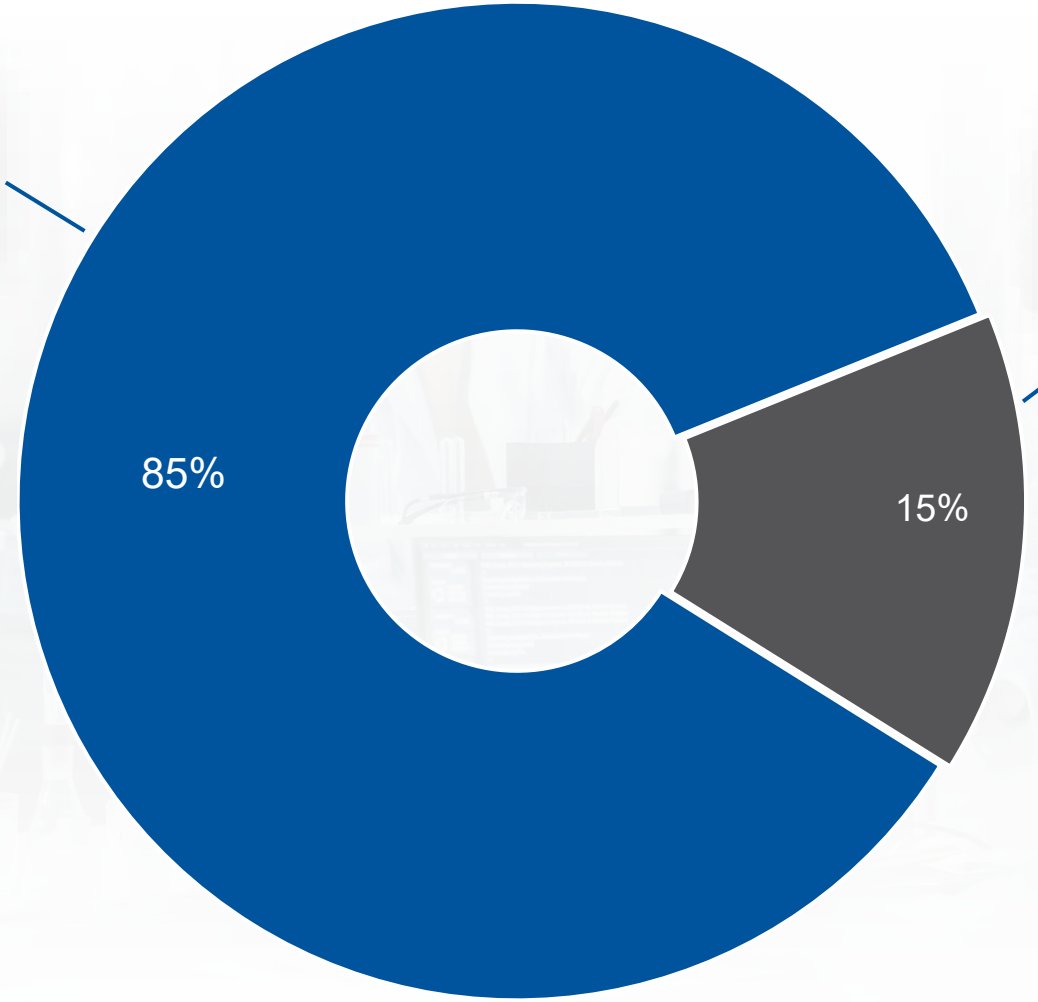
We bring deep experience in flexible material-based device manufacturing, from components and packaging, to final device assembly



# Primary Focus Areas

**UFP MedTech**

*Single use and single patient, polymer based medical devices and sterile packaging.*




**UFP Advanced Components**

*Custom engineered components and protective solutions incorporating highly specialized materials for:*

- Automotive
- Aerospace & Defense
- Industrial / Other

# MedTech

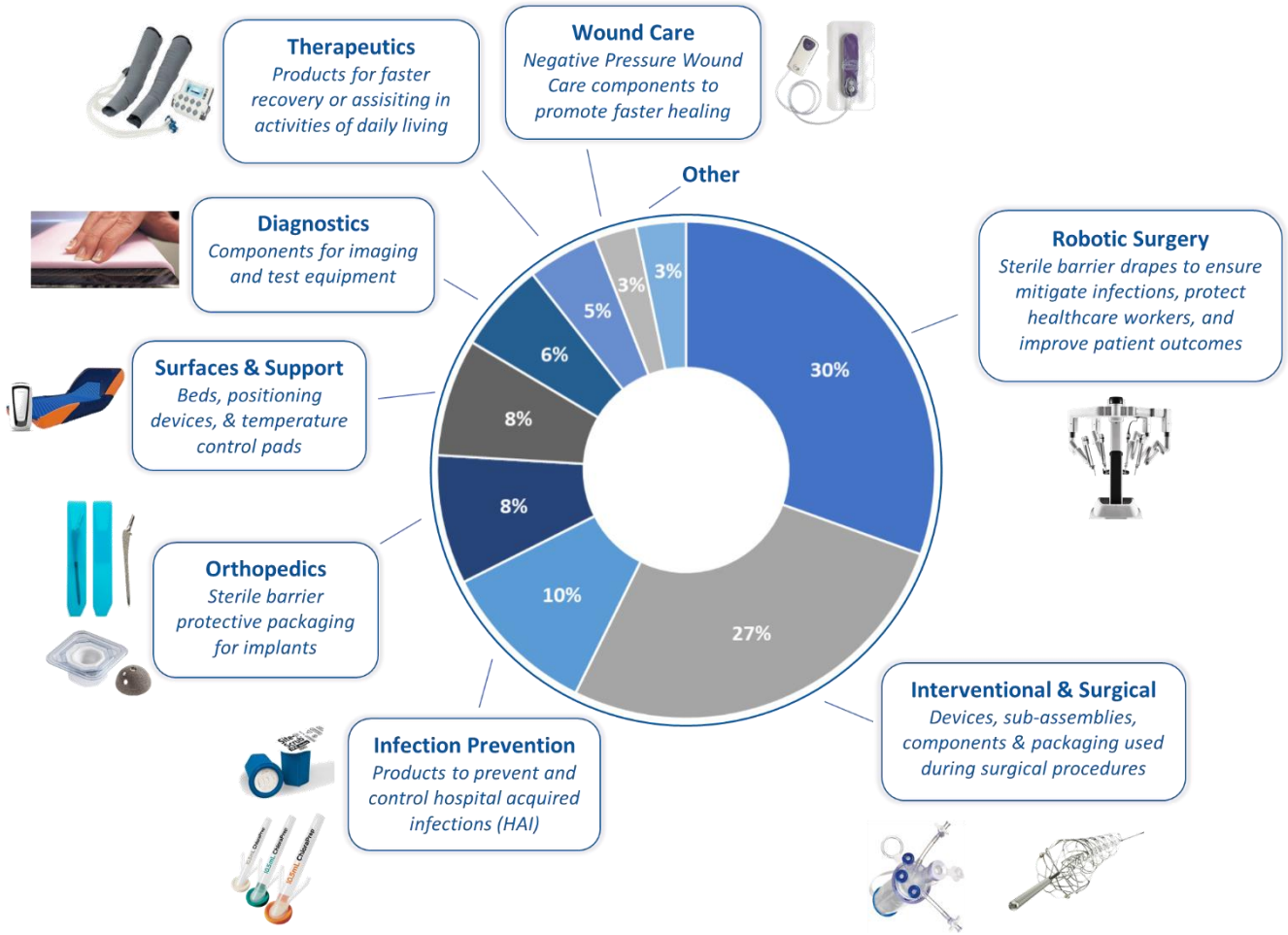
## $489 billion, 5.5% CAGR[1]
### Global Medical Device Market

- Customers include 25 of the top 30 largest medical device manufacturers in the world[2]

## Applications Expertise

- Robotic Surgery Drapes
- Orthopedic Sterile Packaging
- Catheter & Guidewire Sterile Packaging
- IV Port Cleaners
- Surgical Site Preparation
- Minimally Invasive Surgery Ports
- Negative Pressure Wound Therapy
- MedSurg Beds

## Revenue Breakdown By Segment




1. Fortune Business Insights - $489 billion as of 2021. 5.5% CAGR for a forecast period of 2022-2029.

2. Medical Design & Outsourcing

# MedTech Portfolio

Robotic Drapes

Revascularization Device

Needleless Injection Port Cleaner

MedSurg Bed

Negative Pressure Wound Therapy

Compression Device

# Advanced Components

- AEROSPACE & DEFENSE
- AUTOMOTIVE
- INDUSTRIAL

**Highly engineered components and packaging used in targeted large and growing niches**

**Our products are present on many of the world's leading brands including GM, Ford, Mercedes, Tesla, Boeing and Lockheed Martin**

## UFP Differentiation

1. Innovative design engineering
2. Precision molding
3. Material expertise
4. Complex laminated composites
5. Dedicated in house tooling & equipment manufacturing
6. AS9100 certified
7. Strategic manufacturing locations

# Advanced Components Product Portfolio

Military Gear

Protective Helmets

Law Enforcement

Protective Cases

Automotive Interior Trim

# Growth Strategy

## TWO-PRONGED

**Internal Growth:**
Market To Our Sweet Spot

**Strategic Acquisitions**

# Organic Growth Opportunity

## Market to our sweet spot and differentiated capabilities

- Leverage technology differentiation
- Engineering resources
- Exclusive access to specialty materials
- Scale (footprint, clean room manufacturing)

## Expand business with existing customers

- Offer complementary products and services
- Additional value-add services

## Focus on high growth niche segments

**(MedTech – approximately 85% of revenue and growing)**

- Single-use, single-patient
- Customer funded development

# Acquisition Growth Opportunity

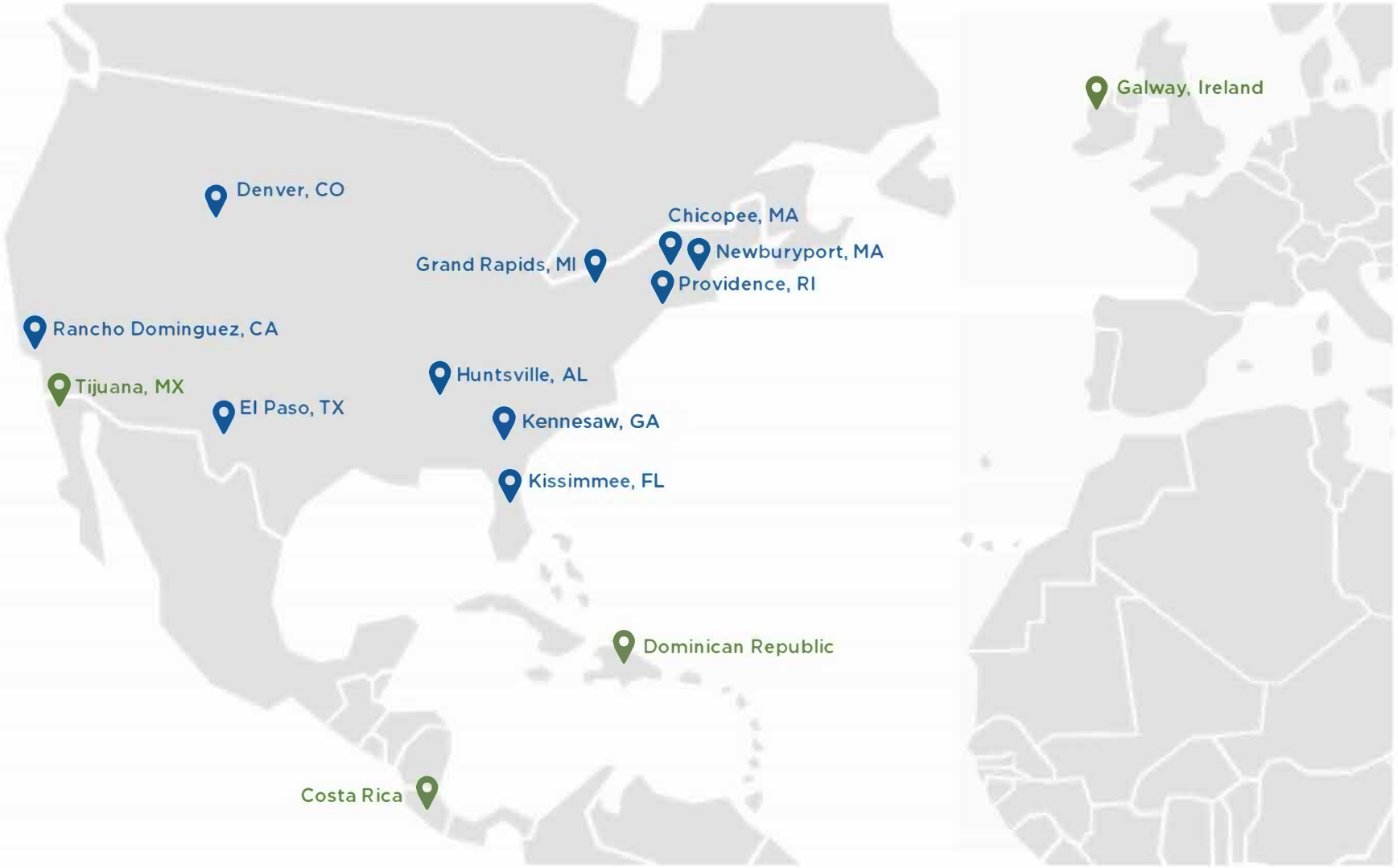
## Continue to Focus on Higher-Growth, Higher-Margin Medical Opportunities that Create Value

- Become more valuable to our customers
- Strategic focus – new capability, geography, market penetration, materials, products
- Add scale / market share
- Look for synergistic opportunities
- Cultural fit

**Goal is for acquisitions to be accretive within the first year.**

**Experienced and disciplined management team with 14 acquisitions completed**

# International Footprint




## New Locations

### Galway, Ireland

- Cleanroom manufacturing
- Catheter & guidewire dispensers
- Finished devices

### Tijuana, Mexico

- Cleanroom manufacturing
- MedSurg mattresses
- Catheter & guidewire dispensers

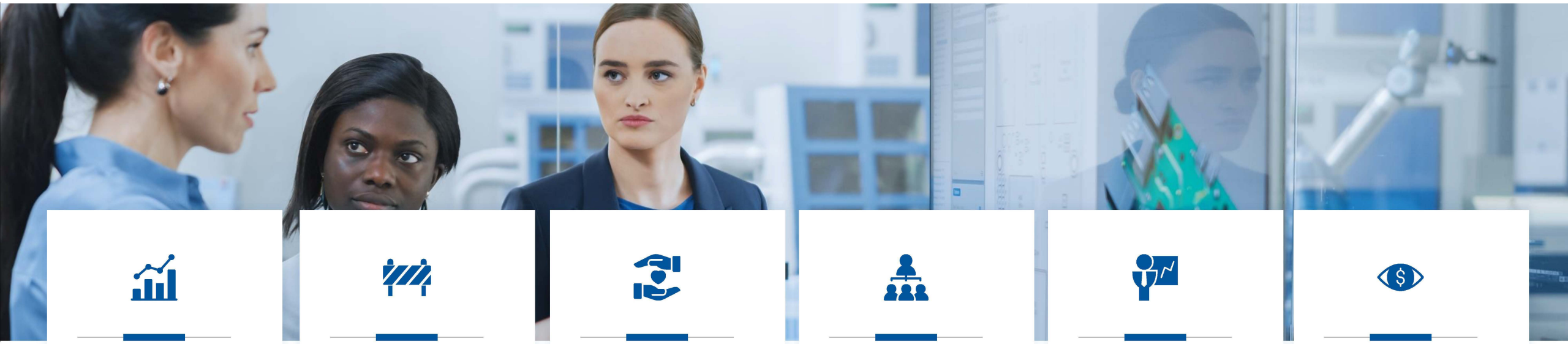
### Costa Rica

- Cleanroom manufacturing
- Catheter & guidewire dispensers
- Finished devices

### Dominican Republic

- Robotic surgery drapes
- Equipment drapes
- Fluid warming basins

# Why Invest?



Significant **market growth** opportunities

**Barriers** to entry

Strong customer **relationships**

Experienced **management team**

Proven growth **strategy**

Attractive **financial metrics**

# Significant Market Growth Opportunities

## Addressable market is growing

- Medical device development
- Medical device manufacturing
- Medical components
- Medical packaging

## Universe of specialty materials growing

# Barriers To Entry

## Engineering Resources

» Veteran engineering team for product design and development; more than 90 members of the engineering group

## Greater Access to Materials

» Offers broad array of materials to meet customer needs
» Almost 60 years in business and strong supplier relationships
» Exclusive access to several specialty medical grade materials

## Custom Equipment

» In-house custom equipment manufacturing capabilities

## Intellectual Property

» 20 patents relating to foam, packaging, tool control, radio frequency welding, automotive super-forming processes, and other products

## Systems

» Advanced systems (extensive quality certifications)
» In addition to existing equipment, engineers will design product specific innovations in order to meet customer needs

## Scale

» Global footprint – competition is generally smaller companies that have limited resources and access to materials

# Management Team

**R. Jeffrey Bailly**
*Chairman, CEO & President*

34-year history at the company

**Ronald Lataille**
*CFO, Sr. VP & Treasurer*

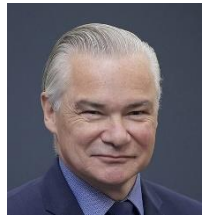
25-year history at the company

**Mitchell Rock**
*President, MedTech*

29-year history at the company.

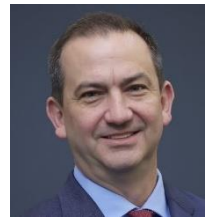
**Chris Litterio**
*SVP, Human Resources & General Counsel*

Former Managing Partner and head of employment law at a major Boston law firm; 5-years at the company



**Steve Cardin**
*VP & COO, MedTech*

27 years in the medical device industry; 3-years at the company



**Jason Holt**
*CCO, MedTech / VP & GM, Advanced Components*

Former VP & GM at ITW; 4-years at the company

Creating Shareholder Value

# Proven Growth Strategy

# Financial Targets

# Financial Targets

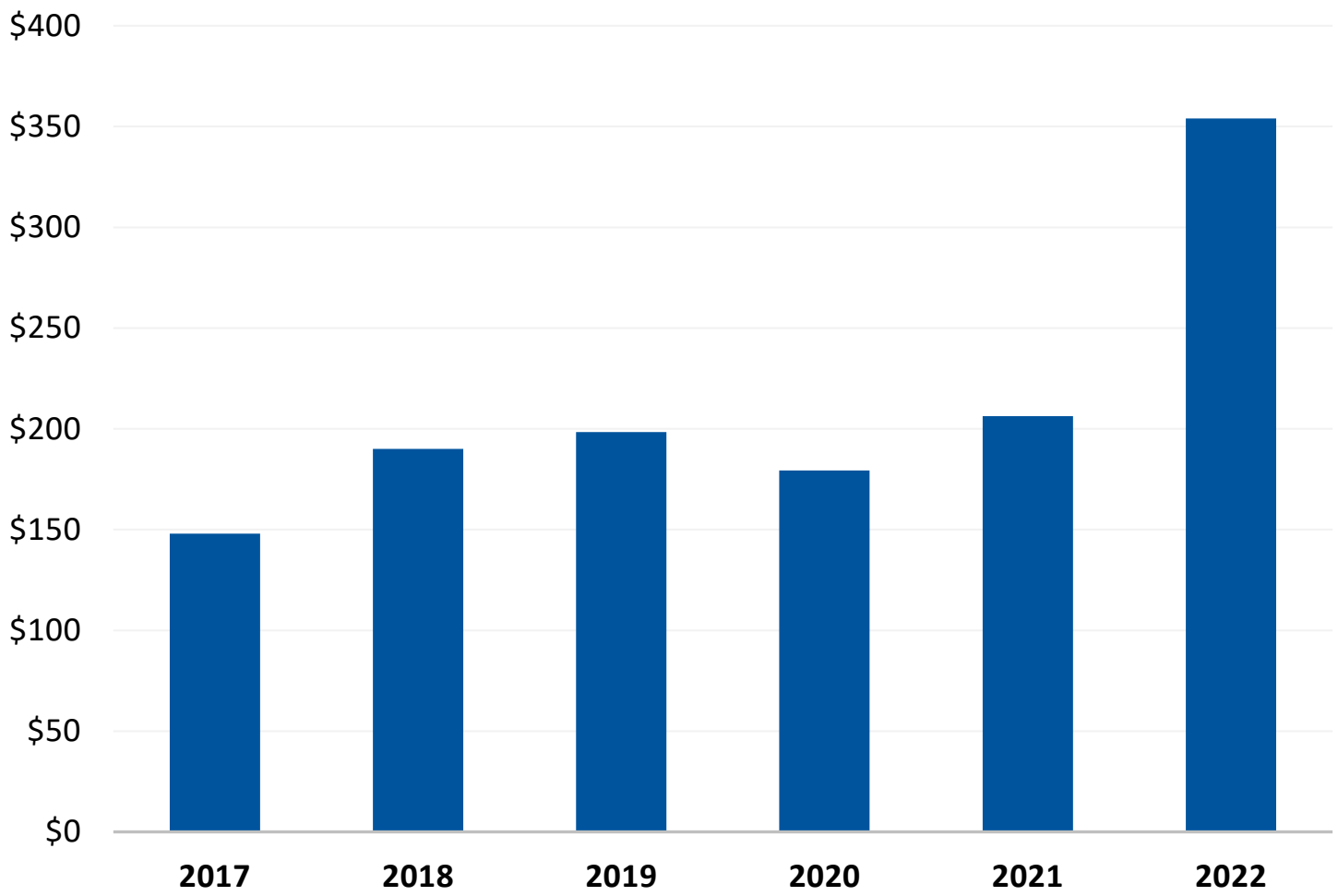
## 3 to 5 Year Financial Targets

| 10-15% | 27-30% | 12-15% |
| --- | --- | --- |
| Revenue Growth | Gross Margin | Operating Margin |

# Revenue

**10% to 15% Targeted Revenue Growth**

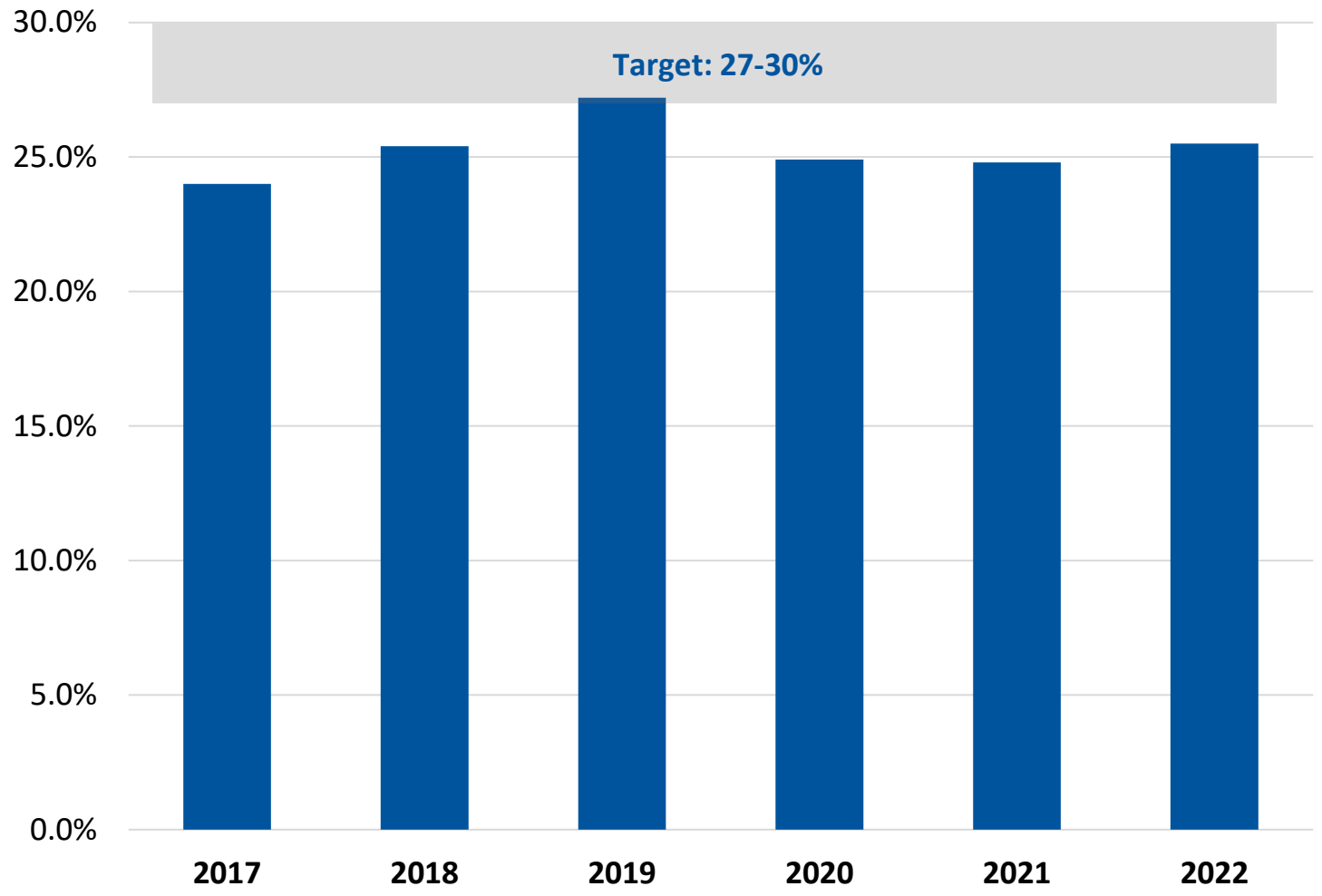
Internal Growth + Acquisitions



# Gross Profit Margin

## Gross Margin Target – 27% to 30%

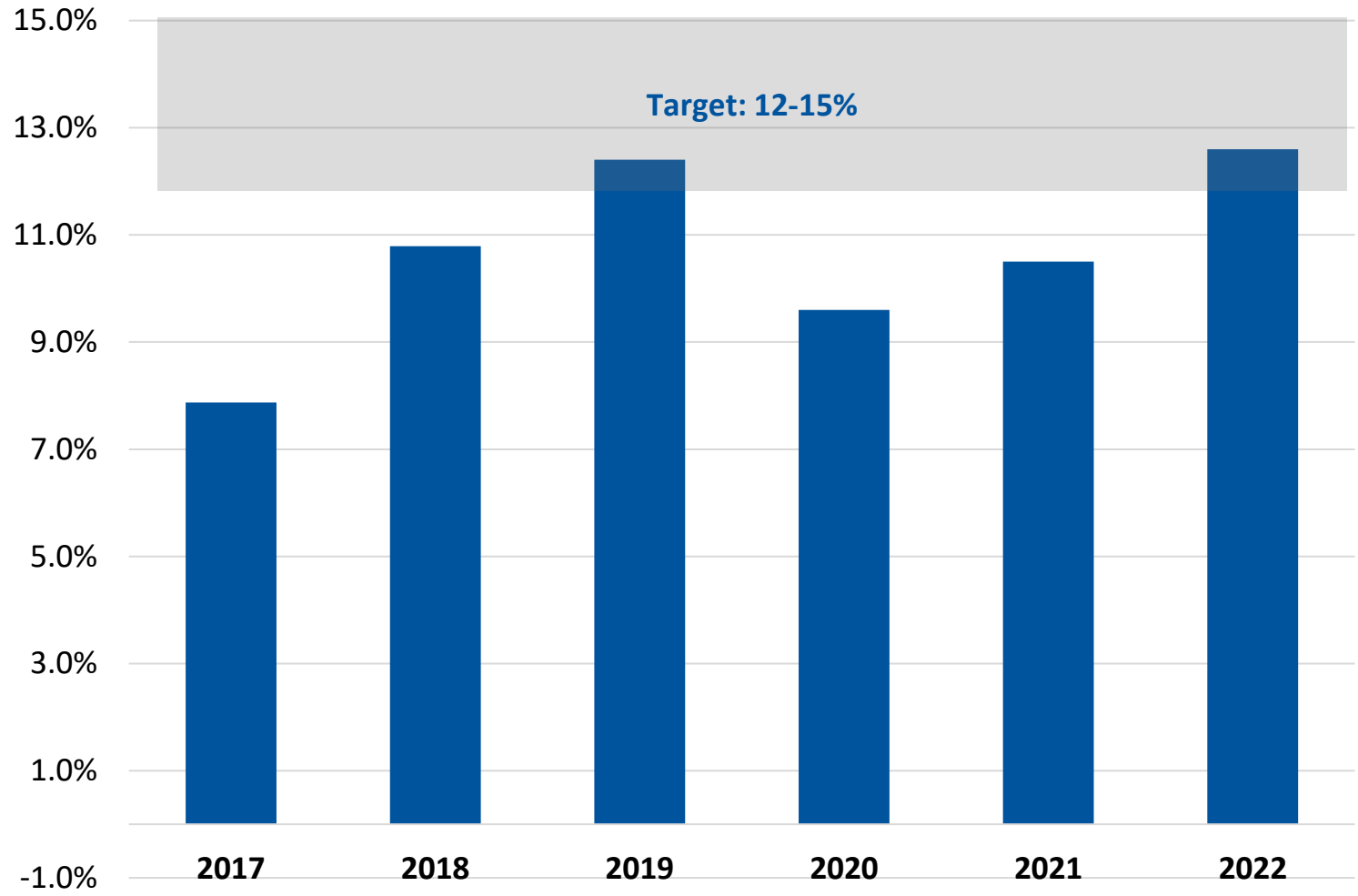
Operating Leverage from Mix Shift + Acquisition synergies + Efficiencies



# Adjusted* Operating Margin

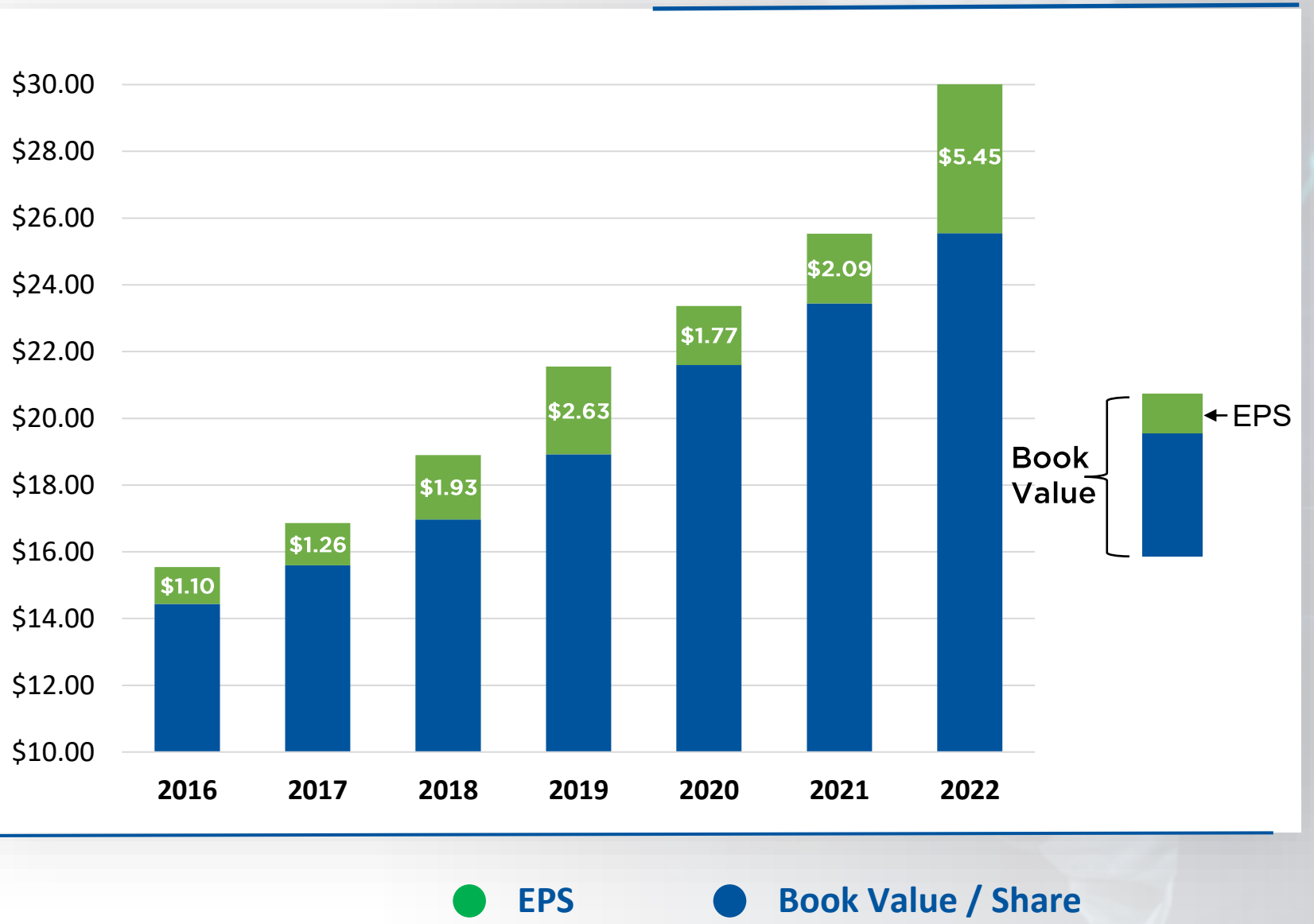
## Operating Margin Target - 12% to 15%

Operating leverage from mix shift + acquisition synergies + efficiencies

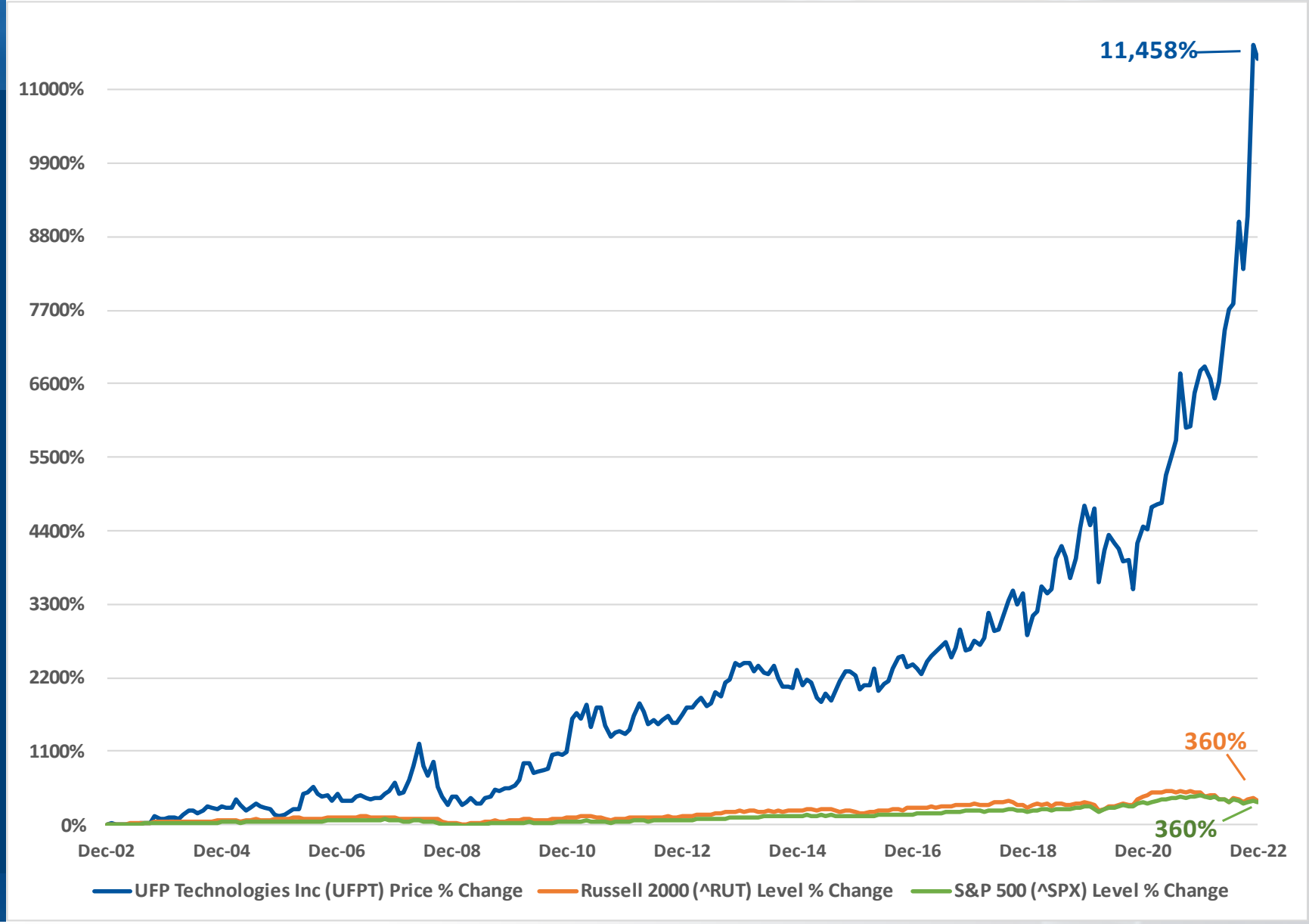



*See non-GAAP reconciliation on slide 29

# Growing Book Value



# UFP Historical Stock Performance 20 Years




*Measured as the percent increase from December 31, 2002 through December 31, 2022.

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# Appendix

## Reconciliation of Non-GAAP Results

| (in Millions) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| Revenue, As Reported | $ 147.8 | $ 190.5 | $ 198.4 | $ 179.4 | $ 206.3 | $ 354.0 |
| | | | | | | |
| Operating Income, as reported | 11.7 | 19.6 | 24.7 | 16.7 | 21.2 | 55.4 |
| Add: Acquisition/ Restructuring related Costs | 0.1 | 1.1 | - | - | 0.4 | 1.0 |
| Add earnout fair value adjustment | - | - | - | - | - | 9.8 |
| Less: Material overcharge Settlement | (0.1) | (0.1) | - | - | - | - |
| Less: Gain or Add: Loss on Sale of fixed assets | - | - | - | 0.5 | 0 | (6.1) |
| Less: Sale of MFT | | | | | | (15.6) |
| **Adjusted Operating Income** | **$ 11.7** | **$ 20.6** | **$ 24.7** | **$ 17.2** | **$ 21.6** | **$ 44.5** |
| **Adjusted Operating Margin** | **7.9%** | **10.8%** | **12.4%** | **9.6%** | **10.5%** | **12.6%** |