FISCAL 2024
SECOND QUARTER FINANCIAL RESULTS

December 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 Pre-Tax Income, Adjusted Income from Operations, 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 Q2 Highlights

Quarterly Performance

Sales of $288M

Auto Segment Down Due to Roll Offs, e-Bike, & UAW Strike

Goodwill Impairment

Business Activity

Operational Challenges & Delayed Product Launches

Nordic Lights Performing As Expected

Program Awards of Over $20M

Electric Vehicle Activity

19% of Consolidated Sales, 20% YTD

$15M+ in EV Program Awards

FY24 EV Sales Dependent on Launch Timing & Take Rates

Balance Sheet & Cash Flow

Debt Increase Driven by Capital Investments

Purchased $8M of Shares

Negative Free Cash Flow

Summary

FY24 Q2

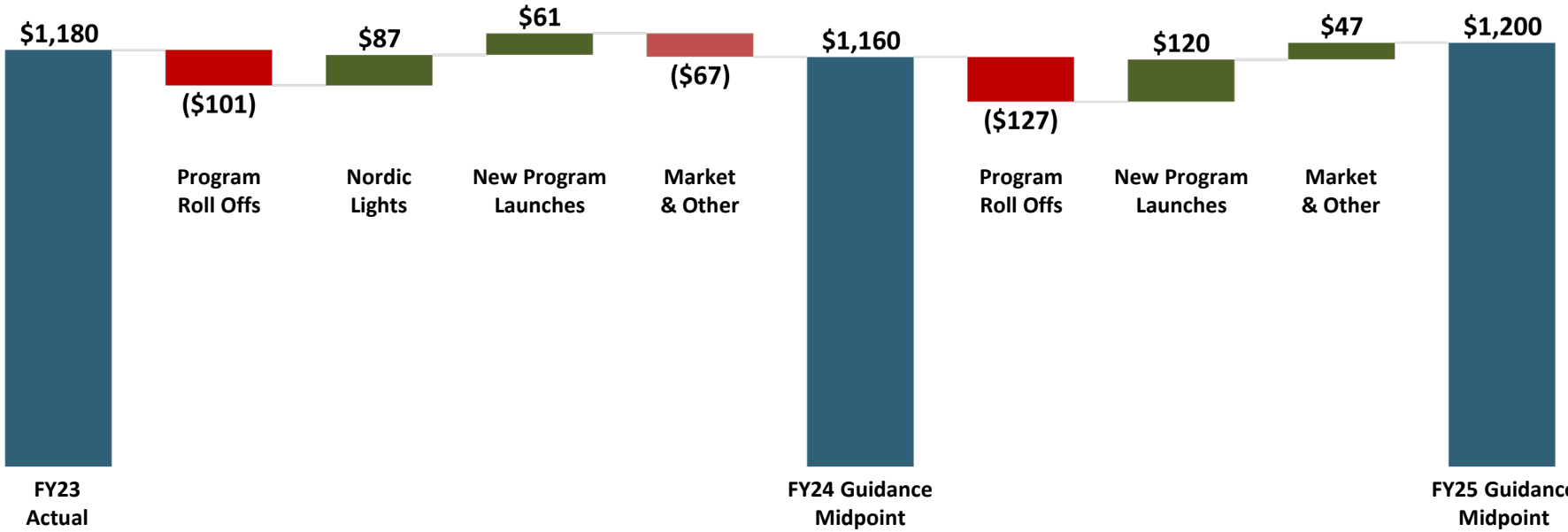
- Sales Continue to be Solid, Despite Several Headwinds
- Nordic Lights Acquisition Complete
- Heavy Focus on Improving Operational Efficiency and Executing New Program Launches
- Resumed Share Purchase Activity

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 Lowered Mainly Due to Customer Delays with EV Programs

FY23 – FY25 Sales Bridge

($ in millions)

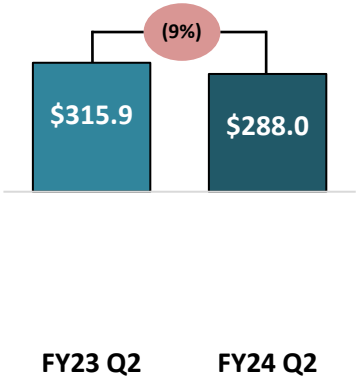


FY25 Lowered Primarily Due to Customer Program Launch Delays

Financial Results

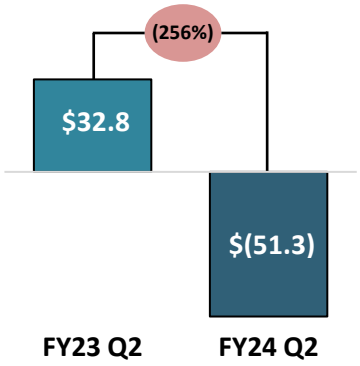
FY24 Q2 Net Sales & Income from Operations

Net Sales
($M)



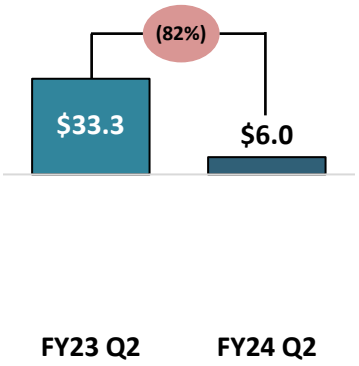
- Auto Program Roll Offs
- Prior Year COVID Catch-up in Asia
- Overstocked e-Bike Market
+ Nordic Lights

Income/(Loss) from Operations
($M)



- Goodwill Impairment
- Lower Sales Volume
- Higher Freight Expenses
- Higher Labor Expenses

Adjusted Income from Operations*
($M)



FY24 Excludes:

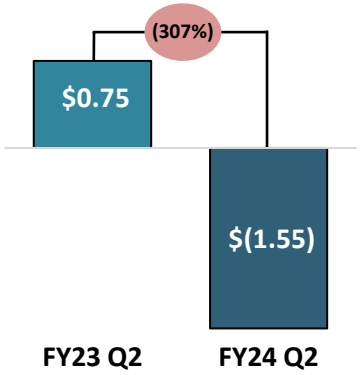
- Goodwill Impairment of $56.5M
- Restructuring Costs of $0.6M
- Purchase Accounting Adjustment of $0.2M

Sales Headwinds & Operational Inefficiencies Driving Lower Adjusted Profit

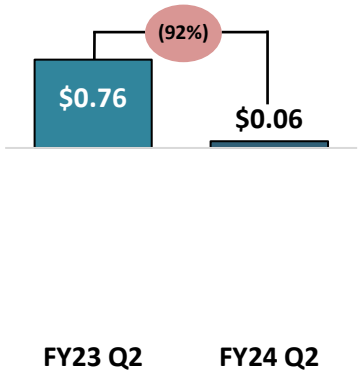
** See Appendix for reconciliation to GAAP*

FY24 Q2 Earnings Per Share & EBITDA

Diluted Earnings per Share
($)



Adjusted Diluted Earnings per Share*
($)

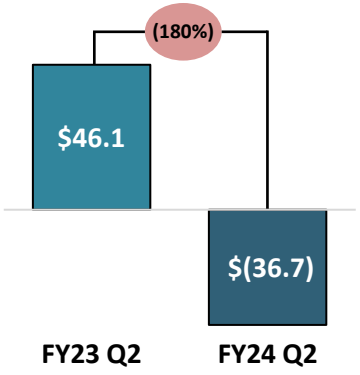


- Goodwill Impairment
- Lower Operating Income
- Higher Interest Expense
- \+ Lower Tax Expense

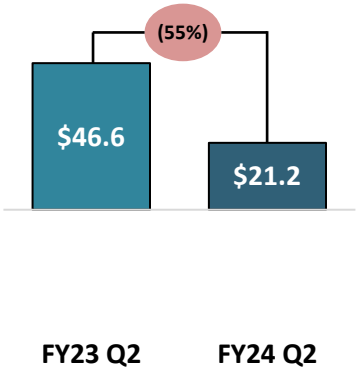
FY24 Excludes:

- Goodwill Impairment of $1.58
- Restructuring Costs of $0.01
- Loss on Sale of Assets of $0.01
- Purchase Accounting Adjustment of $0.01

EBITDA*
($M)



Adjusted EBITDA*
($M)



- Goodwill Impairment
- Lower Operating Income
- Higher S&A Expenses
- \+ Nordic Lights

FY24 Excludes:

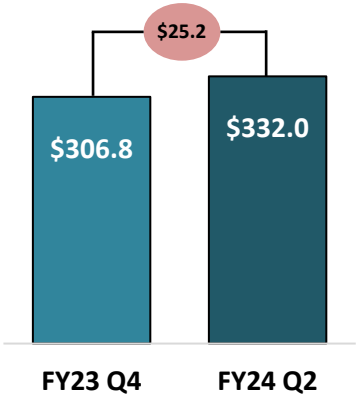
- Goodwill Impairment of $56.5M
- Restructuring Costs of $0.6M
- Loss on Sale of Assets of $0.6M
- Purchase Accounting Adjustment of $0.2M

Headwinds Expected to Continue for Remainder of Fiscal Year

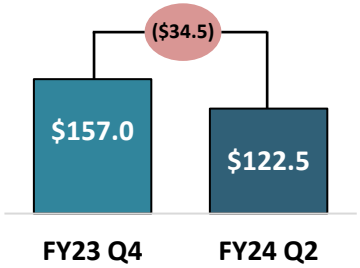
** See Appendix for reconciliation to GAAP*

FY24 Q2 Balance Sheet

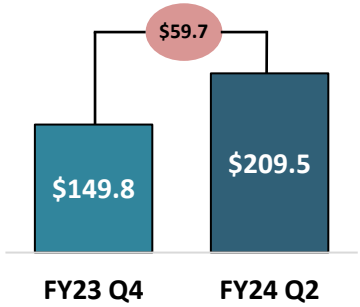
Debt
($M)



Cash and Cash Equivalents
($M)



Net Debt*
($M)

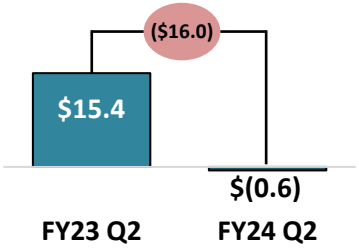


Debt Increase Mainly Driven by Capital Investments

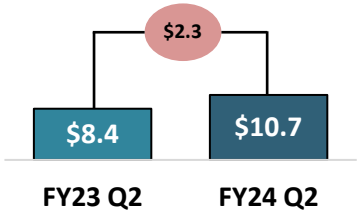
** See Appendix for reconciliation to GAAP*

FY24 Q2 Free Cash Flow

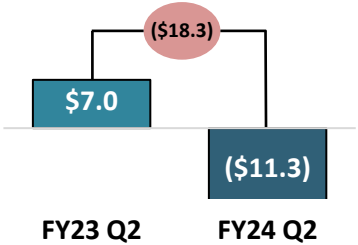
Net Cash Provided by (Used in) Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)



Lower Free Cash Flow Mainly Due to Lower Net Income

** See Appendix for reconciliation to GAAP*

Guidance

Fiscal 2024 Q3 Guidance

- Net sales similar to Q2
- Adjusted diluted earnings per share modestly higher than Q2

Fiscal 2024 Full Year Guidance

- Net sales range of $1,140 - $1,180 million, unchanged
- Diluted earnings per share range of ($1.40) – ($1.14), down from $0.80 - $1.00
- Adjusted diluted earnings per share range of $0.24 - $0.50, down from $0.88 - $1.08
- Adjusted diluted EPS excludes $1.58 for the goodwill impairment, $0.04 for costs related to the discontinuation of Dabir Surfaces, and $0.02 for costs related to the acquisition of Nordic Lights
- The lower adjusted EPS guidance driven by operational inefficiencies ($0.28), product sales mix ($0.13), Q2 guidance miss ($0.09) and other higher costs

Fiscal 2024 Guidance Assumptions

- Income Tax Rate at 14% - 16% in the second half of the fiscal year 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 $1,150 - $1,250 million, down from $1,250 - $1,350 million
- Income from operations as a percentage of net sales range of 6% to 8%, down from 11% to 12% mainly due to lower expected net sales
- Income Tax Rate at 20% - 22% with no discrete tax benefits or expenses

Guidance is subject to change due to a variety of factors including the successful launch of multiple new programs, the ultimate take rates on new EV programs, successful cost recovery actions, inflation, global economic instability, supply chain disruptions, potential restructuring efforts, and potential impairments.

Thank You

Appendix

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

	Three Months Ended		Six Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
EBITDA:				
Net (loss) income	$ (55.3)	$ 27.6	$ (54.4)	$ 49.1
Income tax (benefit) expense, net	(0.2)	5.8	(0.1)	10.2
Interest expense, net	4.4	0.5	7.2	0.5
Amortization of intangibles	6.2	4.7	11.9	9.4
Depreciation	8.2	7.5	16.5	15.1
EBITDA	(36.7)	46.1	(18.9)	84.3
Goodwill impairment	56.5	—	56.5	—
Acquisition costs	—	—	0.5	—
Acquisition-related costs - purchase accounting adjustments related to inventory	0.2	—	0.5	—
Restructuring costs	0.6	0.5	1.3	0.6
Loss on sale of Dabir assets	0.6	—	0.6	—
Adjusted EBITDA	$ 21.2	$ 46.6	$ 40.5	$ 84.9

	Three Months Ended		Six Months Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Free Cash Flow:				
Net cash (used in) provided by operating activities	$ (0.6)	$ 15.4	$ (6.2)	$ 28.1
Purchases of property, plant and equipment	(10.7)	(8.4)	(24.5)	(18.0)
Free cash flow	$ (11.3)	$ 7.0	$ (30.7)	$ 10.1

	October 28, 2023	April 29, 2023
Net Debt:		
Short-term debt	$ 3.0	$ 3.2
Long-term debt	329.0	303.6
Total debt	332.0	306.8
Less: cash and cash equivalents	(122.5)	(157.0)
Net debt	$ 209.5	$ 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 October 28, 2023

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
(Loss) income from operations	$ (51.3)	$ 56.5	$ —	$ 0.2	$ 0.6	$ —	$ 6.0
Pre-tax (loss) income	$ (55.5)	$ 56.5	$ —	$ 0.2	$ 0.6	$ 0.6	$ 2.4
Net (loss) income	$ (55.3)	$ 56.5	$ —	$ 0.2	$ 0.5	$ 0.5	$ 2.4
Diluted (loss) income per share	$ (1.55)	$ 1.58	$ —	$ 0.01	$ 0.01	$ 0.01	$ 0.06

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended October 29, 2022

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
Income from operations	$ 32.8	$ —	$ —	$ —	$ 0.5	$ —	$ 33.3
Pre-tax income	$ 33.4	$ —	$ —	$ —	$ 0.5	$ —	$ 33.9
Net income	$ 27.6	$ —	$ —	$ —	$ 0.4	$ —	$ 28.0
Diluted income per share	$ 0.75	$ —	$ —	$ —	$ 0.01	$ —	$ 0.76

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 Six Months Ended October 28, 2023

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
(Loss) income from operations	$ (47.5)	$ 56.5	$ 0.5	$ 0.5	$ 1.3	$ —	$ 11.3
Pre-tax (loss) income	$ (54.5)	$ 56.5	$ 0.5	$ 0.5	$ 1.3	$ 0.6	$ 4.9
Net (loss) income	$ (54.4)	$ 56.5	$ 0.4	$ 0.4	$ 1.0	$ 0.5	$ 4.4
Diluted (loss) income per share	$ (1.52)	$ 1.58	$ 0.01	$ 0.01	$ 0.03	$ 0.01	$ 0.12

Reconciliation of Non-GAAP Financial Measures for the Six Months Ended October 29, 2022

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
Income from operations	$ 54.6	$ —	$ —	$ —	$ 0.6	$ —	$ 55.2
Pre-tax income	$ 59.3	$ —	$ —	$ —	$ 0.6	$ —	$ 59.9
Net income	$ 49.1	$ —	$ —	$ —	$ 0.5	$ —	$ 49.6
Diluted income per share	$ 1.33	$ —	$ —	$ —	$ 0.01	$ —	$ 1.34