FISCAL 2024
FIRST QUARTER FINANCIAL RESULTS

September 7, 2023

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, expressed or implied, by such forward-looking statements. All statements that address future operating, financial or business performance or our strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook” or “continue,” and other comparable terminology. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following:

- Dependence on our supply chain, including semiconductor suppliers;
- Impact from pandemics, such as the COVID-19 pandemic;
- Dependence on the automotive and commercial vehicle industries;
- Impact from inflation;
- Dependence on a small number of large customers, including one large automotive customer;
- Risks relating to our use of requirements contracts;
- Failure to attract and retain qualified personnel;
- Risks related to conducting global operations;
- Potential work stoppages;
- Dependence on the availability and price of materials;
- Timing, quality and cost of new program launches;
- Ability to compete effectively;
- Ability to withstand pricing pressures, including price reductions;
- Our lengthy sales cycle;
- Ability to successfully benefit from acquisitions and divestitures;
- Impact from production delays or cancelled orders;
- Investment in programs prior to the recognition of revenue;
- Electric vehicle ("EV") adoption rates;
- Ability to withstand business interruptions;
- Breaches to our information technology systems or service interruptions;
- Ability to keep pace with rapid technological changes;
- Ability to protect our intellectual property;
- Costs associated with environmental, health and safety regulations;
- International trade disputes resulting in tariffs and our ability to mitigate tariffs;
- Impact from climate change and related regulations;
- Ability to avoid design or manufacturing defects;
- Ability to remediate a material weakness in our internal control over financial reporting;
- Recognition of goodwill and other intangible asset impairment charges;
- Ability to manage our debt levels and any restrictions thereunder;
- Interest rate changes and variable rate instruments;
- Currency fluctuations;
- Adjustments to compensation expense for performance-based awards;
- Timing and magnitude of costs associated with restructuring activities;
- Income tax rate fluctuations; and
- Judgments related to accounting for tax positions.

Additional details and factors are discussed under the caption “Risk Factors” in our Annual Report. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Any forward-looking statements made by us speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Non-GAAP Financial Measures



To supplement the company's financial statements presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Methode uses Adjusted Net Income, Adjusted Earnings Per Share, Adjusted Income from Operations, Adjusted Selling and Administrative Expenses, Adjusted Selling and Administrative Expenses as a Percentage of Sales, EBITDA, Adjusted EBITDA, Net Debt and Free Cash Flow as non-GAAP measures. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation can be found at the end of this presentation. Methode's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. The company believes that these non-GAAP measures are useful because they (i) provide both management and investors meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of recurring core business operating results, (ii) permit investors to view Methode's performance using the same tools that management uses to evaluate its past performance, reportable business segments and prospects for future performance (iii) are commonly used by other companies in our industry and provide a comparison for investors to the company’s performance versus its competitors and (iv) otherwise provide supplemental information that may be useful to investors in evaluating Methode.

FY24 Q1 Highlights

Quarterly Performance

Sales of $290M

Sales of $21M from Nordic Lights

Lighting Solutions Franchise Growth

Business Activity

Operational Challenges & Product Launches

Program Awards of Over $70M

Dabir Surfaces Exit

Electric Vehicle Activity

22% of Consolidated Sales

$30M+ in EV Program Awards

FY24 EV Sales Dependent on Take Rates & Roll Offs

Balance Sheet & Cash Flow

Debt Increase Driven by Working Capital Investment

Low Leverage Providing Flexibility

Free Cash Flow Expected to be Positive in Q2

FY24 Q1 Select Business Awards

Electric Vehicles



- Battery Disconnect Unit for U.S. Auto OEM
- Busbar Assembly for U.S. Auto OEM
- Ground Strap Assembly for U.S. Auto OEM
- High/Low Voltage EMC Filter for European Auto OEM

$33M*

Other



- Cargo Lamp Assembly for U.S. Auto OEM
- Torque Sensor for European e-bike Powertrain OEM

$37M*

EVs Continue to Lead Award Activity

** Expected annual sales at full production as of original award date*

Summary

FY24 Q1

- Sales Continue to be Solid, Including EV
- Nordic Lights Integration Progressing
- Program Award Pipeline Healthy
- Heavy Focus on Improving Operational Efficiency and Executing New Program Launches

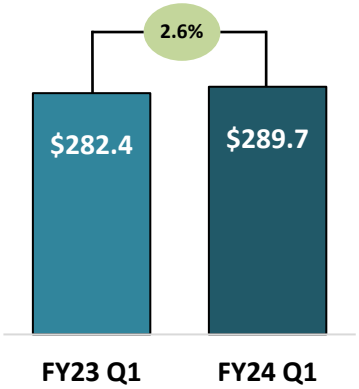
FY24-25 Sales Guidance

- Program Roll-offs and Market Headwinds in Commercial Vehicle, Data Center, & e-bike Driving Lower Organic Sales in FY24
- Significant Investments in FY24 to Support over 20 New Program Launches
- Multiple Years of Strong Program Awards Support FY25 Sales Guidance
- FY25 Sales Guidance Midpoint Represents **12% Organic Growth** over the FY24 Guidance Midpoint

Financial Results

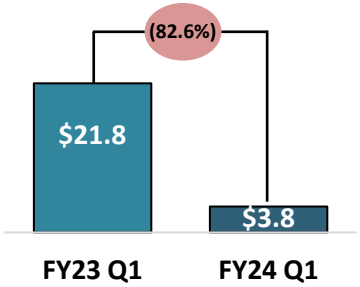
FY24 Q1 Net Sales & Income from Operations

Net Sales
($M)



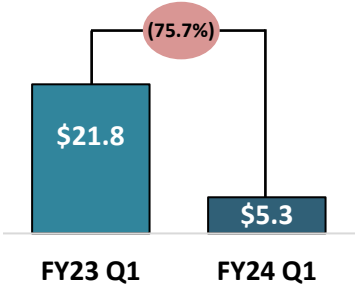
+ Nordic Lights
+ Commercial Vehicle Lighting
– Auto Program Roll-off

Income from Operations
($M)



– Operational Inefficiencies
– Higher S&A Expenses
– Product Sales Mix

Adjusted Income from Operations*
($M)



Excludes:

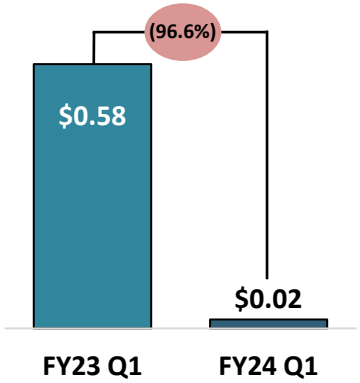
- Acquisition Costs of $0.8M
- Restructuring Costs of $0.7M

** See Appendix for reconciliation to GAAP*

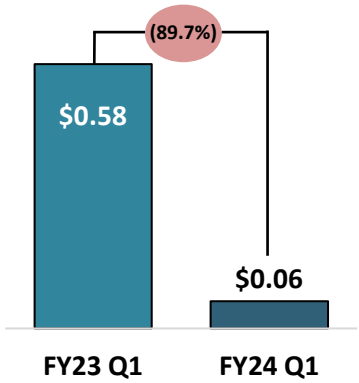
Solid Sales Despite Market Headwinds

FY24 Q1 Earnings Per Share & EBITDA

Diluted Earnings per Share
($)



Adjusted Diluted Earnings per Share*
($)

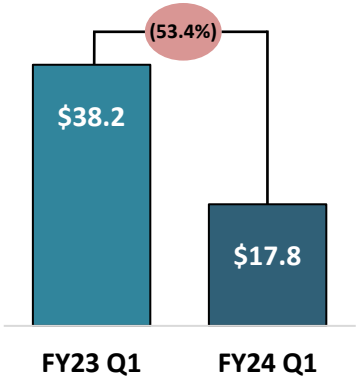


- Operational Inefficiencies
- Product Sales Mix
- Professional Fees

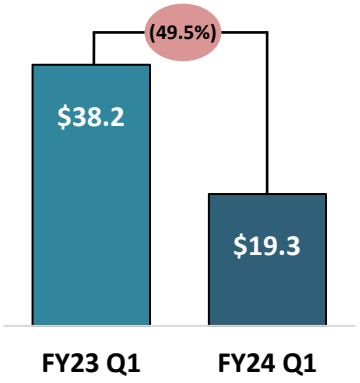
Excludes:

- Acquisition Costs of $0.6M
- Restructuring Costs of $0.5M

EBITDA*
($M)



Adjusted EBITDA*
($M)



- Higher Operational Costs
- Higher S&A Expenses
+ Nordic Lights

Excludes:

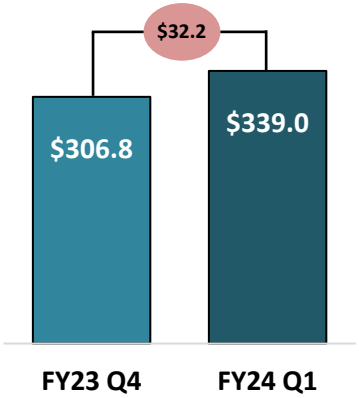
- Acquisition Costs of $0.8M
- Restructuring Costs of $0.7M

** See Appendix for reconciliation to GAAP*

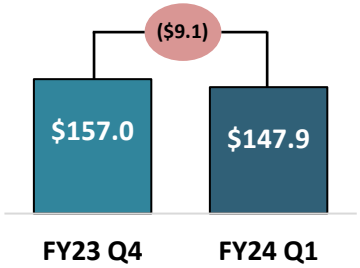
Operational Inefficiencies Creating Short-Term Headwind

FY24 Q1 Balance Sheet

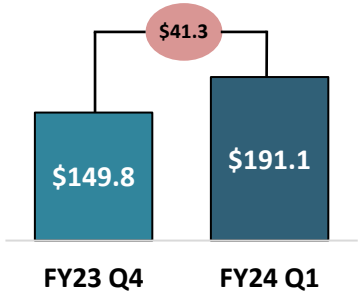
Debt
($M)



Cash and Cash Equivalents
($M)



Net Debt*
($M)

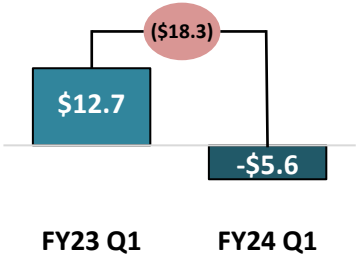


** See Appendix for reconciliation to GAAP*

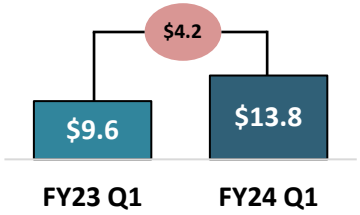
Debt Increase Mainly Driven by Working Capital Investments

FY24 Q1 Free Cash Flow

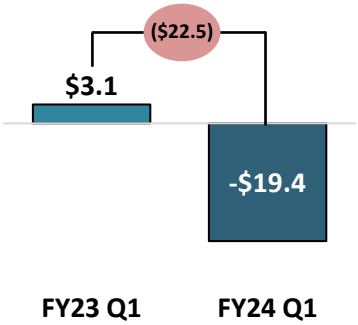
Net Cash Provided by Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)



** See Appendix for reconciliation to GAAP*

Lower Free Cash Flow Mainly Due to Lower Net Income

Guidance

Fiscal 2024 Q2 Guidance

- Net sales range of $285 - $295 million
- Diluted earnings per share range of $0.08 - $0.13
- Adjusted diluted earnings per share range of $0.12 - $0.17
- Adjusted diluted EPS excludes $0.04 for expected costs related to the discontinuation of Dabir Surfaces

Fiscal 2024 Full Year Guidance

- Net sales range of $1,140 - $1,180 million, down from the previous range of $1,150 - $1,200 million
- Diluted earnings per share range of $0.80 - $1.00, down from the previous range of $1.55 - $1.75
- Adjusted diluted earnings per share range of $0.88 - $1.08
- Adjusted diluted EPS excludes $0.06 for expected costs related to the discontinuation of Dabir Surfaces and $0.02 of acquisition costs related to the acquisition of Nordic Lights
- The lower adjusted EPS guidance driven by operational inefficiencies ($0.30), product mix ($0.24), and lower organic volume ($0.10)

Fiscal 2024 Guidance Assumptions

- Income Tax Rate at 14% - 16% with no discrete tax benefits or expenses
- CapEx of $60 - $70 million
- Depreciation and Amortization of $55 - $60 million

Fiscal 2025 Full Year Guidance

- Net sales range of $1,250 - $1,350 million, which is unchanged
- Income from operations as a percentage of net sales range of 11% to 12%
- Income Tax Rate at 20% - 22% with no discrete tax benefits or expenses
- Approximately 12% organic sales growth from the midpoint of the fiscal 2024 net sales guidance

Guidance does not include any new acquisition costs and is subject to change due to a variety of factors including potential customer work stoppages, supply chain disruptions, inflation, global economic instability, successful cost recovery actions, the successful launch of multiple new programs, the ultimate take rates on new EV programs, potential restructuring efforts, and potential impairments or divestitures.

Thank You

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (Unaudited)
(in millions)

	Three Months Ended	
	July 29, 2023	July 30, 2022
EBITDA:		
Net income	$ 0.9	$ 21.5
Income tax expense	0.1	4.4
Interest expense, net	2.8	—
Amortization of intangibles	5.7	4.7
Depreciation	8.3	7.6
EBITDA	17.8	38.2
Acquisition costs	0.5	—
Acquisition-related costs - purchase accounting adjustments related to inventory	0.3	—
Restructuring costs	0.7	—
Adjusted EBITDA	$ 19.3	$ 38.2

	Three Months Ended	
	July 29, 2023	July 30, 2022
Free Cash Flow:		
Net cash (used in) provided by operating activities	$ (5.6)	$ 12.7
Purchases of property, plant and equipment	(13.8)	(9.6)
Free cash flow	$ (19.4)	$ 3.1

	July 29, 2023	April 29, 2023
Net Debt:		
Short-term debt	$ 3.2	$ 3.2
Long-term debt	335.8	303.6
Total debt	339.0	306.8
Less: cash and cash equivalents	(147.9)	(157.0)
Net debt	$ 191.1	$ 149.8

Appendix

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES (Unaudited)
(in millions, except per share data)

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended July 29, 2023

	U.S. GAAP (as reported)	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Non-U.S. GAAP
Gross profit	$ 54.0	$ —	$ 0.3	$ 0.6	$ 54.9
Gross margin (% of net sales)	18.6%	n/a	0.1%	n/a	19.0%
Selling and administrative expenses	$ 44.5	$ (0.5)	$ —	$ (0.1)	$ 43.9
Selling and administrative expenses (% of net sales)	15.4%	(0.2)%	n/a	—%	15.2%
Income from operations	$ 3.8	$ 0.5	$ 0.3	$ 0.7	$ 5.3
Net income	$ 0.9	$ 0.4	$ 0.2	$ 0.5	$ 2.0
Diluted earnings per share	$ 0.02	$ 0.01	$ 0.01	$ 0.02	$ 0.06

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended July 30, 2022

	U.S. GAAP (as reported)	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Non-U.S. GAAP
Gross profit	$ 61.8	$ —	$ —	$ —	$ 61.8
Gross margin (% of net sales)	21.9%	n/a	n/a	n/a	21.9%
Selling and administrative expenses	$ 35.3	$ —	$ —	$ —	$ 35.3
Selling and administrative expenses (% of net sales)	12.5%	n/a	n/a	n/a	12.5%
Income from operations	$ 21.8	$ —	$ —	$ —	$ 21.8
Net income	$ 21.5	$ —	$ —	$ —	$ 21.5
Diluted earnings per share	$ 0.58	$ —	$ —	$ —	$ 0.58