FISCAL 2024
FOURTH QUARTER & FULL YEAR FINANCIAL RESULTS

July 11, 2024

Forward-Looking Statements

This presentation 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 the automotive, commercial vehicle, and construction industries;
- Timing, quality and cost of new program launches;
- Changes in electric vehicle (“EV”) demand;
- Investment in programs prior to the recognition of revenue;
- Failure to attract and retain qualified personnel;
- Impact from production delays or cancelled orders;
- Impact from inflation;
- Dependence on the availability and price of materials;
- Dependence on a small number of large customers, including one large automotive customer;
- Dependence on our supply chain;
- Risks related to conducting global operations;
- Effects of potential catastrophic events or other business interruptions;
- Ability to withstand pricing pressures, including price reductions;
- Ability to compete effectively;
- Our lengthy sales cycle;
- Risks relating to our use of requirements contracts;
- Potential work stoppages;
- Ability to successfully benefit from acquisitions and divestitures;
- Ability to manage our debt levels and comply with restrictions and covenants under our credit agreement;
- Interest rate changes and variable rate instruments;
- Timing and magnitude of costs associated with restructuring activities;
- Recognition of goodwill and other intangible asset impairment charges;
- Ability to remediate a material weakness in our internal control over financial reporting;
- Currency fluctuations;
- Income tax rate fluctuations;
- Judgments related to accounting for tax positions;
- Ability to withstand business interruptions;
- Potential IT security threats or breaches;
- 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; and
- Ability to avoid design or manufacturing defects.

Additional details and factors are discussed under the caption “Risk Factors” in our periodic reports filed with the Securities and Exchange Commission. 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 (Loss), Adjusted Earnings (Loss) Per Share, Adjusted Pre-Tax Income (Loss), Adjusted Income (Loss) 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 Q4 Highlights

Quarterly Performance

Sales of $277M

Auto Sales Down in All Regions

Net Loss Driven by Goodwill Impairment, Launch Costs, and Lower Sales

Business Activity

Managing Impacts from Increased Program Launches

Program Awards of Over $140M

Award Pipeline Strong, EV Weighted

Electric Vehicle Activity

14% of Consolidated Sales, 19% FY24

Headwinds Due to Transition in Programs and Slowing Near-Term Demand

Long-Term Sales Outlook Improving

Balance Sheet & Cash Flow

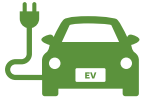
Net Debt at Lowest Level of FY24 Reporting Periods

Positive Free Cash Flow

Purchased $3M of Shares

FY24 Q4 Select Business Awards

Electric Vehicles



- Battery Busbar Assembly for U.S. Auto OEM
- Battery Busbar Assembly for U.S. Auto OEM
- Battery Busbar Assembly for U.S. Auto OEM
- Battery Busbar Assembly for Asian Auto OEM
- Battery Connector Assembly for Asian Auto OEM
- Park Lock Actuator Assembly for U.S. Auto OEM

$120M *

Other



- Torque Sensor for Asian e-Bike Powertrain OEM
- HVAC Switchbar for European Auto OEM
- Center Console for European Auto OEM
- LED Dome Lamp for European Truck OEM

$21M *

Strongest Award Quarter of FY24 Driven by EV

**Expected annual sales at full production*

Summary

FY24 Q4

- Sales under pressure from major auto program roll-offs and market headwinds in e-bike and EV
- Goodwill impairment, operational inefficiencies in Automotive, and lower sales volume drove net loss
- Best quarter of the fiscal year for free cash flow and new program awards
- Lowest net debt level of the fiscal year reporting periods

Going Forward

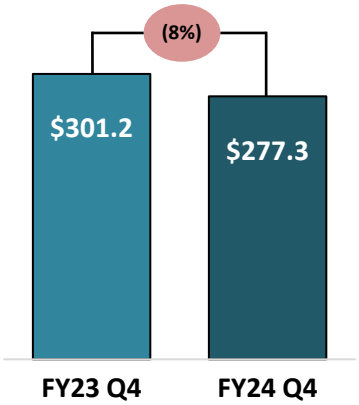
- Focusing on profitability improvement
- Reducing costs, particularly in the areas of sourcing, logistics, and S&A
- Monetizing non-critical assets
- Managing our strong backlog of program launches
- Improving low margin programs
- Continuing efforts to reduce working capital, increase free cash flow, and reduce net debt
- **All actions are foundational to our long-term plans and will carry on beyond the company's CEO transition**

FY25 Focused on Profitability and Repositioning, FY26 Expected Return to Growth

Financial Results

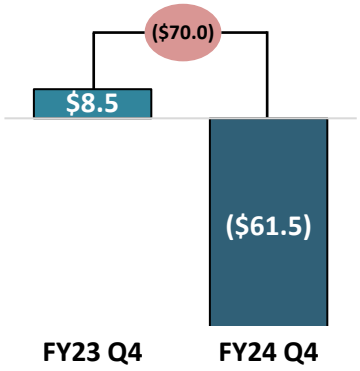
FY24 Q4 Net Sales & Income from Operations

Net Sales
($M)



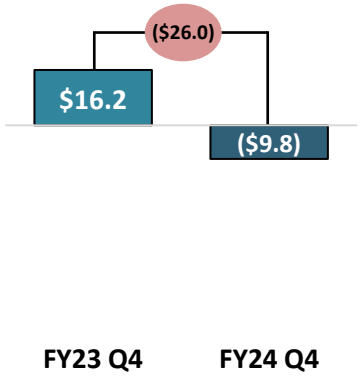
- Auto Program Roll-Offs
- e-Bike Demand Weakness
+ Nordic Lights

Income/(Loss) from Operations
($M)



- Goodwill Impairment
- Operational Inefficiencies
- Lower Sales Volume

Adjusted Income/(Loss) from Operations*
($M)



FY24 Q4 Excludes:

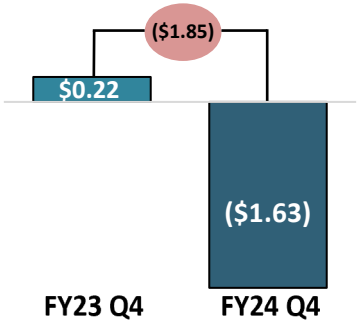
- Goodwill Impairment of $49.4M
- Restructuring Costs of $2.3M

Goodwill Impairment & Operational Inefficiencies Driving Lower Profit

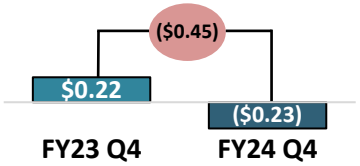
** See Appendix for reconciliation to GAAP*

FY24 Q4 Earnings Per Share & EBITDA

Diluted Earnings/(Loss) per Share
($)



Adjusted Diluted Earnings/(Loss) per Share*
($)

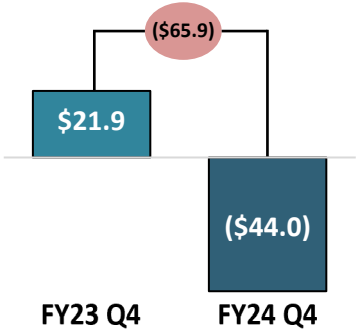


- Lower Operating Income
- Higher Interest Expense
+ Lower Tax Expense

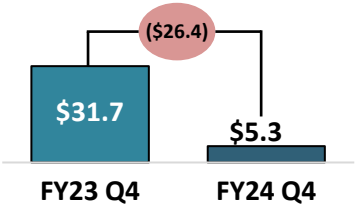
FY24 Q4 Excludes:

- Goodwill Impairment of $1.40
- Restructuring Costs of $0.05
- Asset Sale Gain of $0.05

EBITDA*
($M)



Adjusted EBITDA*
($M)



- Lower Gross Profit
- Lower Sales Volume
+ Lower S&A Expenses

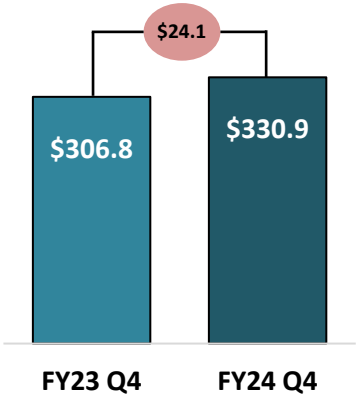
FY24 Q4 Excludes:

- Goodwill Impairment of $49.4M
- Restructuring Costs of $2.3M
- Asset Sale Gain of $2.4M

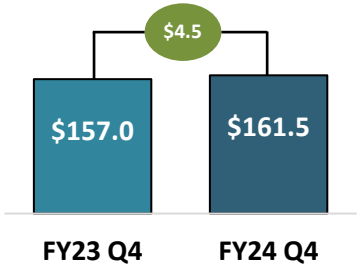
** See Appendix for reconciliation to GAAP*

FY24 Q4 Balance Sheet

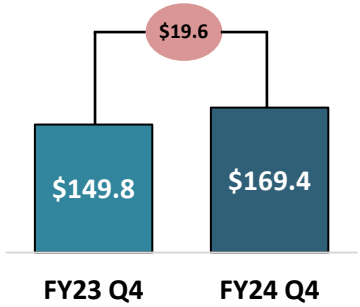
Debt
($M)



Cash and Cash Equivalents
($M)



Net Debt*
($M)

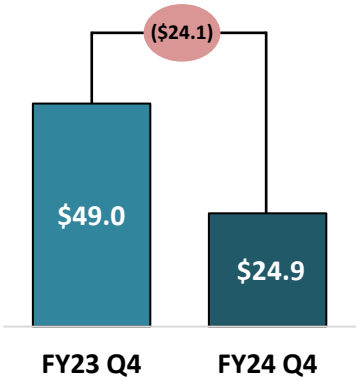


Net Debt at Lowest Level Since End of FY23

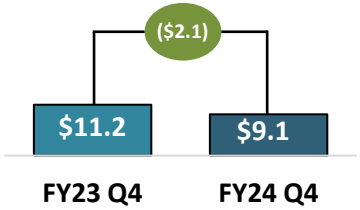
** See Appendix for reconciliation to GAAP*

FY24 Q4 Free Cash Flow

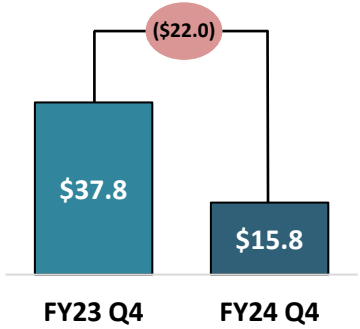
Net Cash Provided by Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)

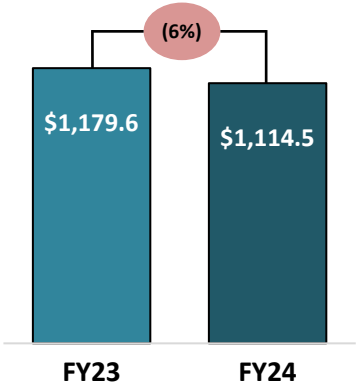


Second Consecutive Quarter of Positive Free Cash Flow

** See Appendix for reconciliation to GAAP*

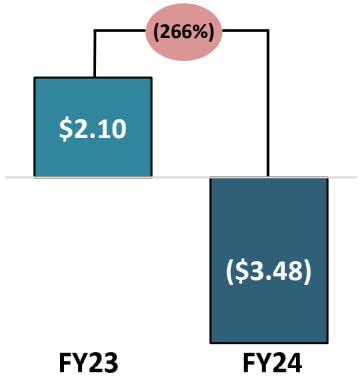
FY24 Net Sales & Earnings Per Share

Net Sales
($M)



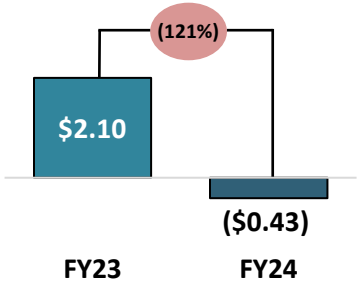
- Auto Program Roll-Offs
- Auto Weakness in All 3 Regions
+ Nordic Lights

Diluted Earnings/ (Loss) per Share
($)



- Goodwill Impairments
- Operational Inefficiencies
- Higher Interest Expense
- Lower Sales Volume

Adjusted Diluted Earnings/(Loss) per Share*
($)



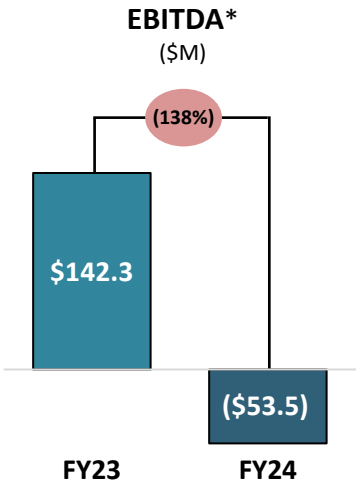
FY24 Excludes:

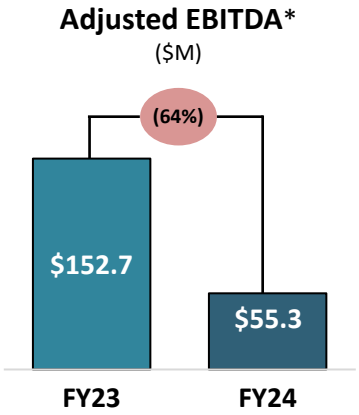
- Goodwill Impairments of $2.99
- Restructuring Costs of $0.08
- Acquisition Costs of $0.01
- Purchase Accounting Adjustment of $0.01
- Net Asset Sale Gain of $0.04

Sales Decline Minimal, Goodwill & Operational Issues Drive Profit Drop

** See Appendix for reconciliation to GAAP*

FY24 EBITDA





- Lower Gross Profit
- Lower Sales Volume
- Higher S&A Expenses

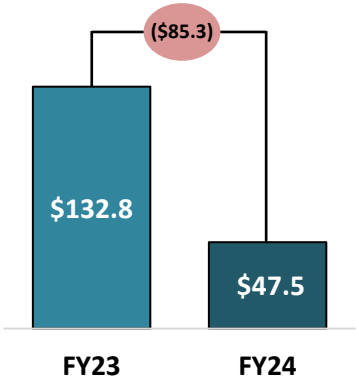
FY24 Excludes:

- Goodwill Impairments of $105.9M
- Restructuring Costs of $3.7M
- Acquisition Costs of $0.5M
- Purchase Accounting Adjustment of $0.5M
- Net Asset Sale Gain of $1.8M

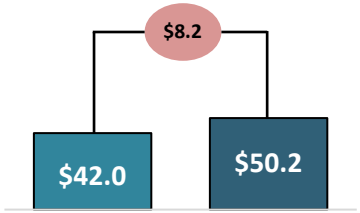
** See Appendix for reconciliation to GAAP*

FY24 Free Cash Flow

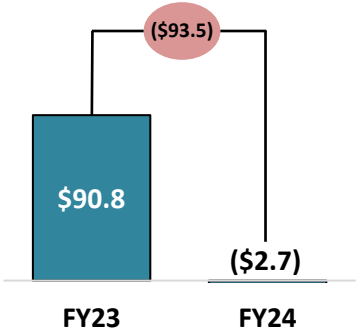
Net Cash Provided by Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)



After Negative First Half, Returned to Positive Free Cash Flow in Q3 & Q4

** See Appendix for reconciliation to GAAP*

Guidance

Fiscal 2025 Full Year Guidance

- Net sales to be similar to fiscal 2024
- Adjusted pre-tax income to be approaching breakeven
- Adjusted pre-tax income for the second half of fiscal 2025 is expected to be significantly stronger than the first half, with the first quarter of fiscal 2025 being similarly negative as the fourth quarter of fiscal 2024

Fiscal 2025 Guidance Assumptions

- Depreciation and Amortization of $60 - $65 million

Fiscal 2026 Full Year Guidance

- Net sales to be greater than fiscal 2025
- Pre-tax income to be positive and notably greater than fiscal 2025

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, success and timing of cost recovery actions, inflation, global economic instability, supply chain disruptions, potential restructuring efforts, potential impairments and any acquisitions or divestitures.

Thank You

Appendix

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

	Three Months Ended		Fiscal Year Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
EBITDA:				
Net (loss) income	$ (57.3)	$ 8.1	$ (123.3)	$ 77.1
Income tax (benefit) expense	(5.8)	(0.3)	(4.8)	13.0
Interest expense, net	4.5	1.4	16.7	2.7
Amortization of intangibles	6.0	4.7	24.0	18.8
Depreciation	8.6	8.0	33.9	30.7
EBITDA	(44.0)	21.9	(53.5)	142.3
Goodwill impairment	49.4	—	105.9	—
Acquisition costs	—	6.8	0.5	6.8
Acquisition-related costs - purchase accounting adjustments related to inventory	—	—	0.5	—
Restructuring and impairment charges	2.3	0.4	3.7	1.0
Costs related to the reorganization of a foreign subsidiary	—	2.6	—	2.6
Net gain on sale of non-core assets	(2.4)	—	(1.8)	—
Adjusted EBITDA	$ 5.3	$ 31.7	$ 55.3	$ 152.7

	Three Months Ended		Fiscal Year Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
Free Cash Flow:				
Net cash provided by operating activities	$ 24.9	$ 49.0	$ 47.5	$ 132.8
Purchases of property, plant and equipment	(9.1)	(11.2)	(50.2)	(42.0)
Free cash flow	$ 15.8	$ 37.8	$ (2.7)	$ 90.8

	April 27, 2024	April 29, 2023
Net Debt:		
Short-term debt	$ 0.2	$ 3.2
Long-term debt	330.7	303.6
Total debt	330.9	306.8
Less: cash and cash equivalents	(161.5)	(157.0)
Net debt	$ 169.4	$ 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 April 27, 2024

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Net gain on sale of non-core assets	Taxes and costs related to the reorganization of a foreign subsidiary	Non-U.S. GAAP (adjusted)
(Loss) income from operations	$ (61.5)	$ 49.4	$ —	$ —	$ 2.3	$ —	$ —	$ (9.8)
Pre-tax (loss) income	$ (63.1)	$ 49.4	$ —	$ —	$ 2.3	$ (2.4)	$ —	$ (13.8)
Net (loss) income	$ (57.3)	$ 49.4	$ —	$ —	$ 1.9	$ (1.9)	$ —	$ (7.9)
Diluted (loss) income per share	$ (1.63)	$ 1.40	$ —	$ —	$ 0.05	$ (0.05)	$ —	$ (0.23)

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

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Taxes and costs related to the reorganization of a foreign subsidiary	Non-U.S. GAAP (adjusted)
Income from operations	$ 8.5	$ —	$ 6.8	$ —	$ 0.4	$ —	$ 0.5	$ 16.2
Pre-tax income	$ 7.8	$ —	$ 6.8	$ —	$ 0.4	$ —	$ 0.5	$ 15.5
Net income	$ 8.1	$ —	$ 6.6	$ —	$ 0.3	$ —	$ (7.0)	$ 8.0
Diluted income per share	$ 0.22	$ —	$ 0.18	$ —	$ 0.01	$ —	$ (0.19)	$ 0.22

Appendix

Reconciliation of Non-GAAP Financial Measures for the Fiscal Year Ended April 27, 2024

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Net gain on sale of non-core assets	Taxes and costs related to the reorganization of a foreign subsidiary	Non-U.S. GAAP (adjusted)
(Loss) income from operations	$ (112.0)	$ 105.9	$ 0.5	$ 0.5	$ 3.7	$ —	$ —	$ (1.4)
Pre-tax (loss) income	$ (128.1)	$ 105.9	$ 0.5	$ 0.5	$ 3.7	$ (1.8)	$ —	$ (19.3)
Net (loss) income	$ (123.3)	$ 105.9	$ 0.4	$ 0.4	$ 3.0	$ (1.4)	$ —	$ (15.0)
Diluted (loss) income per share	$ (3.48)	$ 2.99	$ 0.01	$ 0.01	$ 0.08	$ (0.04)	$ —	$ (0.43)

Reconciliation of Non-GAAP Financial Measures for the Fiscal Year Ended April 29, 2023

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Taxes and costs related to the reorganization of a foreign subsidiary	Non-U.S. GAAP (adjusted)
Income from operations	$ 90.4	$ —	$ 6.8	$ —	$ 0.6	$ —	$ 0.5	$ 98.3
Pre-tax income	$ 90.1	$ —	$ 6.8	$ —	$ 0.6	$ —	$ 0.5	$ 98.0
Net income	$ 77.1	$ —	$ 6.6	$ —	$ 0.5	$ —	$ (7.0)	$ 77.2
Diluted income per share	$ 2.10	$ —	$ 0.18	$ —	$ 0.01	$ —	$ (0.19)	$ 2.10