Q1'24 Earnings

AUGUST 9, 2023

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 August 9, 2023, which is located on our website at www.enersys.com.

Q1 FY’24 Overview

DAVE SHAFFER

PRESIDENT AND CEO

Strong Q1'24 Performance

$909M	$107M	$122M	$1.89	$59M
Net Sales	Adj. Op. Earnings[1]	Adj. EBITDA[1]	Adj. EPS[1]	Free Cash Flow[1]
+1% Y/Y	**+65% Y/Y** Adj. Op. Earnings[1] Margin of 11.8%	**+43% Y/Y** Adj. EBITDA[1] Margin of 13.4%	**+64% Y/Y**	**+$154M Y/Y**

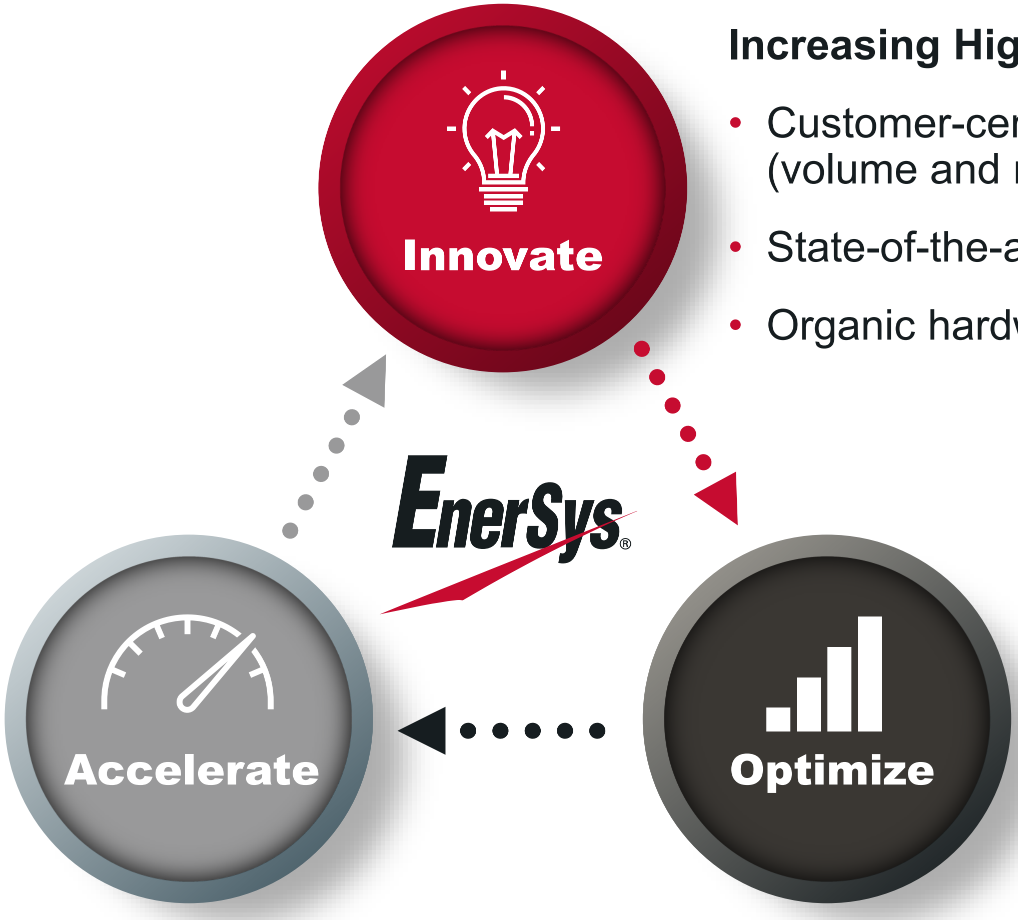
Delivered Solid Operational Results

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $19M of IRA tax credit recorded in Cost of Goods Sold (COGS)

Strategic Priorities Driving Long Term Growth

Compounding Value Creation

- Fast Charge and Storage (FC&S)
- Scalable projects across Energy Systems, Motive Power, and Specialty
- IRA reinforces strategy focused on high volumetric energy dense solutions (100+ Wh/L)



Increasing Higher Value Solutions

- Customer-centric NPIs (volume and mix)
- State-of-the-art technology
- Organic hardware and software

Expanding Margins

- Operational excellence to maximize fixed asset base
- Maintenance-free solutions
- Aftermarket opportunities

Clear and Consistent Strategy with Sustainable Competitive Advantages

NPI: New Product Introductions; IRA: Inflation Reduction Act

Maintaining Focus on FY’27 Targets

($M, except EPS)	FY’22 Act.	FY’23 Act.	Q1’24 Act.	FY’27 Targets
Net Sales	$3,357	$3,709	$909	8% - 10% CAGR[2]
Adj. Operating Margin[1]	7.9%	8.7%	11.8%	14% - 16%
Adj. EBITDA[1]	$340	$388	$122	$850 - $950
Adj. Diluted EPS[1]	$4.47	$5.34	$1.89	$11.00 - $13.00

- ✓ Clear strategy to accelerate profitable growth
- ✓ $550M - $600M additional TPPL revenue capacity by FY’27
- ✓ Well-positioned for margin expansion
- ✓ $35M - $45M cost savings by FY’27
- ✓ Strong, flexible balance sheet
- ✓ Capital allocation priorities enabling organic and inorganic growth

Industry-Leading Core Technologies and Deep Customer Relationships Drive Long-Term Success

1 EnerSys does not provide a quantitative reconciliation for forward-looking metrics. Please see our latest Form 8-K which includes our press release dated August 9, 2023, for more details.
2 FY’23 – 27E CAGR

Accelerating Growth in Diverse End Markets

Total Net Sales: 8% – 10%

FY'23 – 27E CAGR

	Energy Systems	Motive Power	Specialty	Fast Charge & Storage
Net Sales CAGR	6% – 8%	5% – 7%	10% – 12%	Incremental
Milestones	**500K+ Sites** Small Cell Build-Out[1]	**35% - 45%** Maintenance Free Revenue[2]	**22%** U.S. MD / HD Aftermarket Share[2]	**20% - 30%** *Revenue from NPIs[2]*

Well Positioned to Benefit from Growing Demand Driven by Global Megatrends

1 FY'23 - 27E targets
2 Targets to be achieved by FY'27

Q1'24 Executing on our Strategy

Innovate

Increasing Higher Value Solutions

- Lithium-ion based XRT™ – installations began at key communications customer sites
- Announced DPX™ – safely delivers 10x more power to small cell nodes
- Energy storage and management system (FC&S) – production readiness on track

Optimize

Expanding Margins

- Record Adjusted Gross Margin[1] - increased over 600 bps Y/Y
- Highest Adjusted Gross Margin[1] achieved in 10 quarters, excluding impact of IRA
- Successfully closed Sylmar plant; $4M annual savings

Accelerate

Compounding Value Creation

- Lithium-ion battery gigafactory – 4GWh capacity site selection underway
- IRC 45X benefits to help fund development; exploring additional government funding
- Intend to stay within our 2 - 3x leverage target range

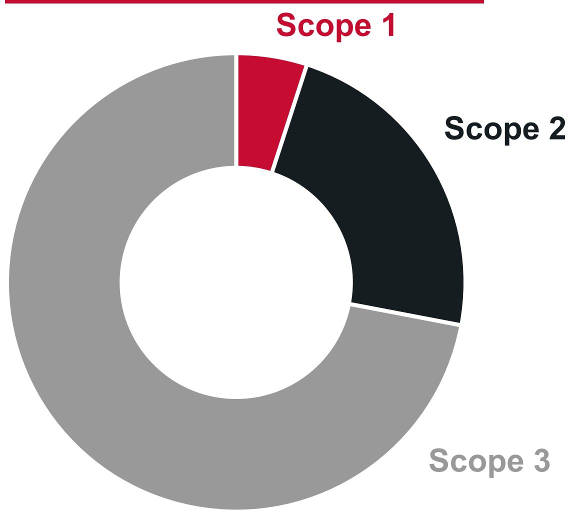
1) Non-GAAP measure. Please refer to appendix for reconciliation.

Sustainability: Scope 3 Data

PUBLISHED 2022 VALUE CHAIN GREENHOUSE GAS EMISSIONS DATA

- Recorded ~714,000 metric tons of CO_2e of Scope 3 emissions in 2022 (baseline year)
- Enhancing our understanding of emissions across entire value chain
- Over 25% of emissions under direct influence
- Refining strategies to significantly reduce emissions and overall climate impact

TOTAL EMISSIONS BY SCOPE



Building upon previously announced Scope 1 & Scope 2 goals

NEUTRAL BY
2040

SCOPE 1 CLIMATE GOALS

Emissions down 7.6%* vs 2021 and >24%* lower than 2019

NEUTRAL BY
2050

SCOPE 2 CLIMATE GOALS

Emissions down 3.7%* vs 2021

**In absolute terms*

ANDI FUNK

EVP AND CFO

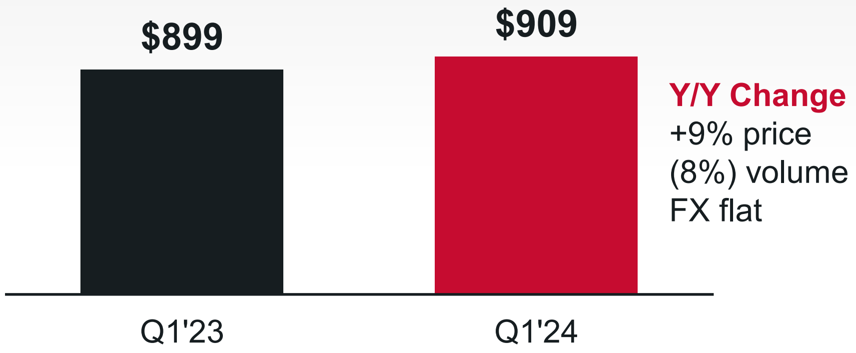
Q1 FY'24 Financial Results and Outlook

EnerSys

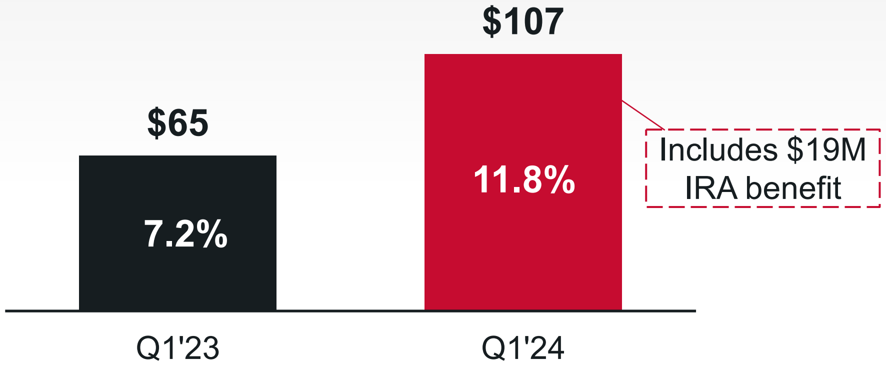
Q1’24 Results

($M, except EPS)

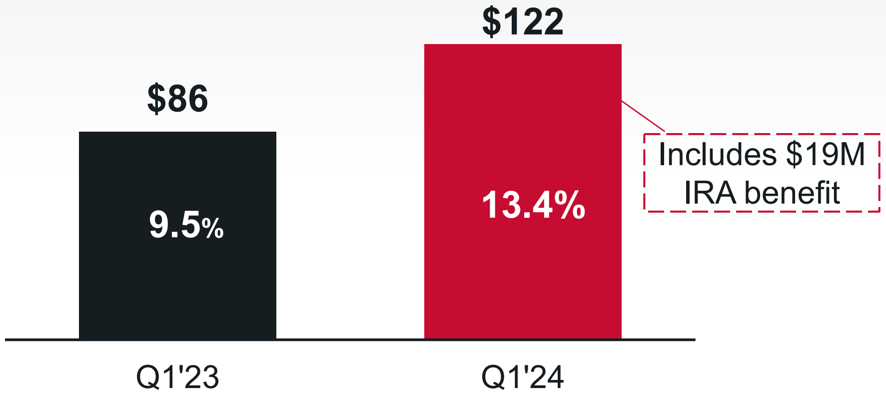
NET SALES



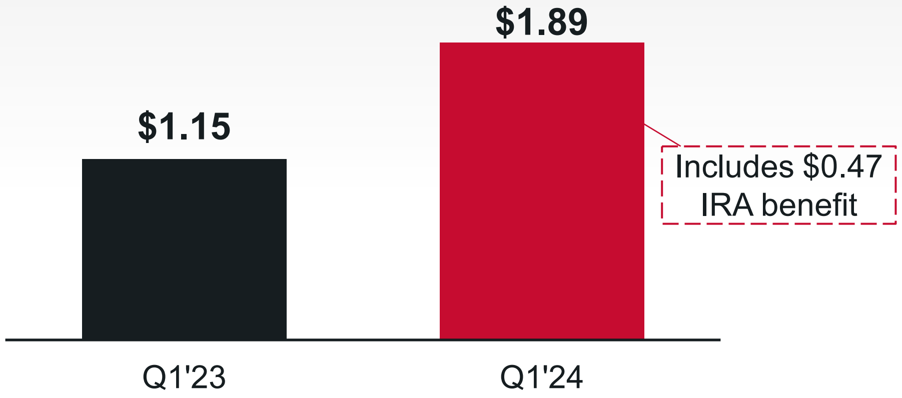
ADJ OPERATING EARNINGS[1] & MARGIN



ADJ EBITDA[1] & MARGIN



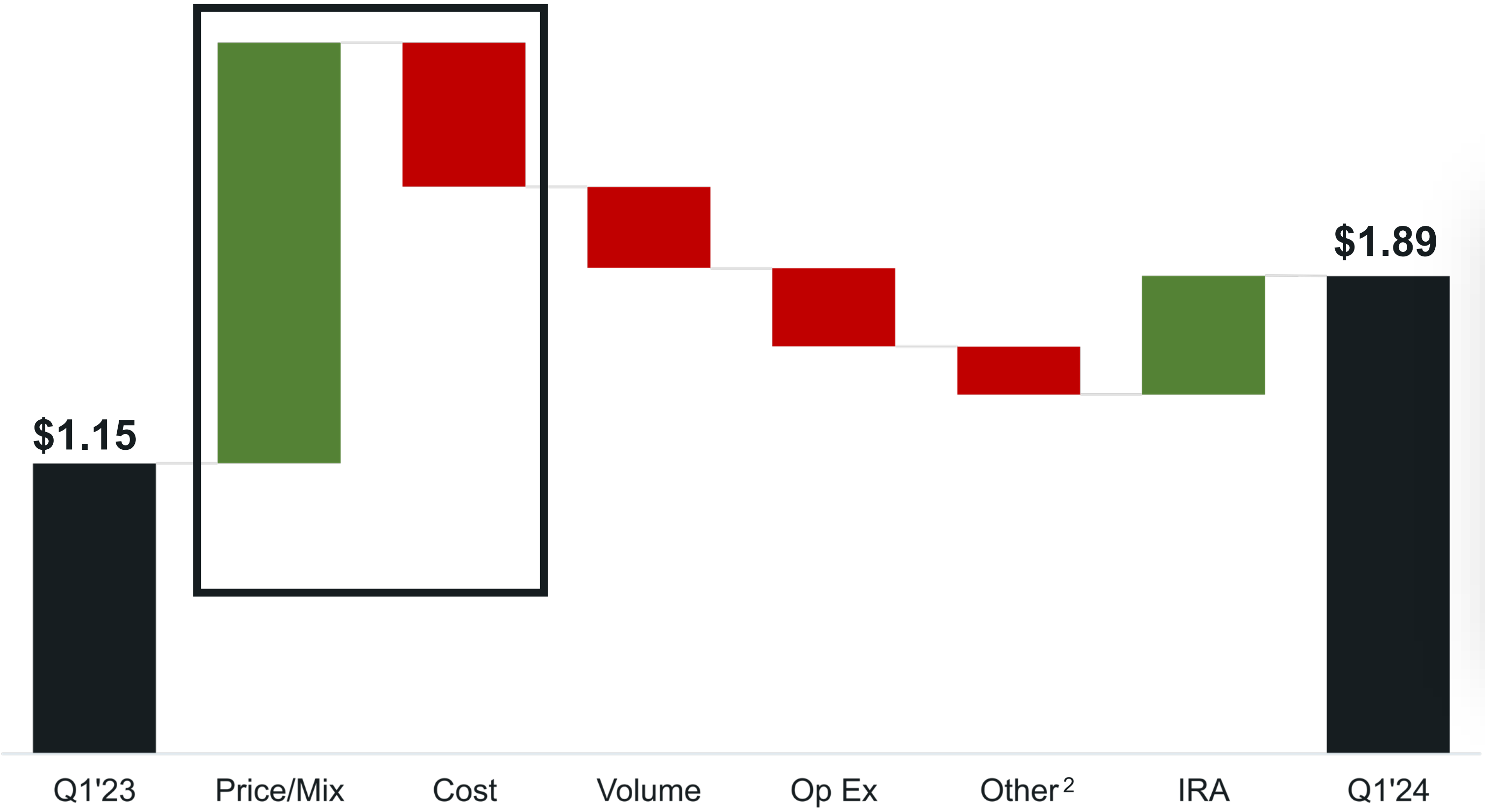
ADJ DILUTED EPS[1]



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

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

Q1'24 YEAR-OVER YEAR

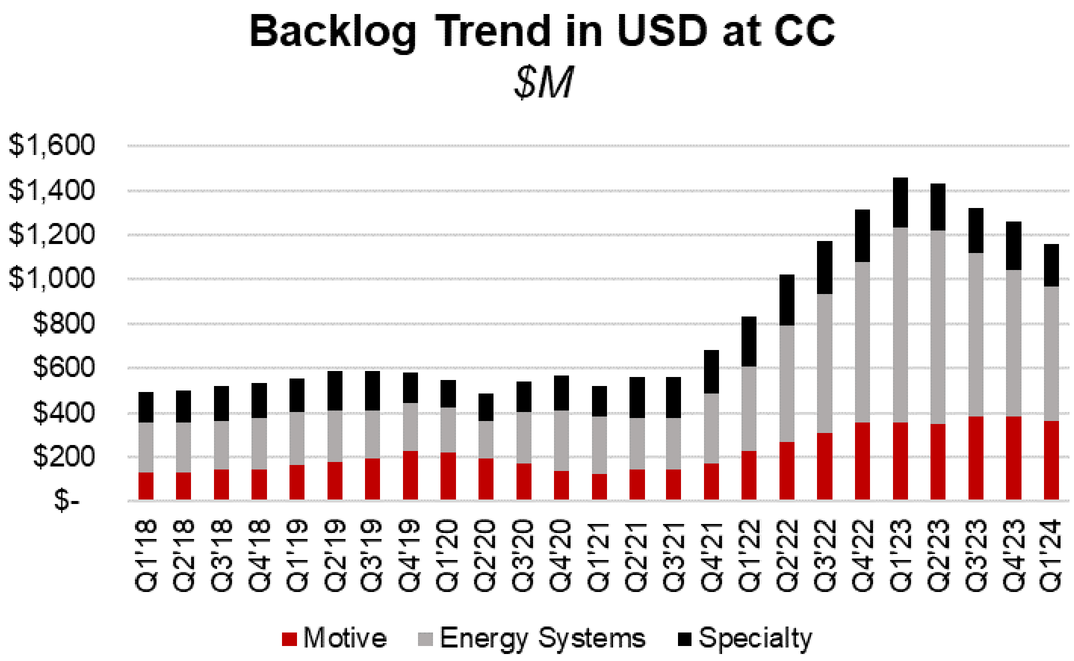


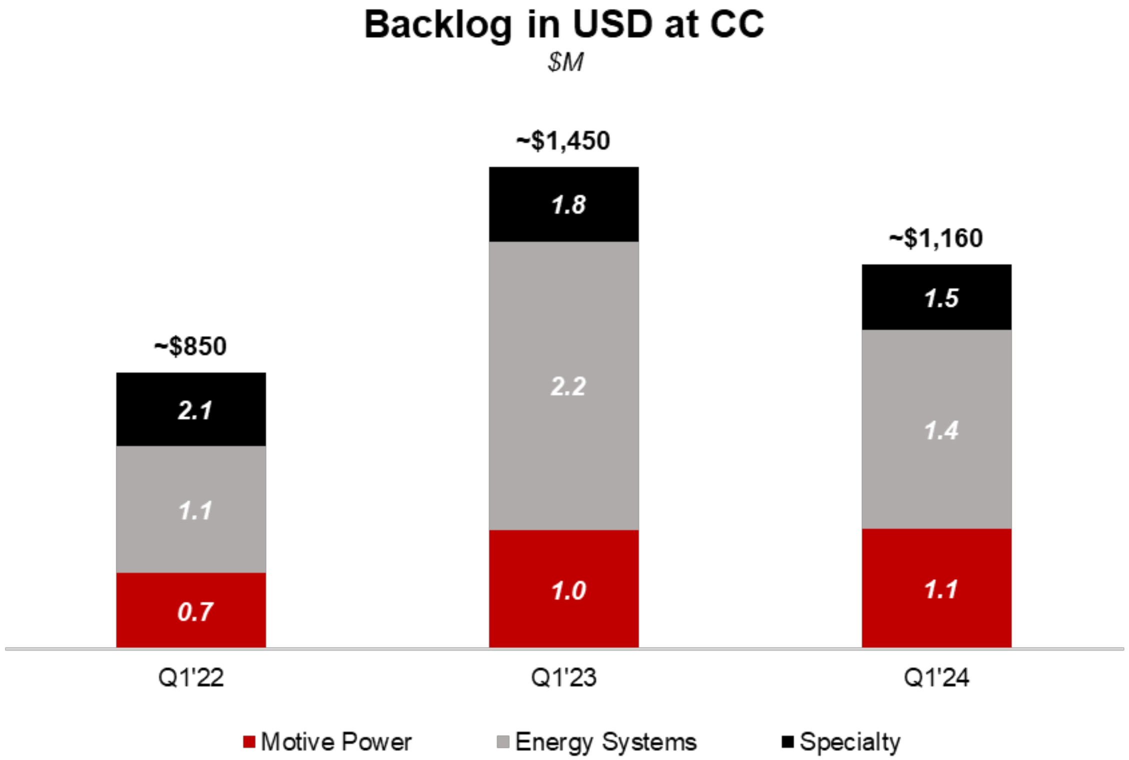
($M)	Net Sales	AOE[1]
Energy Systems	$424.6	$29.7
Motive Power	$350.8	$50.3
Specialty	$133.2	$9.8
Corporate/Other	-	$17.4
Total	**$908.6**	**$107.2**

Price/Mix Outpaced Costs for Fourth Consecutive Quarter

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

Backlog Normalizing and Remains Healthy





Backlog coverage ratio (backlog / quarterly net sales) by segment noted above

Backlog Down from Peak Prior Year Level; 2X Pre-Covid Levels

1) Constant Currency "CC" for backlog refers to a static budgeted exchange rate

Energy Systems Segment Highlights

	Q1’24 ($M)	Y/Y change
Net Sales	$424.6	+4%
Adj. Op. Earnings[1]	$29.7	+117%
Adj. OE Margin[1]	7.0%	+360 bps

- **Continued price / mix strength**
  - Price / Mix +12% partly offset by Volume (7%) and F/X (1%)
  - Higher organic volume of battery sales in Americas
  - Partly offset by lower EMEA volume and U.S. Telecom push-out of CapEx
- **Adj. Op. Earnings[1] more than doubled from prior year**
  - Price / Mix - Cost recapture

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

Motive Power Segment Highlights

	Q1'24 ($M)	Y/Y change
Net Sales	$350.8	(5%)
Adj. Op. Earnings[1]	$50.3	+19%
Adj. OE Margin[1]	14.3%	+280 bps

- **Net Sales down Y/Y on tough comps**
  - Price / Mix +8% offset by Volume (14%), +1% due to acquisition, F/X flat
  - Softer volume across all geographies
  - Maintenance-free conversion trajectory on track – over 1/3 of all new projects quoting TPPL & Lithium products
- **Significant margin performance and improvement over prior year**
  - Significant TPPL mix improvements in Americas
  - Price / Mix – Cost recapture

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

Specialty Segment Highlights

	Q1'24 ($M)	Y/Y change
Net Sales	$133.2	+9%
Adj. Op. Earnings[1]	$9.8	+10%
Adj. OE Margin[1]	7.4%	+10 bps

- **Strong revenue growth over prior year**
  - Price / Mix +7%, Volume +1% and F/X +1%
  - Strong volume in U.S. transportation
  - Improved delivery rates
- **Significant margin improvement over prior year**
  - Price / Mix - Cost recapture
  - Partly offset by higher material and manufacturing costs

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

Balance Sheet, Cash Flow and Leverage

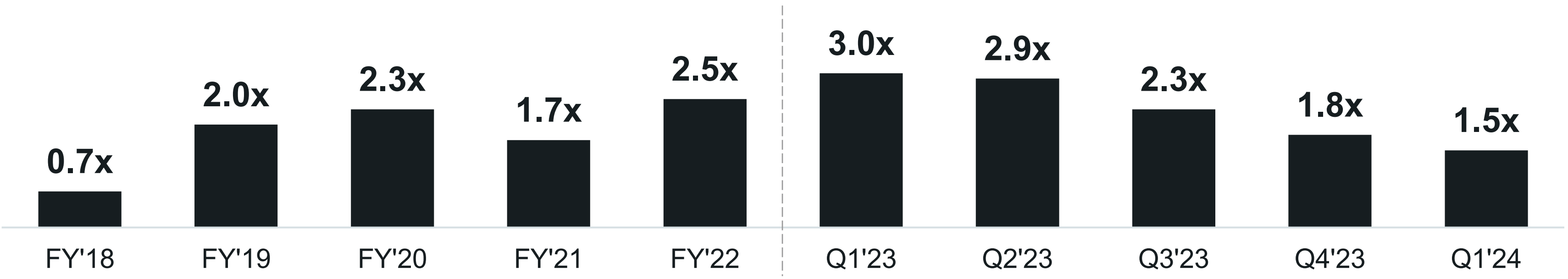
SELECTED BALANCE SHEET METRICS[1]

($M)	FY'23	Q1'24
Cash and Cash Equivalents	$347	$258
Net Debt[3]	$736	$690
Net Leverage Ratio[3]	1.8x	1.5x
Primary Operating Capital[4]	$1,057	$1,033

SELECTED QUARTERLY CASH FLOW METRICS[2]

($M)	Q1'23	Q1'24
Cash Flow from Operations	($72)	$75
CapEx	($23)	($16)
Free Cash Flow[4]	($95)	$59

NET LEVERAGE RATIO[3]



Significant Free Cash Flow Generation and Healthy Balance Sheet

1) Balances as of periods ending March 31, 2023 and July 2, 2023
2) Quarters ending July 3, 2022 and July 2, 2023
3) Net Debt equals total debt less 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		Q1'24	Future Priorities
Invest in Organic Growth (CapEx)		$16M	• Continue TPPL capacity investments & end-to-end solutions • Optimize EOS to drive additional operational efficiencies • Accelerate domestic-sourced lithium strategy
Strategic M&A		Verkor MOU IBCS Acquisition	• Innovate with incremental systems solutions • Execute opportunistic tuck-in acquisitions
Net Leverage[1]		1.5x EBITDA	• Target low end of 2x – 3x long-term net leverage range
Return of Capital	*Dividends* *Buybacks*	$7M $0M	• Committed to a competitive dividend that grows with earnings over time (excluding IRA funds) • $186M outstanding repurchase authorization

Balance 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)

Dividend Update

- On August 09, 2023, the Board of Directors declared a 29% increase in the Company's quarterly dividend
- Quarterly cash dividend increased to $0.225 from $0.175 per share of common stock payable on September 29, 2023 to holders of record as of September 15, 2023
- As part of a disciplined capital allocation strategy, committed to a competitive dividend that grows with earnings (excluding IRA funds) over time

Looking Ahead: Q2’24 Guidance

	Guidance	Assumptions
Gross Margin *(Q2’24)*	25.0% - 27.0% *Includes 150bps - 250bps from IRC 45X tax credits*	• Stable customer demand in diverse end markets tempered by seasonality • Leveling price / cost
Adj. Diluted EPS *(Q2’24)*	$1.77- $1.87 *Includes $0.42 - $0.52 from IRC 45X tax credits*	• Focused OpEx discipline and footprint optimization opportunities • EOS savings • FX / Interest rates consistent with Q1’24
CapEx *(FY’24)*	$120M	• Continued investments in innovation and Lithium / TPPL capacity expansion • $4M allocated to execute ESG goals

- ✓ IRA tax credits to be invested in U.S. capacity for high density batteries
- ✓ Continued strong earnings, operating cash flow and free cash flow
- ✓ Remain prepared for the possibility of a downcycle

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 August 9, 2023, for more details.

Closing Remarks

DAVE SHAFFER

PRESIDENT AND CEO

EnerSys

Invest with EnerSys

1. Provider of **highly differentiated energy solutions** with full suite of technologies for diverse end markets
2. Strategically aligned with megatrends in **large and growing markets**
3. **Resilient business model** positioned for strong cash flow generation, profitable growth, and margin expansion
4. Strong, flexible balance sheet with **clear capital allocation priorities** for accelerated earnings growth
5. Energized **leadership team focused on execution** and **continuous value creation** for all stakeholders

Q&A

August 2023

Appendix

August 2023

Non-GAAP Reconciliations

August 2023

Non-GAAP Reconciliation

ADJUSTED OPERATING EARNINGS

Business Segment Operating Results

	Quarter ended ($ millions)				
	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
Other	0.8	0.5	0.1	—	1.4
Adjusted Operating Earnings	$ 29.7	$ 50.3	$ 9.8	$ 17.4	$ 107.2

	Quarter ended ($ millions)				
	July 3, 2022				
	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	$ 408.6	$ 367.9	$ 122.5	$ —	$ 899.0
Operating Earnings	$ 7.5	$ 34.1	$ 8.5	$ —	$ 50.1
Restructuring and other exit charges	0.2	8.1	—	—	8.3
Amortization of intangible assets	6.0	—	0.4	—	6.4
Adjusted Operating Earnings	$ 13.7	$ 42.2	$ 8.9	$ —	$ 64.8

Increase (Decrease) as a % from prior year quarter	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	3.9 %	(4.6)%	8.7 %	NM	1.1 %
Operating Earnings	NM	41.3	(81.0)	NM	78.4
Adjusted Operating Earnings	NM	19.1	9.9	NM	65.4

NM = Not Meaningful

Non-GAAP Reconciliation

ADJUSTED EBITDA

	Quarter ended ($ millions)	
	July 2, 2023	July 3, 2022
Net Earnings	$ 66.8	$ 31.0
Depreciation	15.6	15.5
Amortization	7.1	8.1
Interest	15.2	11.6
Income Taxes	6.7	5.8
EBITDA	111.4	72.0
Non-GAAP adjustments	10.8	13.5
Adjusted EBITDA	$ 122.2	$ 85.5

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

	Quarter ended ($ millions)	
	July 2, 2023	July 3, 2022
Inventory adjustment relating to exit activities	$ 3.1	$ 0.0
Restructuring and other exit charges	6.3	8.3
Other	1.4	—
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—	5.2
Non-GAAP adjustments	$ 10.8	$ 13.5

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS

	Quarter ended (in millions, except share and per share amounts)			
	July 2, 2023		July 3, 2022	
Net earnings reconciliation				
As reported Net Earnings	$ 66.8		$ 31.0	
Non-GAAP adjustments:				
Inventory adjustment relating to exit activities	3.1	(1)	—	(1)
Restructuring and other exit charges	6.3	(2)	8.3	(2)
Amortization of identified intangible assets	7.0	(3)	6.4	(3)
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—		5.2	
Other	1.4	(4)	—	(4)
Income tax effect of above non-GAAP adjustments	(6.0)		(3.4)	
Non-GAAP adjusted Net earnings	$ 78.6		$ 47.5	
Outstanding shares used in per share calculations				
Basic	40,937,334		40,786,336	
Diluted	41,698,324		41,352,646	
Non-GAAP adjusted Net earnings per share:				
Basic	$ 1.92		$ 1.16	
Diluted	$ 1.89		$ 1.15	
Reported Net earnings (Loss) per share:				
Basic	$ 1.63		$ 0.76	
Diluted	$ 1.60		$ 0.75	
Dividends per common share	$ 0.175		$ 0.175	

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS (CONTINUED)

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 above:

	Quarter ended ($ millions)	
	July 2, 2023	**July 3, 2022**
	Pre-tax	Pre-tax
(1) Inventory adjustment relating to exit activities - Motive Power	3.1	—
(2) Restructuring and other exit charges - Energy Systems	0.5	0.2
(2) Restructuring and other exit charges - Motive Power	1.5	8.1
(2) Restructuring and other exit charges - Specialty	4.3	—
(3) Amortization of identified intangible assets - Energy Systems	6.2	6.0
(3) Amortization of identified intangible assets - Motive	0.1	—
(3) Amortization of identified intangible assets acquisitions - Specialty	0.7	0.4
(4) Other - Energy Systems	0.8	—
(4) Other - Motive	0.5	—
(4) Other - Specialty	0.1	—
Total Non-GAAP adjustments	$ 17.8	$ 14.7

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	1.8 X	2.5 X	1.7 X	2.3 X	2.0 X	0.7 X

(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

	Last twelve months ($ millions)				
(in millions, except ratios)	**July 2, 2023**	**March 31, 2023**	**January 1, 2023**	**October 2, 2022**	**July 3, 2022**
Net earnings as reported	$211.6	$175.8	$137.9	$129.8	$131.0
Add back:					
Depreciation and amortization	90.2	91.2	92.6	92.1	95.1
Interest expense	63.3	59.5	53.9	43.7	40.2
Income tax expense	35.7	34.8	35.8	31.3	27.4
EBITDA (non GAAP)	$400.8	$361.3	$320.2	$296.9	$293.7
Adjustments per credit agreement definitions[(1)]	50.1	51.7	59.8	62.3	53.8
Adjusted EBITDA (non-GAAP) per credit agreement[(1)]	$450.9	$413.0	$380.0	$359.2	$347.5
Total net debt[(2)]	$690.1	$736.0	$858.9	$1,045.5	$1,048.8
Leverage ratios:					
Total net debt/credit adjusted EBITDA ratio	1.5 X	1.8 X	2.3 X	2.9 X	3.0 X

(1) 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 indefinitelived 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 LTM fiscal Q3 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 swap termination fee of $1.4M. The $62.3 million adjustment to EBITDA in the last twelve months ending October 2, 2022 primarily related to $26.6 million of non-cash stock compensation, $33.1 million of restructuring and other exit charges, indefinite-lived intangibles of $1.2 million and $1.4 million for swap termination fees. The $53.8 million adjustment to EBITDA in the last twelve months ending July 3, 2022 primarily related to $26.5 million of non-cash stock compensation, $21.7 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. last twelve months ending July 2, 2023 and July 3, 2022, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $258.3 million, and $383.2 million, respectively. 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.

Non-GAAP Reconciliation

FREE CASH FLOW

	Quarter Ended	
	July 2, 2023	July 3, 2022
Net cash provided by (used in) operating activities	74,946	(71,891)
Less Capital Expenditures	(16,093)	(23,014)
Free Cash Flow	$ 58,853	$ (94,905)

Non-GAAP Reconciliation

PRIMARY OPERATING CAPITAL

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 $1,032.6 million (yielding a primary operating capital percentage of 28.4%) at July 2, 2023, $1,057.0 million (yielding a primary operating capital percentage of 26.7%) at March 31, 2023 and $1,131.5 million at July 3, 2022 (yielding a primary operating capital percentage of 31.5%). The primary operating capital percentage of 28.4% at July 2, 2023 worsened by 170 basis points compared to March 31, 2023 and improved 310 basis points compared to July 3, 2022. The increase in primary operating capital percentage at July 2, 2023 compared to March 31, 2023 was primarily due to a reduction in sales compared to the fourth fiscal quarter of the prior fiscal year. The decrease in primary operating capital percentage at July 2, 2023 compared to July 3, 2022 was primarily from the sale of $150.0 million in accounts receivables through a Receivables Purchase Agreement (RPA) entered into during the third quarter of fiscal 2023.

Primary operating capital and primary operating capital percentages at July 2, 2023, March 31, 2023 and July 3, 2022 are computed as follows:

($ in Millions)	July 2, 2023	March 31, 2023	July 3, 2022
Accounts receivable, net	$ 566.5	$ 637.8	$ 697.1
Inventory, net	809.4	797.8	777.7
Accounts payable	(343.3)	(378.6)	(343.3)
Total primary operating capital	$ 1,032.6	$ 1,057.0	$ 1,131.5
Trailing 3 months net sales	$ 908.6	$ 989.9	$ 899.0
Trailing 3 months net sales annualized	$ 3,634.4	$ 3,959.6	$ 3,595.9
Primary operating capital as a % of annualized net sales	28.4 %	26.7 %	31.5 %

Non-GAAP Reconciliation

ADJUSTED GROSS PROFIT

	Quarter ended ($ millions)	
	July 2, 2023	July 3, 2022
Net Sales	$ 908.6	$ 899.0
Gross Profit	$ 240.3	$ 185.5
Inventory adjustment relating to exit activities	3.1	-
Adjusted Gross Profit	$ 243.4	$ 185.5

Non-GAAP Reconciliation

FY'23 & FY'22 ADJUSTED OPERATING EARNINGS

Twelve months ended ($ millions) March 31, 2023

	Energy Systems	Motive Power	Specialty	IRA Tax Credits	Total
Net Sales	$ 1,738.1	$ 1,451.3	$ 519.1	$ —	$ 3,708.5
Operating Earnings	$ 60.8	$ 165.2	$ 35.0	$ 17.3	$ 278.3
Inventory adjustment relating to exit activities	(0.2)	0.8	—	—	0.6
Restructuring and other exit charges	1.5	12.8	2.1	—	16.4
Impairment of indefinite-lived intangibles	0.1	—	0.4	—	0.5
Loss on assets held for sale	—	—	—	—	—
Amortization of identified intangible assets from recent acquisitions	23.4	—	1.7	—	25.1
Other	0.6	0.6	0.1	—	1.3
Acquisition activity expense	—	—	—	—	—
Adjusted Operating Earnings	$ 86.2	$ 179.4	$ 39.3	$ 17.3	$ 322.2

Twelve months ended ($ millions) March 31, 2022

	Energy Systems	Motive Power	Specialty	Total
Net Sales	$ 1,536.6	$ 1,361.2	$ 459.5	$ 3,357.3
Operating Earnings	$ 15.1	$ 146.5	$ 44.6	$ 206.2
Inventory adjustment relating to exit activities	0.2	2.4	—	2.6
Restructuring and other exit charges	2.8	17.1	(1.1)	18.8
Impairment of indefinite-lived intangibles	0.5	0.7	—	1.2
Loss on assets held for sale	—	3.0	—	3.0
Amortization of identified intangible assets from recent acquisitions	23.6	—	1.8	25.4
Other	5.1	1.0	0.3	6.4
Adjusted Operating Earnings	$ 47.3	$ 170.7	$ 45.6	$ 263.6

Non-GAAP Reconciliation

FY’23 & FY’22 ADJUSTED EBITDA

	Twelve months ended ($ millions) March 31, 2023	Twelve months ended ($ millions) March 31, 2022
Net Earnings	$ 175.8	$ 143.9
Depreciation	60.4	62.6
Amortization	30.8	33.2
Interest	59.5	37.8
Income Taxes	34.8	30.0
EBITDA	361.3	307.5
Non-GAAP adjustments	26.2	32.0
Adjusted EBITDA	$ 387.5	$ 339.5

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

	Twelve months ended ($ millions) March 31, 2023	Twelve months ended ($ millions) March 31, 2022
Inventory adjustment relating to exit activities	$ 0.6	$ 2.6
Restructuring and other exit charges	16.4	18.8
Impairment of indefinite-lived intangibles	0.5	1.2
Loss on assets held for sale	—	3.0
Other	2.2	6.4
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	4.5	—
Asset Securitization Transaction Fees	0.6	—
Cost of funding to terminate net investment hedges	1.4	—
Non-GAAP adjustments	$ 26.2	$ 32.0

Non-GAAP Reconciliation

FY'23 & FY'22 ADJUSTED DILUTED EPS

	Twelve months ended *(in millions, except share and per share amounts)*			
	March 31, 2023		March 31, 2022	
Net Earnings reconciliation				
As reported Net Earnings	$ 175.8		$ 143.9	
Non-GAAP adjustments:				
Inventory adjustment relating to exit activities	0.6	(1)	2.6	(1)
Restructuring and other exit charges	16.4	(2)	18.8	(2)
Impairment of indefinite-lived intangibles	0.5	(3)	1.2	(3)
Loss on assets held for sale	—	(4)	3.0	(4)
Amortization of identified intangible assets from recent acquisitions	25.1	(5)	25.4	(5)
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	4.5		—	
Asset Securitization Transaction Fees	0.6			
Cost of funding to terminate net investment hedges	1.4		—	
Financing fees related to debt modification	1.2		—	
Other	2.2		6.4	
Income tax effect of above non-GAAP adjustments	(7.5)		(10.3)	
Non-GAAP adjusted Net Earnings	$ 220.8		$ 191.0	
Outstanding shares used in per share calculations				
Basic	40,809,235		42,106,337	
Diluted	41,326,755		42,783,373	
Non-GAAP adjusted Net Earnings per share:				
Basic	$ 5.41		$ 4.54	
Diluted	$ 5.34		$ 4.47	
Reported Net Earnings (Loss) per share:				
Basic	$ 4.31		$ 3.42	
Diluted	$ 4.25		$ 3.36	
Dividends per common share	$ 0.70		$ 0.70	

Non-GAAP Reconciliation

FY'23 & FY'22 ADJUSTED DILUTED EPS (CONTINUED)

	Twelve months ended ($ millions)	
	March 31, 2023	March 31, 2022
	Pre-tax	Pre-tax
(1) Inventory adjustment relating to exit activities - Energy Systems	$ (0.2)	$ 0.2
(1) Inventory adjustment relating to exit activities - Motive Power	0.8	2.4
(2) Restructuring and other exit charges - Energy Systems	1.5	2.8
(2) Restructuring and other exit charges - Motive Power	12.8	17.1
(2) Restructuring and other exit charges - Specialty	2.1	(1.1)
(3) Impairment of indefinite-lived intangibles - Energy Systems	0.1	0.5
(3) Impairment of indefinite-lived intangibles - Specialty	0.4	0.7
(4) Loss on assets held for sale - Motive	—	3.0
(5) Amortization of identified intangible assets from recent acquisitions - Energy Systems	23.4	23.6
(5) Amortization of identified intangible assets from recent acquisitions - Specialty	1.7	1.8
Total Non-GAAP adjustments	$ 42.6	$ 51.0

Thank you.

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