EnerSys®

Q3'24 Earnings

FEBRUARY 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, 2023, 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 February 7, 2024, which is located on our website at www.enersys.com.

Q3 FY'24 Overview

DAVE SHAFFER

PRESIDENT AND CEO

EnerSys

Strong Q3'24 Performance

$862M	$130M	$144M	$2.56	$111M
Net Sales	Adj Op Earnings[1]	Adj EBITDA[1]	Adj EPS[1]	Free Cash Flow[1]
(7%) Y/Y	**+53% Y/Y**	**+47% Y/Y**	**+102% Y/Y**	**($77M) Y/Y**
	Adj Op Earnings[1] Margin of 15.1%	Adj EBITDA[1] Margin of 16.7%		*+73M Y/Y excluding Asset Securitization in Q3'23*

Delivered Adjusted Gross Profit[1] Margin of 30.7%; up 760 bps Y/Y

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $59M of IRA tax credit recorded in Cost of Goods Sold (COGS), of which $29M was retroactive credits.

Q3’24 Executing on our Strategy

Innovate

Increasing Higher Value Solutions

- Launched NexSy® Air wireless charger for AGVs, compatible with traditional flooded, TPPL and li-ion batteries
- Awarded grant from Defense Innovation Unit (DIU) to prototype a high-energy Li6T battery to provide DOD with a high-quality domestic source of li-ion batteries
- 48V li demos for telecom customers out this quarter; enabling risk mitigation from grid instability

Optimize

Expanding Margins

- Adj Gross Profit[1] Margin +760 bps Y/Y, +80 bps Y/Y excluding IRA benefits; Adj EBITDA[1] margin +600 bps Y/Y
- Maintenance-free: record 23% of Motive Power total revenue, customer conversion gaining traction
- Exited residential renewables business and completed Spokane factory closure; reduced global footprint by 19% FY’20 – FY’24
- Executed further cost reductions in Energy Systems while holding inventory as we plan for telco/broadband spend to ramp later this year

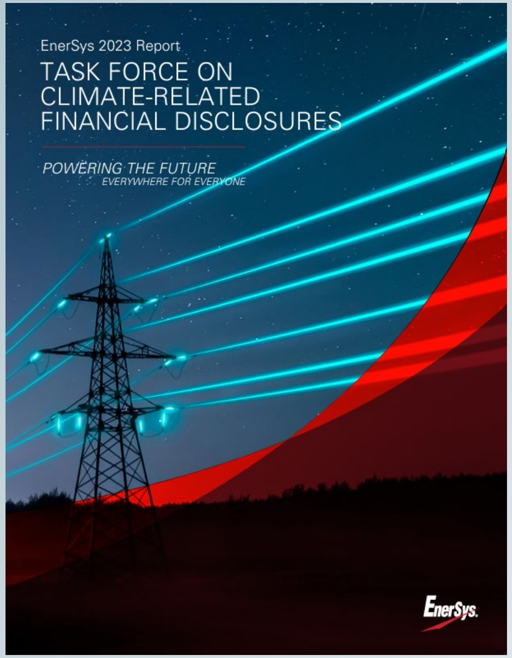
Accelerate

Compounding Value Creation

- Received first POs for DPX fault managed and Hyperboost systems; enabling 5G small cell and macro site build outs, respectively
- Completed design of 1.2MWh BESS with dual fast charging capabilities; initial 15 systems on track for installation this summer
- Finalized site selection for new lithium battery gigafactory in the U.S.
  - 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

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $59M of IRA tax credit recorded in Cost of Goods Sold (COGS), of which $29M was retroactive credits.

Sustainability Wins



2nd annual TCFD Report published in January

EnerSys ranked in the Top 14% of 100k> companies

Newsweek's America's Most Responsible Companies
Ranked at #352 – 41 spots higher than last year

TCFD Report and Other Disclosures Driving Awards and Improved Rankings

ANDI FUNK

EVP AND CFO

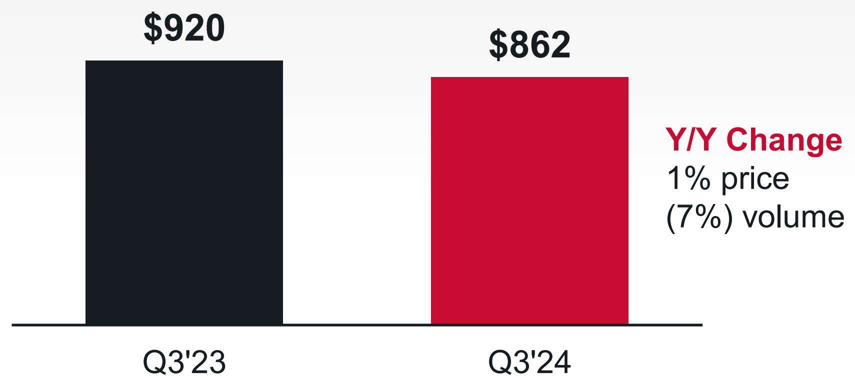
Q3 FY’24 Financial Results and Outlook

EnerSys

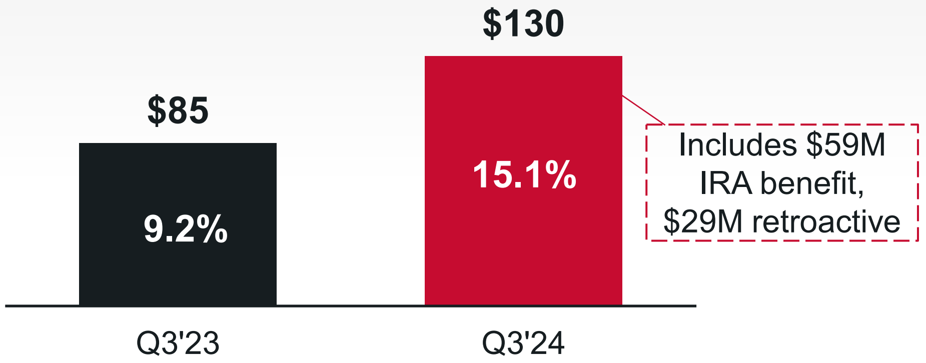
Q3'24 Results

($M, except EPS)

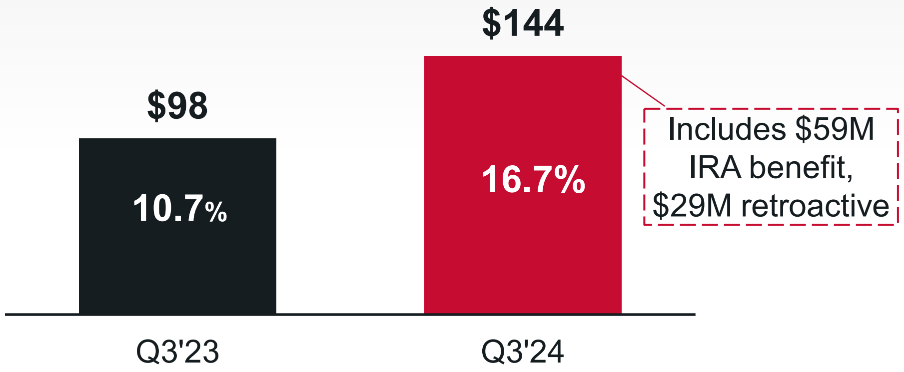
NET SALES



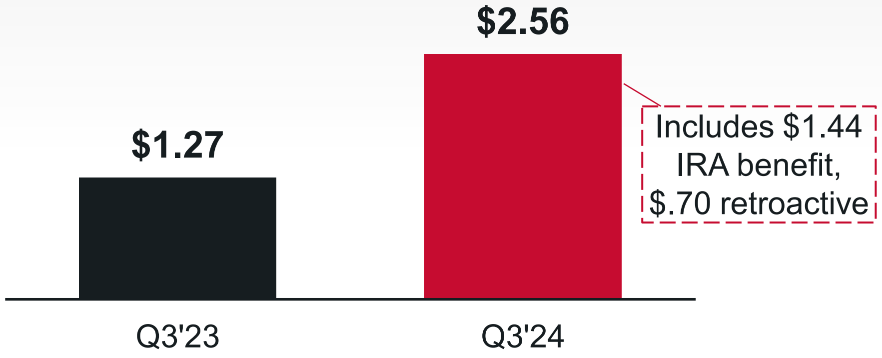
ADJ OPERATING EARNINGS[1] & MARGIN



ADJ EBITDA[1] & MARGIN



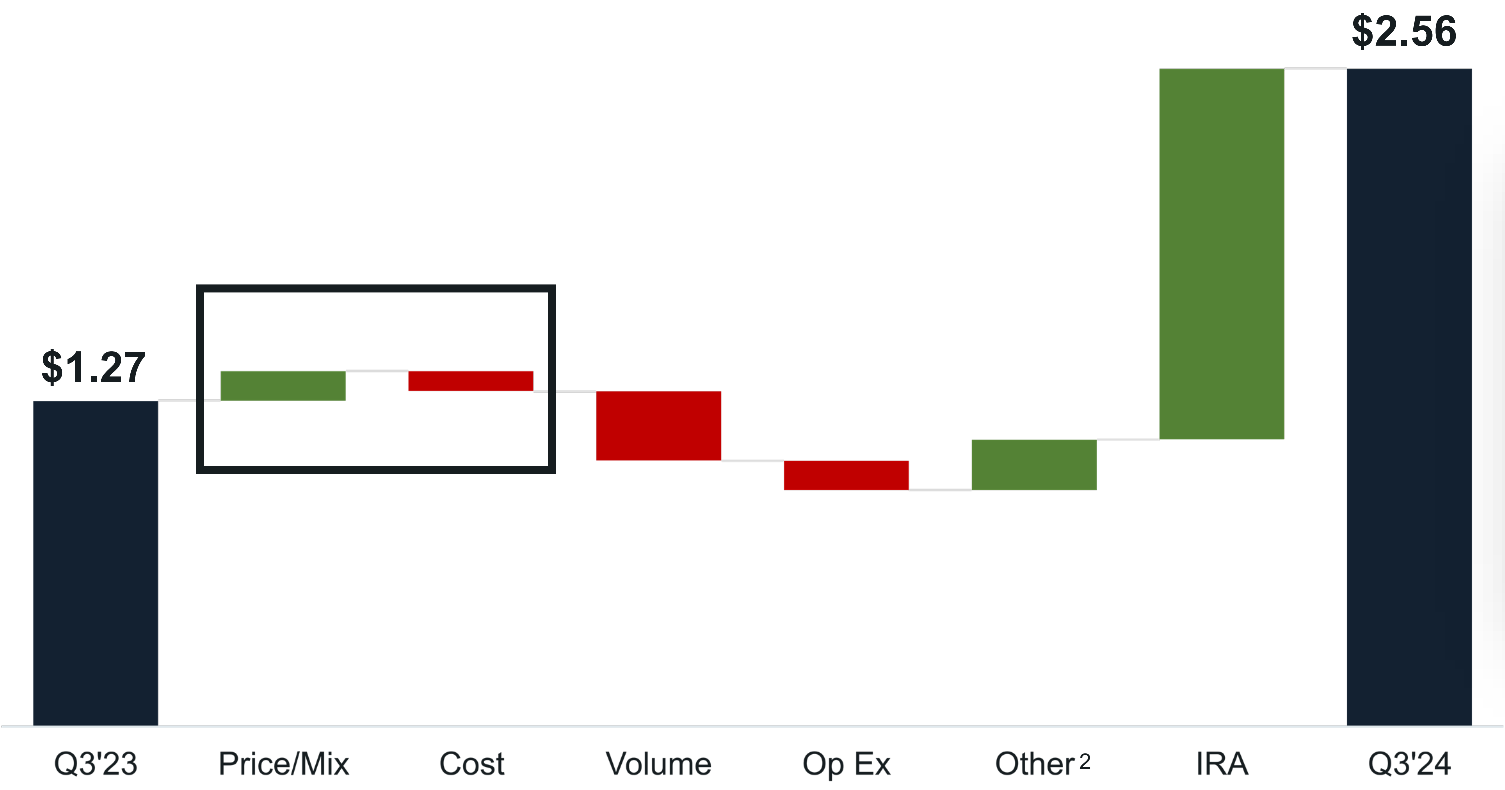
ADJ DILUTED EPS[1]



1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $59M of IRA tax credit recorded in Cost of Goods Sold (COGS), of which $29M was retroactive credits.

Adj EPS[1] Bridge & Adj Op Earnings[1]

Q3'24 YEAR-OVER-YEAR



($M)	Net Sales	AOE[1]
Energy Systems	$373.5	$14.3
Motive Power	$355.4	$52.8
Specialty	$132.6	$7.5
Corporate/Other	-	$55.7
Total	**$861.5**	**$130.3**

Sales and Earnings in Line with Expectations; Estimated IRA Benefits Increased Significantly
Volume Temporarily Suppressed by Telco/Broadband Spending Pauses

1) Non-GAAP measure. Please refer to appendix for reconciliation.
2) Other includes Interest, Taxes, Shares, and F/X

Energy Systems Segment Highlights

	Q3’24 ($M)	Y/Y change
Net Sales	$373.5	(14%)
Adj Op Earnings[1]	$14.3	(46%)
Adj OE Margin[1]	3.9%	(220 bps)

- **Net Sales (14%) Y/Y**
  - Volume (15%) primarily due to continued U.S. Communication Networks CapEx pause and inventory digestion; partially offset by price / mix +1%
  - Double digit services revenue growth in the Americas
- **Adj Op Earnings[1] ($12M) from prior year**
  - Pressured by lower volumes
  - Cost reduction initiatives in process; $27M in annual savings expected in FY’25

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

Motive Power Segment Highlights

	Q3’24 ($M)	Y/Y change
Net Sales	$355.4	(2%)
Adj Op Earnings[1]	$52.8	+12%
Adj OE Margin[1]	14.8%	+180 bps

- **Net Sales (2%) Y/Y**
  - Volume (3%) partially offset by acquisition +1%
  - Maintenance-free products increased to 23.1% of segment net sales from 18.9% in Q3’23
- **Solid Adj Op Earnings[1] and Margin Y/Y improvement**
  - Continued maintenance-free conversion trajectory
  - Diligent cost discipline

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

Specialty Segment Highlights

	Q3'24 ($M)	Y/Y change
Net Sales	$132.6	+7%
Adj Op Earnings[1]	$7.5	(34%)
Adj OE Margin[1]	5.7%	(340 bps)

- **Net Sales +7% Y/Y**
  - Volume +6%, F/X +1%
  - Strong bookings in U.S. Transportation and Aerospace & Defense
- **Adj Op Earnings[1] impacted by further capacity reallocation**
  - Elevated manufacturing costs from under absorption in Missouri plants due to further Telco/Broadband spending pauses
  - Re-tooling and production flexibility underway

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

Balance Sheet, Cash Flow and Leverage

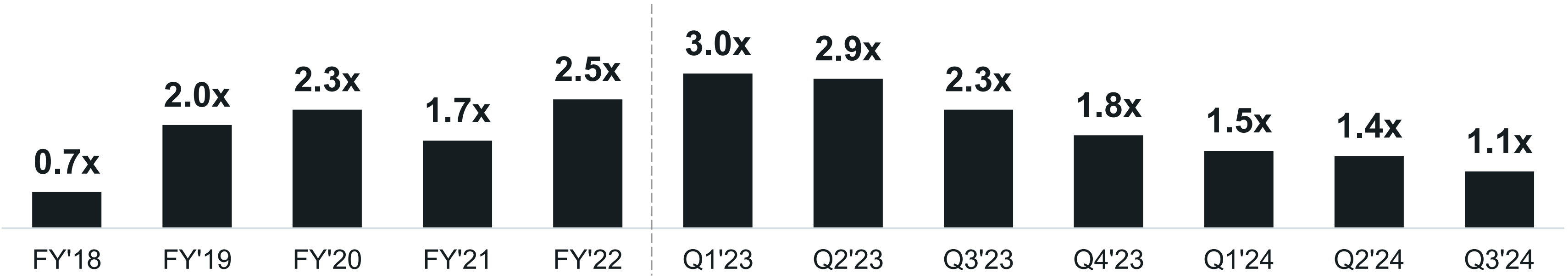
SELECTED BALANCE SHEET METRICS[1]

($M)	Q4'23	Q3'24
Cash and Cash Equivalents	$347	$333
Net Debt[3]	$736	$587
Net Leverage Ratio[3]	1.8x	1.1x
Primary Operating Capital[4]	$1,057	$912

SELECTED QUARTERLY CASH FLOW METRICS[2]

($M)	Q3'23	Q3'24
Cash Flow from Operations	$206	$135
CapEx	($18)	($23)
Free Cash Flow[4]	$188	$111

NET LEVERAGE RATIO[3]



Maintaining Strong Free Cash Flow Generation and Healthy Balance Sheet

1) Balances as of periods ending March 31, 2023 and December 31, 2023
2) Quarters ending January 1, 2023 and December 31, 2023
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		Q3'24	Future Priorities
Invest in Organic Growth (CapEx)		$23M	• Continue TPPL capacity investments & end-to-end solutions • Optimize EOS to drive additional operational efficiencies
Strategic M&A		Verkor agreements progressing	• Accelerate domestic-sourced lithium strategy • Innovate with incremental systems solutions • Execute opportunistic tuck-in acquisitions
Net Leverage[1]		1.1x EBITDA	• Target low end of 2x – 3x long-term net leverage range
Return of Capital	*Dividends* *Buybacks*	$9M $35M	• Committed to a competitive dividend that grows with earnings over time (excluding IRA funds) • $112M outstanding repurchase authorization

Balancing Innovation and Growth Investments with Returning Capital to Shareholders

TPPL: Thin Plate Pure Lead; EOS: EnerSys Operating System
[1] Non-GAAP financial measure. Please refer to appendix for reconciliation; Net leverage = Net Debt / Adj EBITDA (per credit agreement)

Inflation Reduction Act (IRA) Update

INCREASED ANNUAL BENEFITS

U.S. Department of the Treasury issued updated proposed regulations in December 2023 regarding the Advanced Manufacturing Production Credit - Section 45X of the Internal Revenue Code (IRC)

Annual Value[1] to EnerSys now expected:
- 2023-2029 (yrs 1-7): ~$120 – $160M
- 2030-2032 (yrs 8-10): ~$60 – $80M[2]

Booked $59M IRA benefit as reduction of cost of goods sold in Q3'FY24; included $29M of retroactive credits:
- $6.5M in Q4'23
- $12.5M in Q1'24
- $10M in Q2'24

	Q4'FY23	Q1'FY24	Q2'FY24	Q3'FY24
Reported	$17M *$0.42 / share*	$19M *$0.47 / share*	$22M *$0.52 / share*	$59M *$1.44 / share*
Retroactive	$6M *$0.16 / share*	$12M *$0.30 / share*	$10M *$0.23 / share*	($29M) *($0.70) / share*
Pro Forma	**$24M** ***$0.57 / share***	**$32M** ***$0.76 / share***	**$32M** ***$0.76 / share***	**$30M** ***$0.74 / share***

Per share is on a diluted basis

Based on Updated Proposed Regulations, ~90% of EnerSys U.S. Battery Production Currently Qualifies

[1] Awaiting IRS administrative clarification. The expected figures are long term expectations for future periods and should not be viewed as a guarantee of future performance or guidance. Actual results may differ and such differences may be material.
[2] Using 50% of annual range of $120-160M, based on phase out of 75%, 50%, and 25% for years 8-10, respectively

Looking Ahead: Q4'24 Guidance

Guidance		Assumptions
Gross Margin *(Q4'24)*	26.0% - 28.0% *Includes 350bps - 410bps from IRC 45X tax credits*	• Revenue up sequentially but down year-on-year • Benefit from diverse end markets and ability to hold price, tempered by communication networks capex cycle • Continued higher value/margin product sales
Adj Diluted EPS *(Q4'24)*	$1.98 - $2.08 *Includes $0.80 - $0.90 from IRC 45X tax credits*	• Telco/Broadband spending pauses • Focused OpEx discipline • Missouri plants rebalancing • FX/Tax/Interest rates consistent with Q3'24 exit
CapEx *(FY'24)*	$80M - $100M	• Reduced from prior range on equipment supplier delays

- ✓ IRA tax credits to be invested in U.S. capacity for high density batteries
- ✓ Continued strong earnings and cash flow
- ✓ Successful history of navigating cycles

Note: EnerSys does not provide a quantitative reconciliation of the company's projected range for adjusted diluted earnings per share. Please see our latest Form 8-K which includes our press release dated November 8, 2023, for more details.

Q&A

February 2024

Appendix

February 2024

Non-GAAP Reconciliations

February 2024

Non-GAAP Reconciliation

ADJUSTED OPERATING EARNINGS

($ in millions)	Quarter Ended December 31, 2023				
	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	$373.5	$355.4	$132.6	$ —	$861.5
Operating Earnings	($18.6)	$49.5	$6.0	$55.7	$92.6
Inventory adjustment relating to exit activities	16.1	—	—	—	16.1
Restructuring and other exit charges	2.4	2.9	0.8	—	6.1
Impairment of indefinite-lived intangibles	6.0	—	—		6.0
Amortization of intangible assets	6.0	0.2	0.7	—	6.9
Other	2.4	0.2	—	—	2.6
Adjusted Operating Earnings	$14.3	$52.8	$7.5	$55.7	$130.3

($ in millions)	Quarter Ended January 1, 2023				
	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	$434.3	$361.8	$124.1	$ —	$920.2
Operating Earnings	$20.5	$47.1	$10.9	$ —	$78.5
Inventory adjustment relating to exit activities	(0.2)	(0.7)	—	—	(0.9)
Restructuring and other exit charges	0.2	0.6	—	—	0.8
Amortization of intangible assets	5.9	—	0.4	—	6.3
Other	0.1	0.1	—	—	0.2
Adjusted Operating Earnings	$26.5	$47.1	$11.3	$ —	$84.9

	Increase (Decrease) as a % from prior year quarter				
	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	(14.0%)	(1.8%)	6.8%	NM	(6.4%)
Operating Earnings	(190.1%)	5.4%	(45.3%)	NM	17.9%
Adjusted Operating Earnings	(46.0%)	11.9%	(33.7%)	NM	53.4%

NM = Not Meaningful

Non-GAAP Reconciliation

ADJUSTED EBITDA

($ in millions)	Quarter ended December 31, 2023	Quarter ended January 1, 2023
Net Earnings	$76.2	$44.4
Depreciation	16.2	14.8
Amortization	6.9	7.8
Interest	11.7	17.5
Income Taxes	2.5	13.4
EBITDA	113.5	97.9
Non-GAAP adjustments	30.8	0.2
Adjusted EBITDA	$144.3	$98.1

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

($ in millions)	Quarter ended December 31, 2023	Quarter ended January 1, 2023
Inventory adjustment relating to exit activities	$16.1	($0.9)
Restructuring and other exit charges	6.1	0.8
Impairment of indefinite-lived intangibles	6.0	—
Other	2.6	0.4
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—	(0.6)
Asset Securitization Transaction Fees	—	0.5
Cost of funding to terminate net investment hedges	—	—
Non-GAAP adjustments	$30.8	$0.2

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS

($ in millions, except share and per share amounts)	Quarter ended December 31, 2023		Quarter ended January 1, 2023	
Net earnings reconciliation				
As reported Net Earnings	$76.2		$44.4	
Non-GAAP adjustments:				
Inventory adjustment relating to exit activities	16.1	(1)	(0.9)	(1)
Restructuring and other exit charges	6.1	(1)	0.8	(1)
Impairment of indefinite-lived intangibles	6.0	(2)	—	(2)
Amortization of identified intangible assets	6.9	(3)	6.3	(3)
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—		(0.6)	
Asset Securitization Transaction Fees	—		0.5	
Other	2.6	(4)	0.4	
Income tax effect of above non-GAAP adjustments	(8.9)		1.4	
Non-GAAP adjusted Net earnings	$105.0		$52.3	
Outstanding shares used in per share calculations				
Basic	40,451,279		40,835,636	
Diluted	41,047,893		41,281,693	
Non-GAAP adjusted Net earnings per share:				
Basic	$2.59		$1.28	
Diluted	$2.56		$1.27	
Reported Net earnings (Loss) per share:				
Basic	$1.88		$1.09	
Diluted	$1.86		$1.08	
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:

	Quarter ended December 31, 2023 Pre-tax	Quarter ended January 1, 2023 Pre-tax
(1) Inventory adjustment relating to exit activities - Energy Systems	$16.1	($0.2)
(1) Inventory adjustment relating to exit activities – Motive Power	—	(0.7)
(1) Restructuring and other exit charges – Energy Systems	2.4	0.2
(1) Restructuring and other exit charges - Motive Power	2.9	0.6
(1) Restructuring and other exit charges - Specialty	0.8	—
(2) Impairment of indefinite-lived intangibles - Energy Systems	6.0	—
(3) Amortization of identified intangible assets - Energy Systems	6.0	5.9
(3) Amortization of identified intangible assets – Motive	0.2	—
(3) Amortization of identified intangible assets acquisitions – Specialty	0.7	0.4
(4) Other – Energy Systems	2.4	—
(4) Other – Motive	0.2	—
Total Non-GAAP adjustments	$37.7	$6.2

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 December 31, 2023	October 1, 2023	July 2, 2023	March 31, 2023	January 1, 2023	October 2, 2022	July 3, 2022
Net earnings as reported	$274.1	$242.4	$211.6	$175.8	$137.9	$129.9	$131.0
Add back:							
Depreciation and amortization	90.5	90.0	90.2	91.2	92.6	92.0	95.1
Interest expense	54.1	59.9	63.3	59.5	53.9	46.1	40.2
Income tax expense	27.3	38.2	35.7	34.8	35.8	28.9	27.4
EBITDA (non GAAP)	$446.0	$430.5	$400.8	$361.3	$320.2	$296.9	$293.7
Adjustments per credit agreement definitions(1)	78.6	48.9	50.1	51.7	59.8	62.3	53.8
Adjusted EBITDA (non-GAAP) per credit agreement(1)	$524.6	$479.4	$450.9	$413.0	$380.0	$359.2	$347.5
Total net debt(2)	$586.9	$662.0	$690.1	$736.0	$858.9	$1,045.5	$1,048.8
Leverage ratios:							
Total net debt/credit adjusted EBITDA ratio	1.1x	1.4x	1.5x	1.8x	2.3x	2.9x	3.0x

(1) 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 $48.4 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. 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 $59.8 million adjustment to EBITDA in the last twelve months ending January 1, 2023 primarily related to $27.2 million of non-cash stock compensation, $29.1 million of restructuring and other exit charges, impairment of indefinite-lived intangibles of $2.1 million and a swap termination fee of $1.4 million. The $62.3 million adjustment to EBITDA in the last twelve months ending October 2, 2022 primarily related to $26.7 million of non-cash stock compensation, $28.0 million of discontinuing operations, $4.0 million of restructuring and other exit charges, $1.4 million related to termination of a swap agreement, indefinite-lived intangibles of $1.2 million and $1.0 million write-down of non-current assets. The $53.8 million adjustment to EBITDA in the last twelve months ending July 3, 2022 primarily related to $26.0 million of non-cash stock compensation, $26.5 million of restructuring and other exit charges, indefinite-lived intangibles of $1.3 million.

(2) Debt includes finance lease obligations and letters of credit and is net of all cash and cash equivalents, as defined in the Fourth Amended Credit Facility. In the last twelve months ending December 31, 2023, 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 $346.7 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 December 31, 2023	Quarter ended January 1, 2023
Net cash provided by (used in) operating activities	$134.5	$206.1
Less Capital Expenditures	(23.2)	(17.9)
Free Cash Flow	$111.4	$188.3
Non-GAAP adjusted Net earnings	$105.0	$52.3
Adjusted Free Cash Flow Conversion	106%	360%

Non-GAAP Reconciliation

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 $911.6 million (yielding a primary operating capital percentage of 26.5%) at December 31, 2023, $1,057.0 million (yielding a primary operating capital percentage of 26.7%) at March 31, 2023 and $1,071.7 million at January 1, 2023 (yielding a primary operating capital percentage of 29.1%). The primary operating capital percentage of 26.5% at December 31, 2023 improved by 20 basis points compared to March 31, 2023 and improved 260 basis points compared to January 1, 2023. The decrease in primary operating capital percentage at December 31, 2023 compared to March 31, 2023 was primarily due to a reduction in accounts receivable as a result of lower sales compared to the fourth fiscal quarter of the prior fiscal year. The decrease in primary operating capital percentage at December 31, 2023 compared to January 1, 2023 was primarily from a reduction in accounts receivable and inventory as a result of lower sales compared to the third quarter of fiscal 2023.

($ in millions)	December 31, 2023	March 31, 2023	January 1, 2023
Accounts receivable, net	$498.5	637.8	$581.8
Inventory, net	755.2	797.8	835.2
Accounts payable	(342.1)	(378.6)	(345.3)
Total primary operating capital	911.6	1,057.0	1,071.7
Trailing 3 months net sales	861.6	989.9	920.2
Trailing 3 months net sales annualized	3,446.4	3,959.6	3,680.8
Primary operating capital as a % of annualized net sales	26.5%	26.7%	29.1%

Non-GAAP Reconciliation

ADJUSTED GROSS PROFIT AND GROSS MARGIN

($ in millions)	Quarter ended December 31, 2023	Quarter ended January 1, 2023
Net Sales	$861.5	$920.2
Gross Profit	248.6	213.7
Inventory adjustment relating to exit activities	16.1	(0.9)
Adjusted Gross Profit	$264.7	$212.8
Adjusted Gross Margin	30.7%	23.1%

Thank you.

For more information visit us at www.enersys.com

World Headquarters
2366 Bernville Road
Reading, PA 19605 USA
+1 610-208-1991 / +1 800-538-3627

EnerSys EMEA
EH Europe GmbH
Baarerstrasse 18
6300 Zug Switzerland

EnerSys Asia
152 Beach Road
Gateway East Building #11- 08
Singapore 189721 / +65 6416-4800