# Q2'25 Earnings

NOVEMBER 6, 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 November 6, 2024, which is located on our website at www.enersys.com.


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# Q2’25 Overview


DAVE SHAFFER

CHIEF EXECUTIVE OFFICER

# Planned Executive Succession

## COMMITTED TO SMOOTH TRANSITION

- Dave Shaffer, EnerSys CEO, to retire May 2025
- Shawn O'Connell named successor
  - Promoted[1] to President and Chief Operating Officer
  - Will continue to serve as President, Energy Systems Global until successor named; comprehensive search underway
- About Shawn:
  - Held key executive positions in each of core businesses and international operating regions
  - Extensive track record of leading global teams, driving transformational initiatives and delivering results
  - 21 years experience with EnerSys[2]
  - Veteran of U.S. Army's 82nd Airborne Division
- Transition reflects company's long-term strategic vision
- Committed to maintaining operational stability while driving future growth


1) As of 11/06/24
2) Includes near decade prior to joining EnerSys as founder of U.S. Energy Systems, a contracted reseller for EnerSys


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# Q2'25 Performance

| $884M | $115M | $129M | $2.12 | $3M |
|---|---|---|---|---|
| Net Sales | Adj Op Earnings[1] | Adj EBITDA[1] | Adj EPS[1] | Free Cash Flow[1] |
| **(2%) Y/Y** | **+11% Y/Y** | **+11% Y/Y** | **+15% Y/Y** | **($88M) Y/Y** |
| | Adj Op Earnings[1] Margin of 13.0% | Adj EBITDA[1] Margin of 14.6% | | |

**Adjusted Gross Profit[1] Margin of 28.7% up +210bps vs prior year**

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


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# Q2'25 Executing on Our Strategy

Innovate

## Increasing Higher Value Solutions

- Delivered our first Fast Charge & Storage system
- EnVision Connect solution for wireless system monitoring and optimization of network batteries
- ABSL™ lithium-ion battery for space powering NASA's Europa Clipper spacecraft


*Fast Charge & Storage*

Optimize

## Expanding Margins

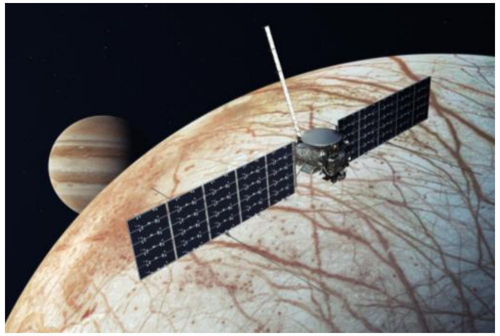
- Productivity improvements from TPPL manufacturing flexibility initiatives in Missouri on track for completion this fiscal year


*EnVision Connect*

Accelerate

## Compounding Value Creation

- Bren-Tronics acquisition, integration and performance exceeding expectations
- Selected for $199M DOE award negotiation to partially fund our lithium-ion gigafactory



*Europa Clipper*

Note: Europa Clipper image sourced from NASA



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# Gigafactory Overview

*Image: Artist Rendition*

## Project Overview

- 500,000 square foot, 5GWh capacity, lithium-ion cell production facility to be built[1] in Greenville, SC
- 100% capacity dedicated to EnerSys products across all lines of business, including specialized line for DOD[2] applications

## Strategic and Financial Benefits

- ✓ Supports mix shift to higher performance lithium solutions
- ✓ Provides reliable, domestic supply of lithium-ion cells for EnerSys lithium batteries
- ✓ Meets stringent DOD requirements and strengthens customer relationship
- ✓ De-risks long-term revenue and earnings growth
- ✓ Insourcing lowers cost
- ✓ Strong financial return profile

## Financial Highlights

### Capital Investment

- $665M capital investment to construct and commission the plant over the next four years
- Includes $50M specialized production line for U.S. DOD applications
- Bulk of investment expected in FY’26-27

### Project Funding

- $199M DOE[3] award negotiation announced[4]
- $200M local and state incentive package received
- $120M-$160M annual IRC 45X tax credits[5] - portion will help support plant development costs

### Returns

- IRR > 20%; payback < 3 years post plant completion[1]

1) Construction intended to begin in CY25, commercial production operations expected to begin in CY28
2) U.S. Department of Defense
3) U.S. Department of Energy
4) Award selection is subject to final contract and funding negotiations between the DOE and EnerSys, which could take approximately 120 days to conclude
5) Program duration CY2023 – CY2032. Sunset period in final three years: 75% CY2030, 50% CY2031, 25% CY2032



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# Climate Action Plan Published

ROADMAP TO CARBON NEUTRALITY

SCOPE 1
NEUTRALITY BY 2040

## Facilities

- Increase efficiency of equipment
- Eliminate Fossil fuels through change in process and leveraging technology

## Fleet

- Enhance fuel efficiency and driving practices
- Embrace adaptive strategies and regulatory compliance

SCOPE 2
NEUTRALITY BY 2050

## Grid Stability and Resilience

Batteries are our core product and key enabler of renewable energy integration into the grid

- On-Site Renewable Generation
- Local Utilities & Power Grid
- Renewable Energy Integration
- Demand & Supply Optimization

TRANSITION BY 2040 — FOSSIL FUELS → CLEAN ENERGY — CARBON-NEUTRAL ELECTRICITY BY 2050

**$20M** Investment in Sustainability Initiatives 2023-2028

## Our Enablement Program

- Revolving Green Fund
- Internal Carbon Pricing System
- Supplier Innovation Council

November 2024

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ANDI FUNK

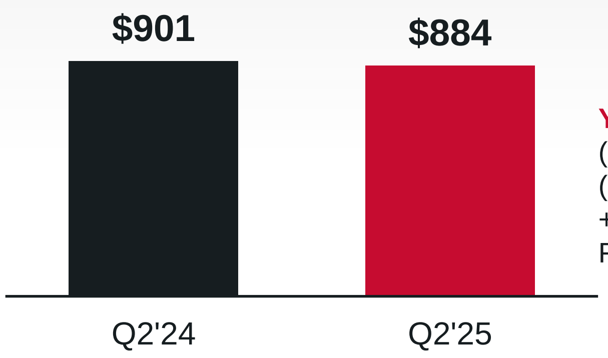
EVP AND CFO

# Q2’25 Financial Results
# Q3’25 & FY’25 Outlook

EnerSys®

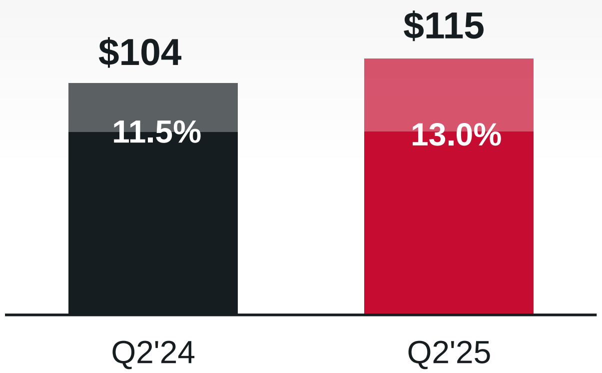
# Q2’25 Results

## NET SALES

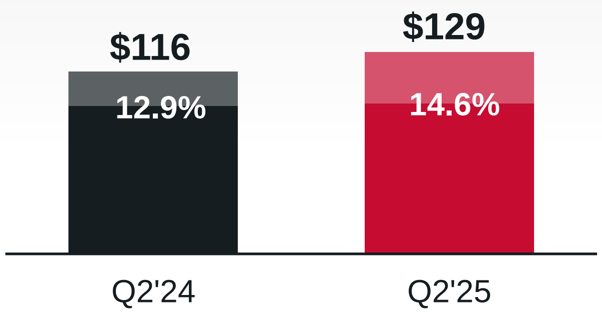



**Y/Y Change**
(3%) volume
(1%) price
+2% acquisition
Flat FX

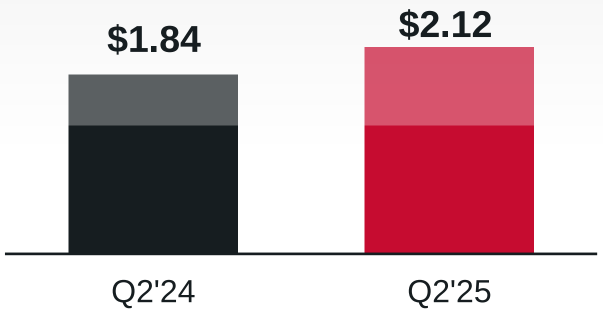
## ADJ OP EARNINGS[1] & MARGIN




## ADJ EBITDA[1] & MARGIN




## ADJ DILUTED EPS[1]




**Delivered Net Sales and Adj EPS[1] in Line with Guidance**

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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# Energy Systems Segment Highlights

| | Q2'25 ($M) | Y/Y change |
|---|---|---|
| **Net Sales** | $382 | (10%) |
| **Adj Op Earnings[1]** | $24.2 | (5%) |
| **Adj OE Margin[1]** | 6.4% | +30 bps |

- **Net Sales (10%) Y/Y**
  - (8%) volume, (2%) price / mix, flat FX
  - Y/Y decline driven by Communications spending pause
  - First Q/Q increase in six quarters, a positive sign challenged markets are improving
- **Adj Op Earnings[1] ($1M) Y/Y**
  - Y/Y decline driven by lower volume and temporary mix pressure, offset by cost actions
  - Third consecutive quarter of improvement on increased Q/Q sales and optimized cost structure

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


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# Motive Power Segment Highlights


| | Q2'25 ($M) | Y/Y change |
|---|---|---|
| **Net Sales** | $367 | +3% |
| **Adj Op Earnings[1]** | $57.6 | +8% |
| **Adj OE Margin[1]** | 15.7% | +70 bps |

- **Net Sales +3% Y/Y**
  - +3% volume, flat price/mix and FX
  - Maintenance-free products increased to 26% of sales from 22% in Q2'24
- **Adj Op Earnings[1] +$4M Y/Y**
  - Increased volumes and lower costs while maintaining price/mix
  - Adj OE[1] record Q2 high; record Adj OE Margin[1]

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


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# Specialty Segment Highlights

| | Q2'25 ($M) | Y/Y change |
|---|---|---|
| Net Sales | $135 | +9% |
| Adj Op Earnings[1] | $7.5 | +31% |
| Adj OE Margin[1] | 5.4% | +90 bps |

- **Net Sales +9% Y/Y**
  - +12% acquisition, +1 price/mix, (4%) volume, flat FX
  - Strong A&D demand & accretive Bren-Tronics, partially offset by Class 8 truck OEM market softness
- **Adj Op Earnings[1] +$2M Y/Y**
  - Y/Y increase driven by Bren-Tronics, partially offset by Class 8 OEM volume drop
  - Aftermarket volume growing and MO plant investments on track

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


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# Balance Sheet, Cash Flow and Leverage

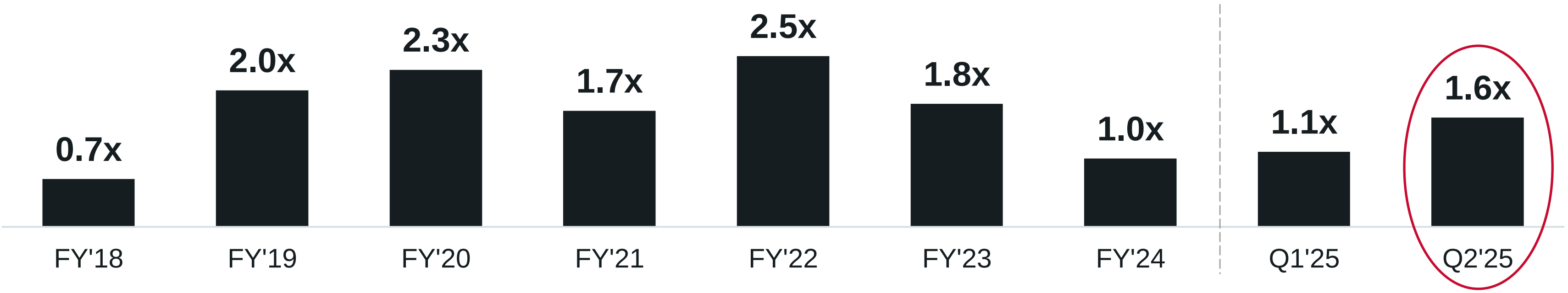
## SELECTED BALANCE SHEET METRICS[1]

| ($M) | Q4'24 | Q2'25 |
|---|---|---|
| Cash and Cash Equivalents | $333 | $408 |
| Net Debt[3] | $511 | $840 |
| Net Leverage Ratio[3] | 1.0x | 1.6x |
| Primary Operating Capital[4] | $853 | $979 |

## SELECTED CASH FLOW METRICS[2]

| ($M) | Q2'24 | Q2'25 |
|---|---|---|
| Cash Flow from Operations | $111 | $34 |
| CapEx | ($20) | ($30) |
| Free Cash Flow[4] | $91 | $3 |

## NET LEVERAGE RATIO[3]




**Strong Balance Sheet Enabling Disciplined Capital Allocation Strategy**

1) Balances as of periods ending March 31, 2024, and September 29, 2024
2) Periods ending October 1, 2023, and September 29, 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.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# Disciplined Capital Allocation Strategy

| Priorities | | Q2'25 | Future Priorities |
|---|---|---|---|
| **Invest in Organic Growth (CapEx)** | | $30M | • 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** | | Bren-Tronics complete; integration and performance exceeding expectations | • Innovate with incremental systems solutions<br>• Ample dry powder for future opportunistic tuck-in acquisitions |
| **Net Leverage[1]** | | 1.6x EBITDA | • Target low end of 2x – 3x long-term net leverage range |
| **Return of Capital** | *Dividends*<br>*Buybacks* | $9.6M<br>$63.5M | • Committed to competitive dividend that grows with earnings over time (excluding IRA funds)<br>• $258M outstanding repurchase authorization[2] |

**Balancing Innovation and Growth Investments while Returning Capital to Shareholders**


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[1] Non-GAAP financial measure. Please refer to appendix for reconciliation; Net leverage = Net Debt / Adj EBITDA (per credit agreement)
[2] As of 11/06/2024; includes $200 million on stock repurchase authorization from our 2024 authorization and $58 million under previous authorizations.

# Looking Ahead: Q3'25 and FY'25 Guidance

| | Q3'25 | FY'25 |
|---|---|---|
| **Net Sales** | **$920M – $960M** | **$3,675M – $3,765M**<br>*Prev. $3,735M – $3,885M* |
| **Adj. EPS[1]** | **$2.20 – $2.30** | **$8.75 – $9.05**<br>*Prev. $8.80 – $9.20* |
| **CapEx** | | **$100M – $120M** |
| **Tax Rate** *(pre-IRA)* | | **20% – 21%** |
| **IRA Benefit** | | **$120M – $160M** |

## ASSUMPTIONS

### Q3'25

- Healthy demand in Motive Power, Data Center, and A&D
- Continued improvement in Communications demand
- Transportation aftermarket volume growth; Class 8 remains suppressed
- Incremental revenue and earnings from Bren-Tronics

### FY'25

- ES Communications steady improvements but not at normalized levels
- MP healthy demand and continued maintenance-free conversions
- SP full benefit from Bren-Tronics, healthy A&D, accelerating after market growth; and Class 8 OEM suppressed
- Full year benefit of ES FY'24 optimization initiatives
- Fast Charge & Storage first revenues
- OpEx discipline with incremental FC&S and lithium plant spending

**Revised FY'25 Guidance Reflects Current Market and FC&S Impacts to Topline**
**Accelerating Base Business Profitability and Non-Capitalizable Lithium Plant Expenditures**

[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 November 6, 2024, for more details.


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# Q&A

November 2024

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# Appendix

November 2024

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# Non-GAAP Reconciliations

November 2024

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# Non-GAAP Reconciliation

## Q2 FY'25 ADJUSTED OPERATING EARNINGS

| ($ in millions) | Quarter ended September 29, 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy Systems | | Motive Power | | Specialty | | Corporate and other | | Total | |
| **Net Sales** | $ | 382.1 | $ | 366.7 | $ | 134.9 | $ | — | $ | 883.7 |
| **Operating Earnings** | $ | 17.5 | $ | 56.3 | $ | 0.3 | $ | 25.3 | $ | 99.4 |
| Inventory step up to fair value relating to recent acquisitions | | — | | — | | 1.9 | | — | $ | 1.9 |
| Restructuring and other exit charges | | 0.7 | | 1.1 | | 0.4 | | — | | 2.2 |
| Amortization of intangible assets | | 6.0 | | 0.2 | | 2.0 | | — | | 8.2 |
| Integration costs | | — | | — | | 1.8 | | — | | 1.8 |
| Acquisition activity expense | | — | | — | | 1.1 | | — | | 1.1 |
| **Adjusted Operating Earnings** | $ | 24.2 | $ | 57.6 | $ | 7.5 | $ | 25.3 | $ | 114.6 |

| ($ in millions) | Quarter ended October 1, 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Energy Systems | | Motive Power | | Specialty | | Corporate and other | | Total | |
| **Net Sales** | $ | 422.5 | $ | 355.2 | $ | 123.3 | $ | — | $ | 901.0 |
| **Operating Earnings** | $ | 16.8 | $ | 49.6 | $ | 3.3 | $ | 18.9 | $ | 88.6 |
| Restructuring and other exit charges | | 2.2 | | 3.5 | | 1.5 | | — | | 7.2 |
| Amortization of intangible assets | | 6.3 | | 0.2 | | 0.7 | | — | | 7.2 |
| Integration costs | | 0.2 | | — | | — | | — | | 0.2 |
| Acquisition activity expense | | — | | 0.1 | | — | | — | | 0.1 |
| Other | | 0.1 | | — | | 0.1 | | — | | 0.2 |
| **Adjusted Operating Earnings** | $ | 25.6 | $ | 53.4 | $ | 5.6 | $ | 18.9 | $ | 103.5 |

| **Increase (Decrease) as a % from prior year quarter** | Energy Systems | Motive Power | Specialty | Corporate and other | Total |
|---|---|---|---|---|---|
| Net Sales | (9.6)% | 3.2 % | 9.3 % | — % | (1.9)% |
| Operating Earnings | 4.4 | 13.5 | (92.3) | 33.8 | 12.2 |
| Adjusted Operating Earnings | (4.7) | 7.7 | 31.3 | 33.8 | 10.7 |

*NM = Not Meaningful*


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# Non-GAAP Reconciliation

## Q2 FY'25 ADJUSTED EBITDA

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | September 29, 2024 | | October 1, 2023 | |
| Net Earnings | | 82.3 | $ | 65.2 |
| Depreciation | | 17.1 | | 15.4 |
| Amortization | | 8.2 | | 7.2 |
| Interest | | 12.5 | | 12.2 |
| Income Taxes | | 1.9 | | 8.2 |
| EBITDA | | 122.0 | | 108.2 |
| Non-GAAP adjustments | | 7.0 | | 8.2 |
| Adjusted EBITDA | $ | 129.0 | $ | 116.4 |

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

| *($ in millions)* | Quarter ended | | | |
|---|---|---|---|---|
| | September 29, 2024 | | October 1, 2023 | |
| Inventory step up to fair value relating to recent acquisitions | | 1.9 | | — |
| Restructuring and other exit charges | | 2.2 | | 7.2 |
| Integration Costs | | 1.8 | | 0.2 |
| Acquisition expense | | 1.1 | | 0.1 |
| Other | | — | | 0.7 |
| Non-GAAP adjustments | $ | 7.0 | $ | 8.2 |


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# Non-GAAP Reconciliation

## Q2 FY'25 ADJUSTED DILUTED EPS

| *(in millions, except share and per share amounts)* | Quarter ended | | | | |
|---|---|---|---|---|---|
| | September 29, 2024 | | | October 1, 2023 | |
| **Net earnings reconciliation** | | | | | |
| As reported Net Earnings | $ | 82.3 | | $ | 65.2 |
| Non-GAAP adjustments: | | | | | |
| Inventory step up to fair value relating to recent acquisitions | | 1.9 | (1) | | — |
| Restructuring and other exit charges | | 2.2 | (1) | | 7.2 (1) |
| Amortization of identified intangible assets | | 8.2 | (2) | | 7.2 (2) |
| Acquisition expense | | 1.1 | (3) | | 0.1 (3) |
| Integration costs | | 1.8 | (4) | | 0.2 (4) |
| Other | | — | | | 0.7 |
| Tax benefit Varian | | (6.8) | | | — |
| Income tax effect of above non-GAAP adjustments | | (4.2) | | | (4.1) |
| **Non-GAAP adjusted Net earnings** | $ | 86.5 | | $ | 76.5 |
| **Outstanding shares used in per share calculations** | | | | | |
| Basic | | 40,165,080 | | | 40,922,959 |
| Diluted | | 40,863,205 | | | 41,684,634 |
| **Non-GAAP adjusted Net earnings per share:** | | | | | |
| Basic | $ | 2.15 | | $ | 1.87 |
| Diluted | $ | 2.12 | | $ | 1.84 |
| **Reported Net earnings (Loss) per share:** | | | | | |
| Basic | $ | 2.05 | | $ | 1.59 |
| Diluted | $ | 2.01 | | $ | 1.56 |
| **Dividends per common share** | $ | 0.240 | | $ | 0.225 |

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 | | | |
|---|---|---|---|---|
| | September 29, 2024 | | October 1, 2023 | |
| | Pre-tax | | Pre-tax | |
| (1) Inventory step up to fair value relating to recent acquisitions - Specialty | | 1.9 | | — |
| (1) Restructuring and other exit charges - Energy Systems | | 0.7 | | 2.2 |
| (1) Restructuring and other exit charges - Motive Power | | 1.1 | | 3.5 |
| (1) Restructuring and other exit charges - Specialty | | 0.4 | | 1.5 |
| (2) Amortization of identified intangible assets - Energy Systems | | 6.0 | | 6.3 |
| (2) Amortization of identified intangible assets - Motive Power | | 0.2 | | 0.2 |
| (2) Amortization of identified intangible assets - Specialty | | 2.0 | | 0.7 |
| (3) Acquisition expense - Motive Power | | — | | 0.1 |
| (3) Acquisition expense - Specialty | | 1.1 | | — |
| (4) Integration costs - Energy Systems | | — | | 0.2 |
| (4) Integration costs - Specialty | | 1.8 | | — |
| Total Non-GAAP adjustments | $ | 15.2 | $ | 14.7 |


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# Non-GAAP Reconciliation

## LEVERAGE RATIO BY YEAR

| | Fiscal year ended March 31, | | | | | | |
|---|---|---|---|---|---|---|---|
| *($ in millions, except ratios)* | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net earnings as reported | $269.1 | $175.8 | $143.9 | $143.3 | $137.1 | $160.5 | $119.8 |
| Add back: | | | | | | | |
| Depreciation and amortization | 92.0 | 91.2 | 95.9 | 94.1 | 87.3 | 63.3 | 54.3 |
| Interest expense | 49.9 | 59.5 | 37.8 | 38.5 | 43.7 | 30.9 | 25 |
| Income tax expense | 23.1 | 34.8 | 30 | 26.8 | 9.9 | 21.6 | 118.5 |
| EBITDA (non GAAP) | $434.1 | $361.3 | $307.5 | $302.7 | $278.0 | $276.3 | $317.6 |
| Adjustments per credit agreement definitions(1) | 85.8 | 51.7 | 51.5 | 56.3 | 123.6 | 139 | 23.2 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $519.9 | $413.0 | $359.1 | $359.0 | $401.6 | $415.3 | $340.8 |
| Total net debt(2) | $511.1 | $736.0 | $905.9 | $615.0 | $905.6 | $835.8 | $234.7 |
| Leverage ratios: | | | | | | | |
| Total net debt/credit adjusted EBITDA ratio | 1.0x | 1.8x | 2.5x | 1.7x | 2.3x | 2.0x | 0.7x |

(1) 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 $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 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 fiscal 2023, were $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.


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# Non-GAAP Reconciliation

## LEVERAGE RATIO BY QUARTER

| ($ in millions, except ratios) | Last twelve months ended September 29, 2024 | June 30, 2024 |
|---|---|---|
| Net earnings as reported | $289.5 | $272.4 |
| Add back: | | |
| Depreciation and amortization | 95.6 | 92.9 |
| Interest expense | 46.0 | 45.2 |
| Income tax expense | 19.3 | 26.1 |
| EBITDA (non GAAP) | $450.4 | $436.6 |
| Adjustments per credit agreement definitions(1) | 79.9 | 81.5 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $530.3 | $518.1 |
| Total net debt(2) | $839.6 | $564.8 |
| Leverage ratios: | | |
| Total net debt/credit adjusted EBITDA ratio | 1.6x | 1.1x |

(1) The $79.9 million adjustment to EBITDA in the last twelve months ending September 29, 2024 primarily related to $29.7 million of non-cash stock compensation, $38.9 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $10.5 million. 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.

(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 September 29, 2024, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $407.9 million. In the last twelve months ending June 30, 2024, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $344.1 million.


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# Non-GAAP Reconciliation

## FREE CASH FLOW

| *($ in millions)* | Quarter ended | |
|---|---|---|
| | September 29, 2024 | October 1, 2023 |
| Net cash provided by (used in) operating activities | $ 33.6 | $ 110.8 |
| Less Capital Expenditures | (30.4) | (19.8) |
| Free Cash Flow | 3.2 | 91.0 |

| *($ in millions)* | Quarter ended | |
|---|---|---|
| | September 29, 2024 | October 1, 2023 |
| Net cash provided by (used in) operating activities | $ 33.6 | $ 110.8 |
| Net earnings | 82.3 | 65.2 |
| Operating cash flow conversion % | 40.8 % | 169.9 % |
| | | |
| Free cash flow | 3.2 | 91.0 |
| Adjusted net earnings | 86.5 | 76.5 |
| Adjusted free cash flow conversion % | 3.7 % | 119.0 % |


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# Non-GAAP Reconciliation

## ADJUSTED GROSS PROFIT AND GROSS MARGIN

| *($ in millions)* | Quarter ended | |
|---|---|---|
| | September 29, 2024 | October 1, 2023 |
| Gross Profit as reported | $ 252.1 | $ 239.6 |
| Inventory step up to fair value relating to recent acquisitions | 1.9 | — |
| Adjusted Gross Profit | 254.0 | 239.6 |
| | | |
| Gross Margin | 28.5 % | 26.6 % |
| Adjusted Gross Margin | 28.7 % | 26.6 % |


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# 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 $978.8 million (yielding a primary operating capital percentage of 27.7%) at September 29, 2024, $852.9 million (yielding a primary operating capital percentage of 23.4%) at March 31, 2024 and $990.2 million at October 1, 2023 (yielding a primary operating capital percentage of 27.5%). The primary operating capital percentage of 27.7% at September 29, 2024 increased by 420 basis points compared to March 31, 2024 and increased 10 basis points compared to October 1, 2023. The increase in primary operating capital percentage at September 29, 2024 compared to March 31, 2024 was primarily due to the addition of Bren-Tronics balances as well as increases to inventory for strategic build up and decreases to accounts payable levels due to timing of payments this quarter. Accounts receivable amounts increased comparatively mainly due to longer termed collections from customers compared to the fourth fiscal quarter of the prior fiscal year. The slight increase in primary operating capital percentage at September 29, 2024 compared to October 1, 2023 was increases from Bren-Tronics offset by 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 second quarter of fiscal 2024.

Primary operating capital and primary operating capital percentages at September 29, 2024, March 31, 2024 and October 1, 2023 are computed as follows:

| *($ in Millions)* | September 29, 2024 | March 31, 2024 | October 1, 2023 |
|---|---|---|---|
| Accounts receivable, net | $549.0 | $524.7 | $536.5 |
| Inventory, net | 763.5 | 697.7 | 776.5 |
| Accounts payable | (333.7) | (369.5) | (322.8) |
| Total primary operating capital | 978.8 | 852.9 | 990.2 |
| Trailing 3 months net sales | 883.7 | 910.7 | 901.0 |
| Trailing 3 months net sales annualized | 3,534.8 | 3,642.8 | 3,604.0 |
| Primary operating capital as a % of annualized net sales | 27.7 % | 23.4 % | 27.5 % |


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# Thank you.

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