# Q1’25 Earnings

AUGUST 7, 2024

# Forward Looking Statements

As a reminder, we will be presenting certain forward-looking statements on this call that are based on Management's current expectations and views regarding future events and operating performance and are subject to uncertainties and changes in circumstances. Our actual results may differ materially from the forward-looking statements for a number of reasons. Our forward-looking statements are applicable only as of the date of this presentation. For a list of the factors which could affect our future results, including our earnings estimates, see forward-looking statements included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, which was filed with the U.S. Securities and Exchange Commission.

In addition, we will also be presenting certain non-GAAP financial measures. For an explanation of the differences between the comparable GAAP financial information and the non-GAAP information, please see our company's Form 8-K which includes our press release dated August 7, 2024, which is located on our website at www.enersys.com.

# Q1’25 Overview

DAVE SHAFFER

PRESIDENT AND CEO

EnerSys

# Q1’25 Performance

**$853M**
Net Sales
**(6%) Y/Y**

**$106M**
Adj Op Earnings[1]
**(1%) Y/Y**
Adj Op Earnings[1] Margin of 12.4%

**$121M**
Adj EBITDA[1]
**(1%) Y/Y**
Adj EBITDA[1] Margin of 14.2%

**$1.98**
Adj EPS[1]
**+5% Y/Y**

**($26M)**
Free Cash Flow[1]
**($85M) Y/Y**

**Adjusted Gross Profit[1] Margin of 28.0% up +120bps vs prior year**

1) Non-GAAP measure. Please refer to appendix for reconciliation.

# Q1'25 Executing on Our Strategy

**Innovate**

## Increasing Higher Value Solutions

- MP NexSys 48V heavy duty lithium batteries received first order
- MP NexSys outdoor chargers received first orders – further enabling shift to electric forklifts from ICE
- ES DPX Outdoor Fault Managed power supply UL certified - industry first for Class 4 Outside Plant solution

**Optimize**

## Expanding Margins

- Realized $7M in savings from ES restructuring actions
- Productivity improvements from TPPL manufacturing flexibility initiatives in Missouri
- Operational cost improvements achieved alongside inventory reductions

**Accelerate**

## Compounding Value Creation

- Advancing development of lithium-ion cell gigafactory[1]
    - DOE funding decision expected August 2024
    - Purchased land in Greenville, SC; invested $11M in Verkor series C; funded initial milestone prototype payment
- Closed on Bren-Tronics acquisition, immediately accretive to earnings

1) IRC 45X benefits to help fund development; exploring additional government funding with intention of staying within 2 - 3x leverage target range and generating accretive ROIC

# Bren-Tronics Acquisition Closed July 26, 2024

## EXPANDS PRESENCE IN CRITICAL DEFENSE APPLICATIONS

Bren-Tronics, Inc.

*Leading manufacturer of portable power solutions, including small and large format lithium batteries and charging solutions, for military and defense applications*

**$208M**
Transaction Value

**~$100M**
CY 2023 Sales

**Commack, NY**
HQ

**~280**
Employees

### HIGHLIGHTS

- Legacy of innovation since 1973 and strong relationship with DOD
- Highly complementary portfolio of products for military and defense
- Strong engineering and product development capabilities with extensive new product roadmap
- Will be integrated into Specialty line of business
- Purchase price represents 8.7x CY 2023 Adj. EBITDA
- All cash financing
- **Expected to add ~$60M revenue and $0.25 EPS to EnerSys FY’25 results**
- **Integration underway - ensuring minimal disruption while quickly executing corporate and back-office integration**

### DELIVERING ON OUR STATED M&A PRIORITIES

- ✓ Provides differentiated technologies
- ✓ Aligns with EnerSys’ growth priorities
- ✓ Accelerates lithium strategy
- ✓ Execute opportunistic tuck-in acquisitions
- ✓ Accretive to growth and earnings

# Experienced and Diversified Board of Directors

**Paul Tufano**
Non-Executive Chair of the Board of Directors, EnerSys
Joined: **2015**

**Caroline Chan**
VP and General Manager Network Business Incubator Division, Intel
Joined: **2020**

**Steven Fludder**
Former CEO, LS Energy Solutions LLC
Joined: **2020**

**David Habiger**
CEO and President, J.D. Power
Joined: **2024**

**Howard Hoffen**
Chairman, CEO, and Managing Director, Metalmark Capital LLC
Joined: **2004**

**Lauren Knausenberger**
EVP and CIO, Science Applications International Corporation
Joined: **2024**

**Tamara (Tammi) Morytko**
SVP & President, MTS Segment, Hillenbrand
Joined: **2022**

**Dave Shaffer**
President and CEO, EnerSys
Joined: **2016**

**Ronald Vargo**
Former EVP and CFO, ICF International
Joined: **2017**

**Rudolph (Rudy) Wynter**
President, National Grid PLC New York Business
Joined: **2022**

## SKILLS MATRIX

| | |
|---|---|
| Executive Leadership | **100%** |
| Character / Integrity | **100%** |
| International Business | **80%** |
| Accounting / Finance | **80%** |
| Scientific / Technology | **70%** |
| Industry / Manufacturing | **60%** |
| Environ | **20%** |
| Cyber | **20%** |

## BOARD ATTRIBUTES

**~59** Years - Average Age

**40%** Gender / Racial / Ethnic Diversity

**~6** Years - Average Board Tenure

**EnerSys welcomes David Habiger and Lauren Knausenberger to board of directors**

*August 2024*



Elected within last 3 years

ANDI FUNK

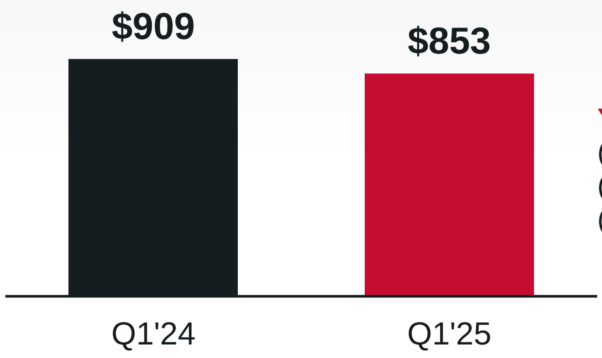
EVP AND CFO

# Q1’25 Financial Results
# Q2’25 & FY’25 Outlook

EnerSys®

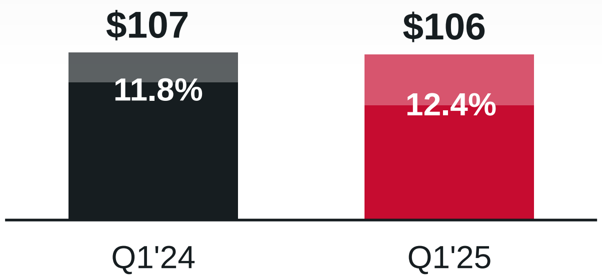
# Q1’25 Results

## NET SALES

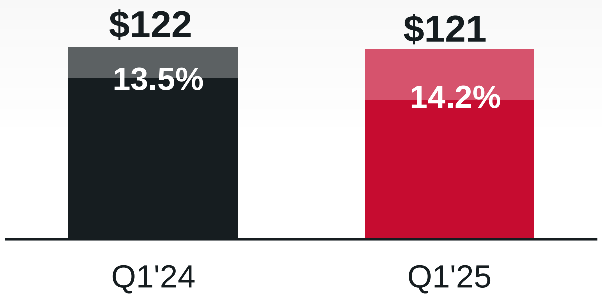



**Y/Y Change**
(3%) volume
(2%) price
(1%) FX

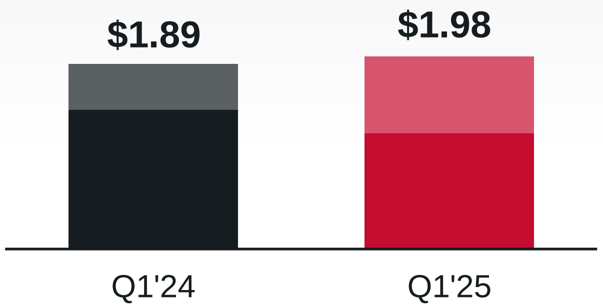
## ADJ OP EARNINGS[1] & MARGIN




## ADJ EBITDA[1] & MARGIN




## ADJ DILUTED EPS[1]




**Delivered Adj. EPS[1] in line with guidance despite soft Communication and Transportation markets**

*August 2024*



1) Non-GAAP measure. Please refer to appendix for reconciliation.

*($M, except EPS)*

Prior Year IRA
Prior Year Base
Current Year IRA
Current Year Base

# Energy Systems Segment Highlights

| | Q1’25 ($M) | Y/Y change |
|---|---|---|
| **Net Sales** | $361 | (15%) |
| **Adj Op Earnings[1]** | $19.0 | (36%) |
| **Adj OE Margin[1]** | 5.3% | (170 bps) |

- **Net Sales (15%) Y/Y**
  - (11%) volume, (3%) price / mix, (1%) FX
  - Decline primarily due to continued U.S. Communication Networks CapEx pause
  - Book-to-bill >1, first sequential increase in Energy Systems’ backlog in eight quarters

- **Adj Op Earnings[1] ($11M) from prior year**
  - From lower volume and lower margin product sales
  - Up sequentially on execution of significant cost savings

1) Non-GAAP measure. Please refer to appendix for reconciliation.

# Motive Power Segment Highlights


| | Q1'25 ($M) | Y/Y change |
|---|---|---|
| **Net Sales** | $366 | +4% |
| **Adj Op Earnings[1]** | $56.0 | +11% |
| **Adj OE Margin[1]** | 15.3% | +90 bps |

- **Net Sales +4% Y/Y**
  - +6% volume, (1%) price/mix due to elimination of prior year utility adder, (1%) FX
  - Maintenance-free products increased to 24% of segment net sales from 19% in Q1'24
- **Adj Op Earnings[1] +$6M Y/Y**
  - Increased volumes and volume adjusted cost improvements
  - Adj OE Margin[1] near record high

1) Non-GAAP measure. Please refer to appendix for reconciliation.

# Specialty Segment Highlights

| | Q1’25 ($M) | Y/Y change |
|---|---|---|
| **Net Sales** | $126 | (6%) |
| **Adj Op Earnings[1]** | $4.9 | (50%) |
| **Adj OE Margin[1]** | 3.9% | (350 bps) |

- **Net Sales (6%) Y/Y**
  - (3%) volume, (3%) price/mix, flat FX
  - Transportation demand negatively impacted by temporary softening in Class 8 truck OEM market

- **Adj Op Earnings[1] ($5M) from prior year**
  - Impacted by Class 8 OEM volume drop and under absorption in MO plants
  - Earnings to expand with incremental volume from after-market, better MO plant cost absorption, and accretive impact of Bren-Tronics

1) Non-GAAP measure. Please refer to appendix for reconciliation.

# Balance Sheet, Cash Flow and Leverage

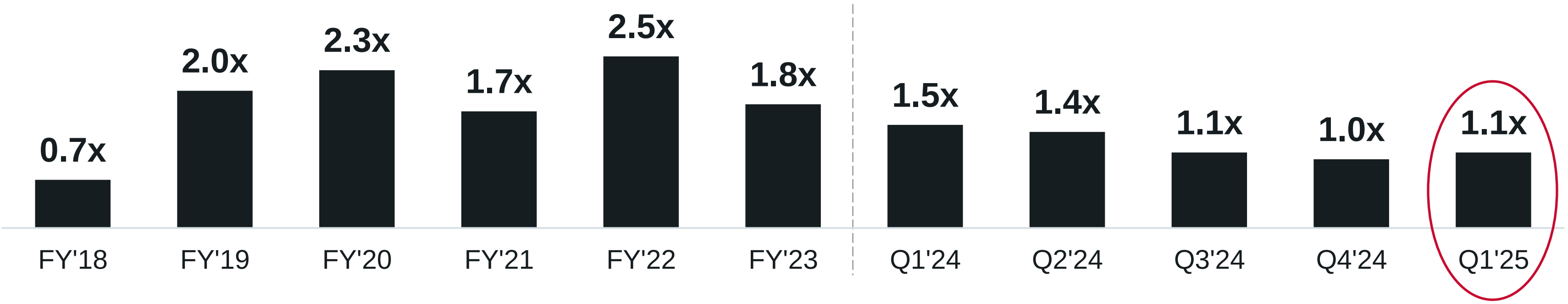
## SELECTED BALANCE SHEET METRICS[1]

| ($M) | Q4'24 | Q1'25 |
|---|---|---|
| **Cash and Cash Equivalents** | $333 | $344 |
| **Net Debt[3]** | $511 | $565 |
| **Net Leverage Ratio[3]** | 1.0x | 1.1x |
| **Primary Operating Capital[4]** | $853 | $867 |

## SELECTED CASH FLOW METRICS[2]

| ($M) | Q1'24 | Q1'25 |
|---|---|---|
| **Cash Flow from Operations** | $75 | $10 |
| **CapEx** | ($16) | ($36) |
| **Free Cash Flow[4]** | $59 | ($26) |

## NET LEVERAGE RATIO[3]




**Lower operating cash flow from typical year-end payouts; CapEx investments include ~$9M land for Li plant**

1) Balances as of periods ending March 31, 2024, and June 30, 2024
2) Periods ending July 2, 2023, and June 30, 2024
3) Net Debt includes finance lease obligations and letters of credit, net of cash and cash equivalents. Net leverage ratio = Net Debt / Adj EBITDA (per credit agreement). Please refer to appendix for reconciliations.
4) Primary Operating Capital (POC) was formerly referred to as Primary Working Capital (PWC) and is a non-GAAP measure. Free Cash Flow is a non-GAAP measure. Please refer to appendix for reconciliations.

# Disciplined Capital Allocation Strategy

| Priorities | | Q1’25 | Future Priorities |
|---|---|---|---|
| **Invest in Organic Growth (CapEx)** | | $36M | • Continue TPPL capacity investments & end-to-end solutions<br>• Optimize EOS to drive additional operational efficiencies<br>• Accelerate domestic-sourced lithium strategy |
| **Strategic M&A** | | $11M Verkor investment<br>Completed Bren-Tronics acquisition[1] - $208M | • Innovate with incremental systems solutions<br>• Execute opportunistic tuck-in acquisitions |
| **Net Leverage[2]** | | 1.1x EBITDA | • Target low end of 2x – 3x long-term net leverage range<br>• Expect to remain below low end of target range after funding Bren-Tronics |
| **Return of Capital** | *Dividends*<br>*Buybacks* | $9M<br>$12M | • Committed to competitive dividend that grows with earnings over time (excluding IRA funds)<br>• $121M outstanding repurchase authorization[3] |

**Balancing innovation and growth investments with returning capital to shareholders**

[1] Bren-Tronics acquisition completed subsequent to the end of the quarter, on July 26, 2024
[2] Non-GAAP financial measure. Please refer to appendix for reconciliation; Net leverage = Net Debt / Adj EBITDA (per credit agreement)
[3] As of 06/30/2024; includes $99 million remaining on stock repurchase authorization from our 2022 authorization and estimated anti-dilution repurchases.

# Dividend Update

- August 07, 2024, our Board of Directors declared a 7% increase in the Company's quarterly dividend
- Quarterly cash dividend increased to $0.24 from $0.225 per share of common stock payable on September 30, 2024, to holders of record as of September 16, 2024
- As part of our disciplined capital allocation strategy, we are committed to a competitive dividend that grows with earnings (excluding IRA funds) over time

# Looking Ahead: Q2'25 and FY'25 Guidance

| | Q2'25 | FY'25 |
|---|---|---|
| **Net Sales** | $880M – $920M | $3,735M – $3,885M |
| **Adj. EPS[1]** | $2.05 – $2.15 | $8.80 – $9.20 |
| **CapEx** | | $100M – $120M |
| **Tax Rate** *(pre-IRA)* | | 20% – 21% |
| **IRA Benefit** | | $120M – $160M |

## ASSUMPTIONS

**Q2'25**

- Incremental revenue and EPS from Bren-Tronics
- Modest QoQ improvement in ES N.A. Communications spend
- Modest Transportation aftermarket volume growth in Specialty
- Continued benefits from operational efficiencies

**FY'25**

- ES Communications steady improvements but not at normalized levels
- MP healthy demand and continued maintenance free conversions
- SP incremental benefit from Bren-Tronics, healthy A&D demand, premium auto and Class 8 OEM rebound 2H'25
- Margin expansion from ES FY'24 profit actions
- Fast Charge & Storage first revenue
- OpEx discipline with incremental FC&S spend

**Increasing FY'25 guidance mid-point $60M for net sales and $0.25 for Adj EPS[1] on Bren-Tronics acquisition**

[1] EnerSys does not provide a quantitative reconciliation for forward-looking statements. Please see our latest Form 8-K which includes our press release dated August 7, 2024, for more details.

# Q&A

August 2024

# Appendix

August 2024

# Non-GAAP Reconciliations

August 2024

# Non-GAAP Reconciliation

## Q1 FY'25 ADJUSTED OPERATING EARNINGS

| ($ in millions) | Quarter ended June 30, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy Systems | | Motive Power | | Specialty | | Corporate and other | | Total | |
| **Net Sales** | $ | 361.0 | $ | 366.2 | $ | 125.7 | $ | — | $ | 852.9 |
| | | | | | | | | | | |
| **Operating Earnings** | $ | 9.0 | $ | 54.4 | $ | 2.1 | $ | 25.8 | $ | 91.3 |
| Inventory step up to fair value relating to recent acquisitions | | — | | — | | — | | — | $ | 0.0 |
| Inventory adjustment relating to exit activities | | — | | — | | — | | — | $ | 0.0 |
| Restructuring and other exit charges | | 3.8 | | 1.4 | | 0.7 | | — | | 5.9 |
| Impairment of indefinite-lived intangibles | | — | | — | | — | | — | | — |
| Loss on assets held for sale | | — | | — | | — | | — | | — |
| Amortization of intangible assets | | 6.0 | | 0.2 | | 0.7 | | — | | 6.9 |
| Legal proceedings charge, net | | — | | — | | — | | — | | — |
| | | — | | — | | — | | — | | — |
| Acquisition activity expense | | — | | — | | 1.4 | | — | | 1.4 |
| Other | | 0.2 | | — | | — | | — | | 0.2 |
| **Adjusted Operating Earnings** | $ | 19.0 | $ | 56.0 | $ | 4.9 | $ | 25.8 | $ | 105.7 |

| ($ in millions) | Quarter ended July 2, 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy Systems | | Motive Power | | Specialty | | Corporate and other | | Total | |
| **Net Sales** | $ | 424.6 | $ | 350.8 | $ | 133.2 | $ | — | $ | 908.6 |
| | | | | | | | | | | |
| **Operating Earnings** | $ | 22.2 | $ | 48.2 | $ | 1.6 | $ | 17.4 | $ | 89.4 |
| Inventory adjustment relating to exit activities | | — | | — | | 3.1 | | — | | 3.1 |
| Restructuring and other exit charges | | 0.5 | | 1.5 | | 4.3 | | — | | 6.3 |
| Amortization of intangible assets | | 6.2 | | 0.1 | | 0.7 | | — | | 7.0 |
| Acquisition activity expense | | — | | 0.1 | | — | | — | | 0.1 |
| Other | | 0.8 | | 0.4 | | 0.1 | | — | | 1.3 |
| **Adjusted Operating Earnings** | $ | 29.7 | $ | 50.3 | $ | 9.8 | $ | 17.4 | $ | 107.2 |

| **Increase (Decrease) as a % from prior year quarter** | Energy Systems | Motive Power | Specialty | Corporate and other | Total |
|---|---|---|---|---|---|
| Net Sales | (15.0)% | 4.4 % | (5.7)% | NM | (6.1)% |
| Operating Earnings | (59.2) | 12.8 | 28.6 | 48.4 | 2.1 |
| Adjusted Operating Earnings | (35.9) | 11.1 | (50.1) | 48.4 | (1.4) |

NM = Not Meaningful

# Non-GAAP Reconciliation

## ADJUSTED EBITDA

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | June 30, 2024 | | July 2, 2023 | |
| Net Earnings | | 70.1 | $ | 66.8 |
| Depreciation | | 16.7 | | 15.6 |
| Amortization | | 6.9 | | 7.1 |
| Interest | | 11.0 | | 15.2 |
| Income Taxes | | 9.2 | | 6.7 |
| EBITDA | | 113.9 | | 111.4 |
| Non-GAAP adjustments | | 7.5 | | 10.8 |
| Adjusted EBITDA | $ | 121.4 | $ | 122.2 |

The following table provides the non-GAAP adjustments shown in the reconciliation above:

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | June 30, 2024 | | July 2, 2023 | |
| Inventory adjustment relating to exit activities | $ | — | $ | 3.1 |
| Restructuring and other exit charges | | 5.9 | | 6.3 |
| Acquisition expense | | 1.4 | | 0.1 |
| Other | | 0.2 | | 1.3 |
| Non-GAAP adjustments | $ | 7.5 | $ | 10.8 |

# Non-GAAP Reconciliation

## Q1 FY'25 ADJUSTED DILUTED EPS

| *(in millions, except share and per share amounts)* | Quarter ended | | | | | |
|---|---|---|---|---|---|---|
| | June 30, 2024 | | | July 2, 2023 | | |
| **Net earnings reconciliation** | | | | | | |
| As reported Net Earnings | $ | 70.1 | | $ | 66.8 | |
| Non-GAAP adjustments: | | | | | | |
| Inventory adjustment relating to exit activities | | — | | | 3.1 | (1) |
| Restructuring and other exit charges | | 5.9 | (1) | | 6.3 | (1) |
| Amortization of identified intangible assets | | 6.9 | (3) | | 7.0 | (3) |
| Acquisition expense | | 1.4 | (4) | | 0.1 | (4) |
| Other | | 0.2 | (4) | | 1.3 | (4) |
| Income tax effect of above non-GAAP adjustments | | (3.5) | | | (6.0) | |
| **Non-GAAP adjusted Net earnings** | $ | 81.0 | | $ | 78.6 | |
| **Outstanding shares used in per share calculations** | | | | | | |
| Basic | | 40,204,013 | | | 40,937,334 | |
| Diluted | | 40,986,116 | | | 41,698,324 | |
| **Non-GAAP adjusted Net earnings per share:** | | | | | | |
| Basic | $ | 2.01 | | $ | 1.92 | |
| Diluted | $ | 1.98 | | $ | 1.89 | |
| **Reported Net earnings (Loss) per share:** | | | | | | |
| Basic | $ | 1.74 | | $ | 1.63 | |
| Diluted | $ | 1.71 | | $ | 1.60 | |
| **Dividends per common share** | $ | 0.225 | | $ | 0.175 | |

The following table provides the line of business allocation of the non-GAAP adjustments of items relating operating earnings (that are allocated to lines of business) shown in the reconciliation at left:

| *($ millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | June 30, 2024 | | July 2, 2023 | |
| | Pre-tax | | Pre-tax | |
| (1) Inventory adjustment relating to exit activities - Specialty | | — | | 3.1 |
| (1) Restructuring and other exit charges - Energy Systems | | 3.8 | | 0.5 |
| (1) Restructuring and other exit charges - Motive Power | | 1.4 | | 1.5 |
| (1) Restructuring and other exit charges - Specialty | | 0.7 | | 4.3 |
| (3) Amortization of identified intangible assets - Energy Systems | | 6.0 | | 6.2 |
| (3) Amortization of identified intangible assets - Motive Power | | 0.2 | | 0.1 |
| (3) Amortization of identified intangible assets - Specialty | | 0.7 | | 0.7 |
| (4) Acquisition expense - Motive Power | | — | | 0.1 |
| (4) Acquisition expense - Specialty | | 1.4 | | — |
| (4) Other - Energy Systems | | 0.2 | | 0.8 |
| (4) Other - Motive Power | | — | | 0.4 |
| (4) Other - Specialty | | — | | 0.1 |
| Total Non-GAAP adjustments | $ | 14.4 | $ | 17.8 |

# Non-GAAP Reconciliation

## LEVERAGE RATIO BY YEAR

| | Fiscal year ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| *($ in millions, except ratios)* | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net earnings as reported | $175.8 | $143.9 | $143.3 | $137.1 | $160.5 | $119.8 |
| Add back: | | | | | | |
| Depreciation and amortization | 91.2 | 95.9 | 94.1 | 87.3 | 63.3 | 54.3 |
| Interest expense | 59.5 | 37.8 | 38.5 | 43.7 | 30.9 | 25.0 |
| Income tax expense | 34.8 | 30.0 | 26.8 | 9.9 | 21.6 | 118.5 |
| EBITDA (non GAAP) | $361.3 | $307.5 | $302.7 | $278.0 | $276.3 | $317.6 |
| Adjustments per credit agreement definitions(1) | 51.7 | 51.5 | 56.3 | 123.6 | 139.0 | 23.2 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $413.0 | $359.1 | $359.0 | $401.6 | $415.3 | $340.8 |
| Total net debt(2) | $736.0 | $905.9 | $615.0 | $905.6 | $835.8 | $234.7 |
| Leverage ratios: | | | | | | |
| Total net debt/credit adjusted EBITDA ratio | 1.8x | 2.5x | 1.7x | 2.3x | 2.0x | 0.7x |

(1) The $51.7 million adjustment to EBITDA in fiscal 2023 primarily related to $26.4 million of non-cash stock compensation, $22.4 million of restructuring and other exit charges, impairment of indefinite-lived intangibles of $0.5 million, and $1.4 million for swap termination fees. The $51.5 million adjustment to EBITDA in fiscal 2022 primarily related to $24.3 million of non-cash stock compensation, $26.0 million of restructuring and other exit charges, indefinite-lived intangibles of $1.2 million. The $56.3 million adjustment to EBITDA in fiscal 2021 primarily related to $19.8 million of non-cash stock compensation, $33.2 million of restructuring and other exit charges, business integration costs of $7.3 million, partially offset by $3.9 million of gain ($4.4 million gain less insurance deductibles) relating to the final settlement of the Richmond, KY fire claim. The $123.6 million adjustment to EBITDA in fiscal 2020 primarily related to impairment of goodwill and other intangible assets of $44.2 million, $20.8 million of non-cash stock compensation, inclusion of $18.5 million of six months of pro forma earnings of NorthStar, $20.8 million of restructuring and other exit charges and $1.9 million of inventory adjustments (fair value step up relating to the NorthStar transaction), $14.3 million for insurance reimbursement for business interruption due to the Richmond, KY fire and other charges of $3.1 million. The $139.0 million adjustment to EBITDA in fiscal 2019 primarily related to the inclusion of $69.3 million of nine months of pro forma earnings of Alpha, $13.6 million for fees and expenses related to the Alpha transaction, $22.6 million of non-cash stock compensation, $23.2 million of non-cash restructuring and other exit charges and $10.3 million of inventory adjustments (including a fair value step up relating to the Alpha transaction of $7.2 million). The $23.2 million adjustment to EBITDA in fiscal 2018 primarily related to $19.5 million of non-cash stock compensation and $3.7 million of non-cash restructuring and other exit charges.

(2) Debt includes finance lease obligations and letters of credit and is net of all U.S. cash and cash equivalents and foreign cash and investments, as defined in the Fourth Amended Credit Facility. In fiscal 2023, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $347.0 million, in fiscal 2022, were $402.5 million, in fiscal 2021, were $399 million, in fiscal 2020, were $262 million, in fiscal 2019, were $200 million, and in fiscal 2018, were $372 million.

# Non-GAAP Reconciliation

## LEVERAGE RATIO BY QUARTER

| *($ in millions, except ratios)* | Last twelve months ended June 30, 2024 | March 31, 2024 | December 31, 2023 | October 1, 2023 | July 2, 2023 |
|---|---|---|---|---|---|
| Net earnings as reported | $272.4 | $269.1 | $274.1 | $242.4 | $211.6 |
| Add back: | | | | | |
| Depreciation and amortization | 92.9 | 92.0 | 90.5 | 90.0 | 90.2 |
| Interest expense | 45.2 | 49.9 | 54.1 | 59.9 | 63.3 |
| Income tax expense | 26.1 | 23.1 | 27.3 | 38.2 | 35.7 |
| EBITDA (non GAAP) | $436.6 | $434.1 | $446.0 | $430.5 | $400.8 |
| Adjustments per credit agreement definitions(1) | 81.5 | 85.8 | 78.6 | 48.9 | 50.1 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $518.1 | $519.9 | $524.6 | $479.4 | $450.9 |
| Total net debt(2) | $564.8 | $511.1 | $586.9 | $662.0 | $690.1 |
| Leverage ratios: | | | | | |
| Total net debt/credit adjusted EBITDA ratio | 1.1x | 1.0x | 1.1x | 1.4x | 1.5x |

(1) The $81.5 million adjustment to EBITDA in the last twelve months ending June 30, 2024 primarily related to $29.7 million of non-cash stock compensation, $40.4 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $10.5 million. The $85.8 million adjustment to EBITDA in the last twelve months ending March 31, 2024 primarily related to $30.6 million of non-cash stock compensation, $40.7 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $13.6 million. The $78.6 million adjustment to EBITDA in the last twelve months ending December 31, 2023 primarily related to $30.5 million of non-cash stock compensation, $37.9 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $9.6 million. The $48.9 million adjustment to EBITDA in the last twelve months ending October 1, 2023 primarily related to $27.6 million of non-cash stock compensation, $17.6 million of restructuring and other exit charges, impairment of indefinite lived intangibles and other current assets of $3.6 million. The $50.1 million adjustment to EBITDA in the last twelve months ending July 2, 2023 primarily related to $29 million of non-cash stock compensation, $15.2 million of restructuring and other exit charges, impairment of indefinite lived intangibles and other current assets of $4.5 million, and $1.4 million for swap termination fees.

(2) Debt includes finance lease obligations and letters of credit and is net of all U.S. cash and cash equivalents and foreign cash and investments, as defined in the Fourth Amended Credit Facility. In the last twelve months ending June 30, 2024 and July 2, 2023, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $344.1 million. In Q4 Fiscal 2024, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $333.3 million. In Q3 Fiscal 2024, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $332.7 million. In Q2 fiscal 2024, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $327.8 million. In Q1 fiscal 2024, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $258.3 million. In Q4 fiscal 2023, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $347.0 million. In Q3 fiscal 2023, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $298.1 million. In Q2 fiscal 2023, the amounts deducted in the calculations of net debt were all cash and cash equivalents of $294.4 million. In Q1 fiscal 2023, the amounts deducted in the calculations of net debt were all cash and cash equivalents of $298.1 million.

# Non-GAAP Reconciliation

## FREE CASH FLOW

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | | June 30, 2024 | | July 2, 2023 |
| Net cash provided by (used in) operating activities | $ | 10.4 | $ | 74.9 |
| Less Capital Expenditures | | (36.1) | | (16.1) |
| Free Cash Flow | | (25.7) | | 58.8 |

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | | June 30, 2024 | | July 2, 2023 |
| Net cash provided by (used in) operating activities | $ | 10.4 | $ | 74.9 |
| Net earnings | | 70.1 | | 66.8 |
| Operating cash flow conversion % | | 14.8 % | | 112.1 % |
| | | | | |
| Free cash flow | | (25.7) | | 58.8 |
| Adjusted net earnings | | 81.0 | | 78.6 |
| Adjusted free cash flow conversion % | | (31.7)% | | 74.8 % |

# Non-GAAP Reconciliation

## ADJUSTED GROSS PROFIT AND GROSS MARGIN

| *($ in millions)* | Quarter ended | |
|---|---|---|
| | June 30, 2024 | July 2, 2023 |
| Gross Profit as reported | $ 238.4 | $ 240.3 |
| Inventory adjustment relating to exit activities | 0.0 | 3.1 |
| Adjusted Gross Profit | 238.4 | 243.4 |
| | | |
| Gross Margin | 28.0 % | 26.4 % |
| Adjusted Gross Margin | 28.0 % | 26.8 % |

# Key Performance Indicator

## PRIMARY OPERATING CAPITAL

As part of managing the performance of our business, we monitor the level of primary operating capital, and its ratio to net sales. We define primary operating capital as accounts receivable, plus inventories, minus accounts payable. The resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary operating capital percentage. We believe these three elements included in primary operating capital are most operationally driven, and this performance measure provides us with information about the asset intensity and operating efficiency of the business on a company-wide basis that management can monitor and analyze trends over time. Primary operating capital was $866.9 million (yielding a primary operating capital percentage of 25.4%) at June 30, 2024, $852.9 million (yielding a primary operating capital percentage of 23.4%) at March 31, 2024 and $1,032.6 million at July 2, 2023 (yielding a primary operating capital percentage of 28.4%). The primary operating capital percentage of 25.4% at June 30, 2024 increased by 200 basis points compared to March 31, 2024 and decreased 300 basis points compared to July 2, 2023. The increase in primary operating capital percentage at June 30, 2024 compared to March 31, 2024 was primarily due to consistent inventory and accounts payable levels maintained this quarter in anticipation for future sales. Accounts receivable amounts were decreased comparatively mainly due to improved collection compared to the fourth fiscal quarter of the prior fiscal year. The decrease in primary operating capital percentage at June 30, 2024 compared to July 2, 2023 was primarily from a reduction in accounts receivable due to higher collections and inventory due to improved inventory management actions and easing of supply chain constraints compared to the first quarter of fiscal 2024.

| *($ in Millions)* | June 30, 2024 | March 31, 2024 | July 2, 2023 |
|---|---|---|---|
| Accounts receivable, net | $507.9 | $524.7 | $566.5 |
| Inventory, net | 713.7 | 697.7 | 809.4 |
| Accounts payable | (354.7) | (369.5) | (343.3) |
| Total primary operating capital | 866.9 | 852.9 | 1,032.6 |
| Trailing 3 months net sales | 852.9 | 910.7 | 908.6 |
| Trailing 3 months net sales annualized | 3,411.6 | 3,642.8 | 3,634.4 |
| Primary operating capital as a % of annualized net sales | 25.4 % | 23.4 % | 28.4 % |

# Thank you.

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