Methode Electronics, Inc.
Sidoti Small-Cap Conference

Ronald L.G. Tsoumas, Chief Financial Officer
March 22, 2023

Forward-Looking Statements



This presentation contains certain forward-looking statements, which reflect management's expectations regarding future events and operating performance and speak only as of the date hereof. These forward-looking statements are subject to the safe harbor protection provided under the securities laws. Methode undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in Methode's expectations on a quarterly basis or otherwise. The forward-looking statements in this presentation involve a number of risks and uncertainties. The factors that could cause actual results to differ materially from our expectations are detailed in Methode's filings with the Securities and Exchange Commission, such as our annual and quarterly reports. Such factors may include, without limitation, the following: 1) Dependence on our supply chain, including semiconductor suppliers; 2) Impact from pandemics, such as the COVID-19 pandemic; 3) Dependence on the automotive and commercial vehicle industries; 4) Impact from inflation; 5) Dependence on a small number of large customers, including one large automotive customer; 6) Dependence on the availability and price of materials; 7) Risks related to conducting global operations; 8) Ability to withstand pricing pressures, including price reductions; 9) Currency fluctuations; 10) Timing and magnitude of costs associated with restructuring activities; 11) Failure to attract and retain qualified personnel; 12) Recognition of goodwill and other intangible asset impairment charges; 13) Timing, quality and cost of new program launches; 14) International trade disputes resulting in tariffs and our ability to mitigate tariffs; 15) Adjustments to compensation expense for performance-based awards; 16) Investment in programs prior to the recognition of revenue; 17) Ability to compete effectively; 18) Impact from production delays or cancelled orders; 19) Ability to withstand business interruptions; 20) Ability to keep pace with rapid technological changes; 21) Breaches to our information technology systems; 22) Ability to avoid design or manufacturing defects; 23) Ability to manage our debt levels and any restrictions thereunder; 24) Income tax rate fluctuations; 25) Ability to protect our intellectual property; 26) Ability to successfully benefit from acquisitions and divestitures; 27) Impact from climate change and related regulations; 28) Judgments related to accounting for tax positions; and 29) Costs associated with environmental, health and safety regulations.

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 certain non-GAAP financial measures, such as EBITDA, Net Debt, and Free Cash Flow. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation can be found in the appendix. Management believes EBITDA is useful to investors as it is a measure that is commonly used by other companies in our industry and provides a comparison for investors to the company’s performance versus its competitors. Management believes Net Debt is a meaningful measure to investors because management assesses the company’s leverage position after considering available cash that could be used to repay outstanding debt. Management believes Free Cash Flow is a meaningful measure to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures, which are both necessary to maintain the company’s asset base and which are expected to generate future cash flows from operations. 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.

Methode at a Glance

A leading global supplier of custom-engineered solutions for user interface, LED lighting system, power distribution and sensor applications in the transportation, industrial equipment, cloud computing and medical device end markets.

Established 1946
Headquartered in Chicago, IL

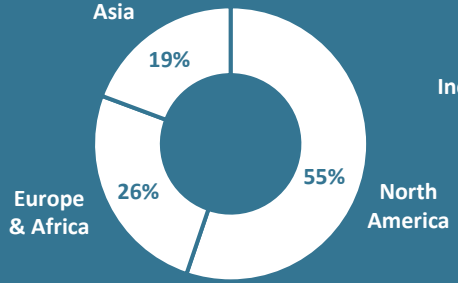
NYSE: MEI

7,000 Employees
600+ Engineers

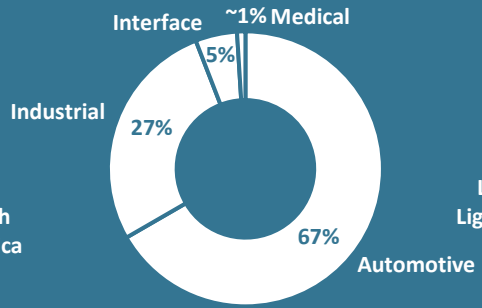
1,000+ Patents

Fiscal 2022 SALES
$1.16B

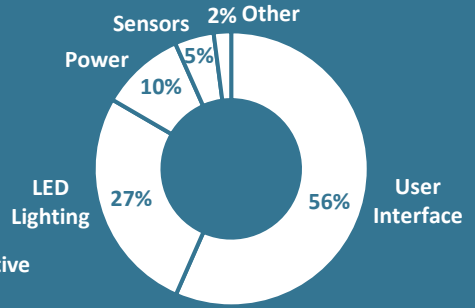
BY GEOGRAPHY



BY REPORTING SEGMENTS



BY SOLUTIONS



Widely Recognized, Best-in-Class Tier 1 Technology Provider

Environmental, Social, Goverence (ESG) Overview



Robust Governance Framework

Supporting ethical, inclusive and beneficial actions for stakeholders



Commitment to Safe Operations

Demonstrated history of operational safety and quality



Emphasis on Clean Tech

New business focused on Electric Vehicles and LED Lighting solutions

SUSTAINALYTICS

ESG Risk Rating

11.8 Low Risk

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

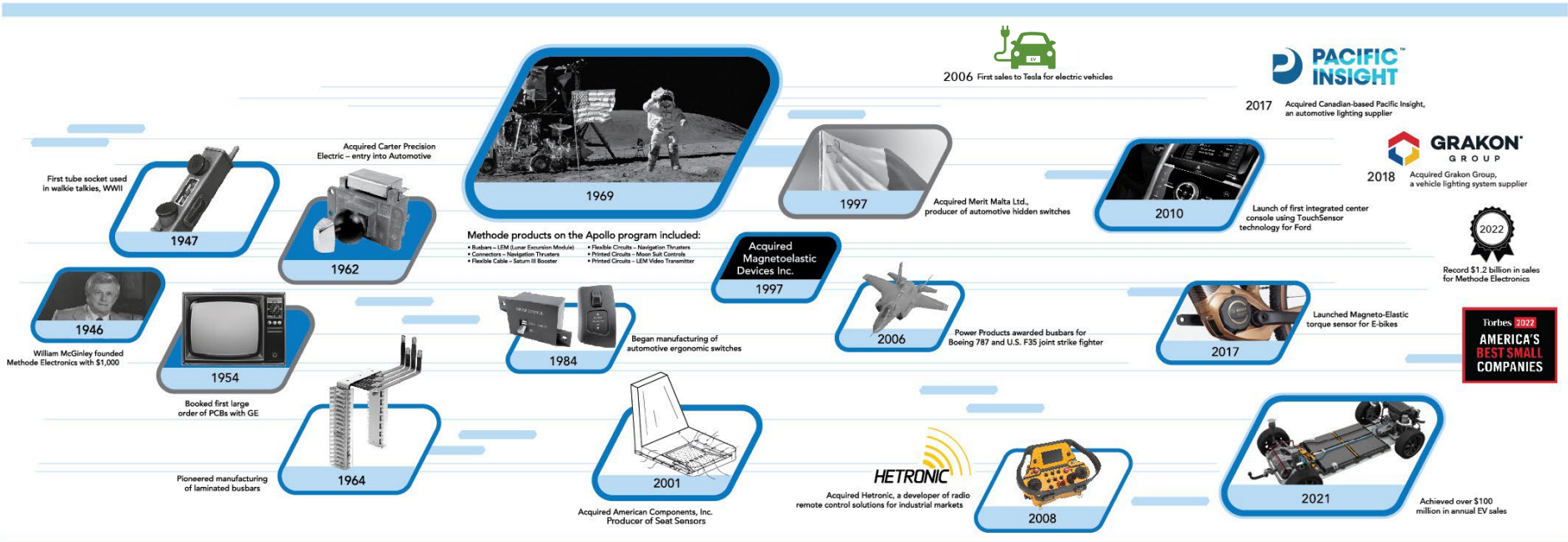
MSCI ESG RATINGS

AA

CCC	B	BB	BBB	A	AA	AAA

Committed to Utilizing the Power of Technology to Create a Better Society

The Methode Journey



Over 75 Years of Expertise Navigating the Evolution of Technology

Global Manufacturing Footprint



Cost-Efficient Footprint with Proximity to Strategic Markets

Solutions – Products

	% of Sales		
User Interface	56%	• By-Wire Controls • Center Consoles • Integrated Modules	• Overhead Consoles • Remote Controls • Touchscreens
LED Lighting	27%	• Ambient Lighting • Head & Fog Lights • Rear Stop Lights	• Signal Lights • Warning Lights • Work Lamps
Power Distribution	10%	• Battery Disconnects • Busbars • Cabling	• Connectors • Lead Frames • Thermal Management
Sensors	5%	• Current • Force & Load • Mechanical Switching	• Position • Proximity • Torque
Digital Data	2%	• 1G Copper Transceivers • 10G Copper Transceivers • G.hn Modules	• Media Adapters • Micro-DPUs
Medical	<1%	• Pressure Injury Prevention Surfaces • Surface Controllers	



Products Providing Value-Added Solutions

Solutions – End Markets & Customers

	% of Sales		
User Interface	56%	• Appliance • Automotive & EV • Commercial Vehicle	• Construction Equipment • Crane • Drone
LED Lighting	27%	• Automotive & EV • Bus • Commercial Vehicle	• Construction Equipment • Power Sports • Rail
Power Distribution	10%	• Aerospace • Data Center • Electric Vehicle	• Energy Storage • Industrial Equipment • Robotics/AGVs
Sensors	5%	• Automotive & EV • e-Bike	• Power Sports • Marine
Digital Data	2%	• Broadband • Data Networking • Industrial Automation	
Medical	<1%	• Intensive Care Unit • Operating Room • Med-Surg	

Reliable Tier 1 Supplier to Globally Recognized OEMs

Investment Thesis

Exposure to Key Market Trends

- Electrification & Sustainability
  - EV, Commercial Vehicles
- Automation & Safety
  - Sensors, Remote Controls
- Information Technology
  - Cloud Computing

Product Portfolio Management

- Focused on Systems Integration vs. Components
- Auto Volume Provides Scalability for Adjacent Markets
- Technology Solutions Leveraged across Verticals

Operational & Quality Excellence

- Lean & Vertical Integration Drive Competitive Cost Position
- World Class Quality (Single-Digit PPM)
- Global Footprint in Proximity to Key End Markets

Strong Balance Sheet Focus

- Balanced Capital Allocation (**~60%** Growth Oriented)
- Strong Free Cash Flow (**$311M** FY20-FY22)
- Low Leverage (Net Debt/EBITDA of **0.2**)

Methode's strategy is to deliver integrated, value-added, cost-competitive solutions for OEM customers in end markets with product and technological commonality, producing high growth, margins, cash conversion and stakeholder value creation

Strategic Priorities

HOW WE WIN



- High Original Equipment Manufacturer (OEM) Engagement
- Integrated Design, Production, and Support
- Lean, Large-Scale Global Operations Situated in Customer's Regions
- Vertically Integrated Manufacturing with Recognized World Class Quality

HOW WE GROW



- Capitalize on Growing EV, Commercial Vehicle, and Cloud Computing Markets
- Leverage Power, LED Lighting, and Sensor Technologies across Customer Base
- Utilize Product Portfolio to Increase Content per Vehicle and Penetrate Non-Auto Markets
- Pursue Acquisitions that Build on Business Model and Skill Set

3-Year Organic Sales Target CAGR of 6%, FY22 to FY25

EV Driving Increased Content Per Vehicle

Methode's Internal Combustion Engine (ICE) Vehicle Content



- User Interface
- Lighting
- Sensors

ICE $1.0x

Methode's Hybrid and Battery Electric Vehicle Content



- User Interface
- Lighting
- Sensors
- **Power Distribution**

HEV $1.2-1.7x

BEV $2.0-2.5x

Transition to EV is a Content Tailwind Driven by Power Products

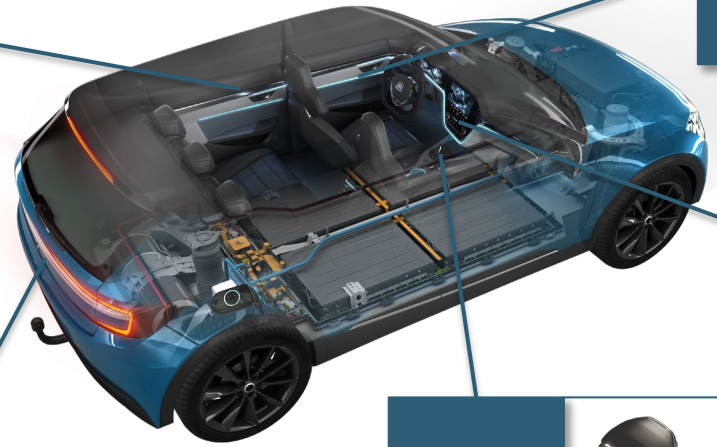
EV Solutions for the “Top Hat”

Door Activation



LED Lighting
(Interior & Exterior)





Switches & Consoles



Sensors & Cameras



By-Wire Controls



Shift-by-Wire



Steer-by-Wire

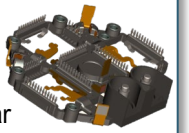


Brake-by-Wire

EV Solutions for the “Skateboard”

Inverter & Charger





Molded Busbar Sub-Assemblies

Battery Monitoring





Current Sensors

Sensors





Position & Torque Sensors



Electric Motors & Drives



Busbars



Park Lock Actuator

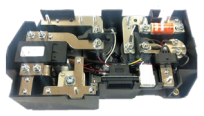
Battery Module Connections



Busbars & Connectors



Battery Disconnect & Power Distribution

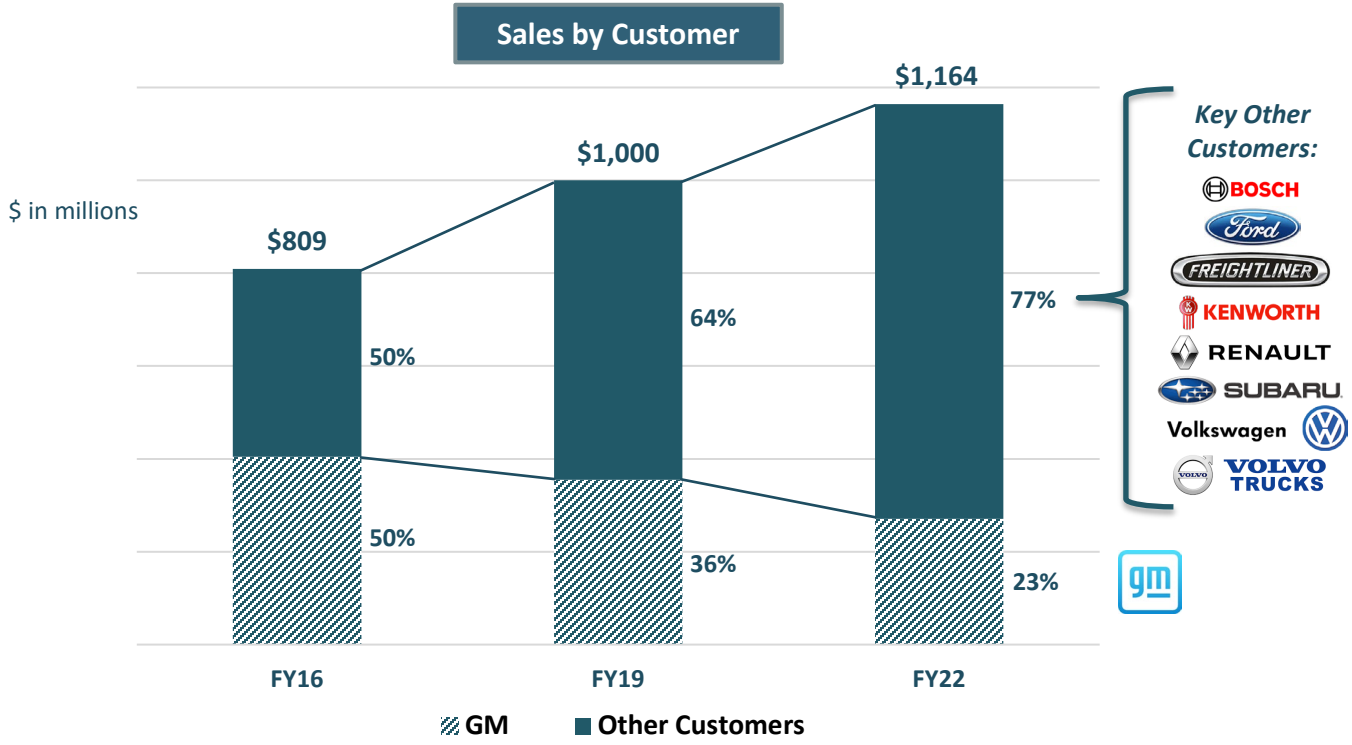


BDU



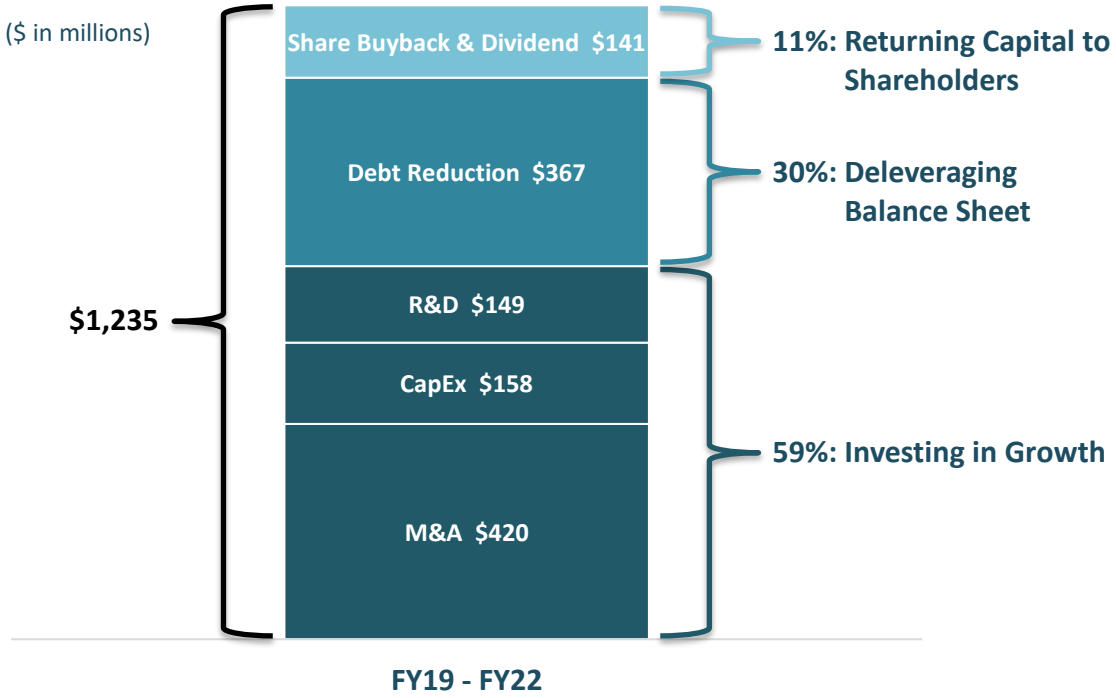
PDU

EV & Commercial Vehicle Driving Customer Diversification



FY22 Other Customer Sales 77% of Total, Up from 50% in FY16

Capital Allocation History and Strategy



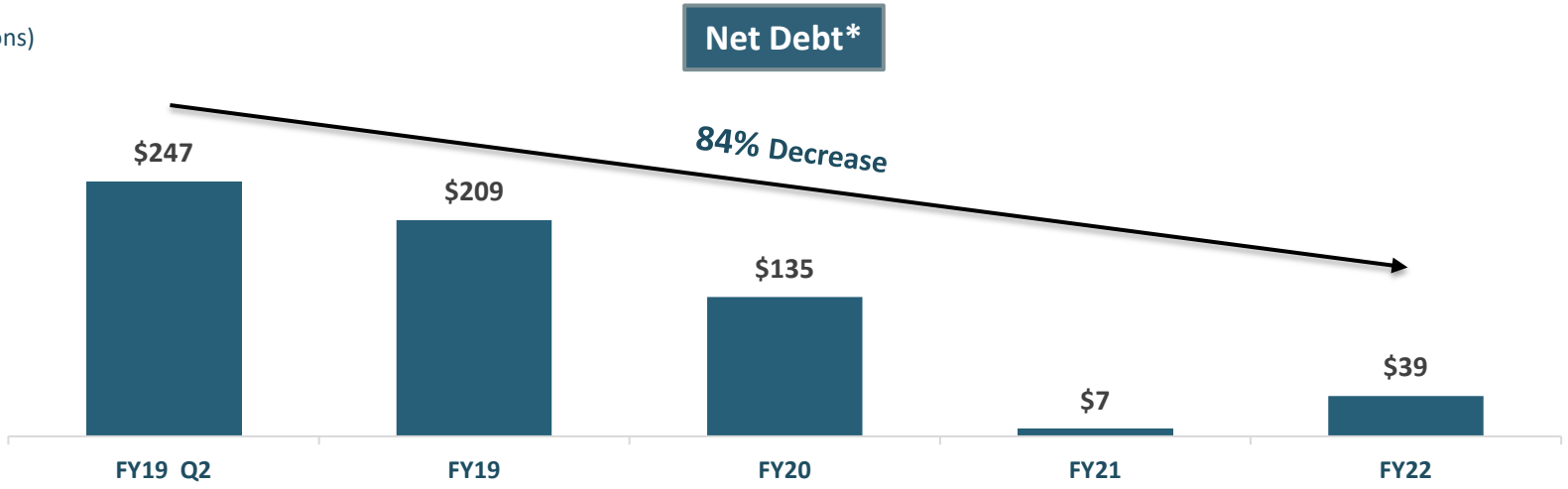
Balanced Capital Allocation Strategy

- **Pay Down Debt when Appropriate**
- **Return Capital to Shareholders via Share Purchases and Dividend**
  - Announced $100M Share Buyback Program Increase in June 2022
  - Total Program Authorization of $200M as of June 2022
  - Total of $111M in Shares Purchased Under the Authorization as of 1/28/23
- **Invest in Growth via R&D & CapEx**
- **Accretive Acquisitions**

Growth Focused Capital Allocation Approach

Deleveraging Balance Sheet

($ in millions)



- Consistently Deleveraging Since Grakon Acquisition in FY19 Q2
- Net Debt / TTM EBITDA* of **0.2** at End of FY22
- Balance Sheet Well-Positioned for Potential M&A

** See Appendix for reconciliation to GAAP*

Flexibility to Leverage and Deleverage as Needed

Inorganic Growth Framework

Target	▪ Engineered Products and/or Subsystems for OEMs ▪ Technology Solutions Partner to OEMs
Market	▪ Industrial ▪ Transportation
Fit	▪ Aligns with Our Strategic Priorities ▪ Can Leverage Methode's: – Technologies – Path to Market – Manufacturing & Operational Capabilities
Deal	▪ Clear Cost Synergies ▪ High Potential for Sales Synergies ▪ Free Cash Flow and EPS Accretive in Year 1 ▪ ROIC > WACC by Year 3

Track Record of Disciplined Acquisition Approach

Nordic Lights Tender Offer Summary

Overview

- On February 28, 2023, announced offer to the shareholders of Nordic Lights to tender all their shares
- The Board of Directors of Nordic Lights has recommended that the shareholders of Nordic Lights accept the offer
- > 56.5% of shareholders have already undertaken to accept the offer

Rationale

- Nordic Lights aligns well with Methode's inorganic growth framework given its focus on engineered solutions for OEMs, its industrial and non-auto transportation market exposure, and its customer and geographic diversity
- Methode considers Nordic Lights to be highly complementary to its own existing LED lighting solutions business
- Methode will add greater scale to Nordic Lights' business and reduce its reliance on the construction and mining markets
- Nordic Lights will be able to leverage the Methode brand and cross-sell products to the broader Methode customer base

Offer Price

- The offer price is EUR 6.30 in cash for each share in Nordic Lights
- The total equity value of the offer is EUR 132.0 million

Key Terms and Dates

- The completion of the offer is subject to certain conditions, including, among others:
  - approvals by all necessary regulatory authorities have been received
  - offeror has achieved acceptances in respect of more than 90% of the shares and votes in Nordic Lights
- The offer period commenced on March 15, 2023, and is expected to expire on April 14, 2023
- The offer is currently expected to be completed during the second quarter of calendar 2023

Opportunity to Grow LED Lighting Solutions Business and Gain More Industrial and Non-Auto Transportation Market Exposure

Thank You

Appendix

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

	FY19	FY20	FY21	FY22
EBITDA:				
Net income	$ 91.6	$ 123.4	$ 122.3	$ 102.2
Income tax expense	12.0	25.3	12.6	16.3
Interest (income) expense, net	8.3	10.1	5.2	3.5
Amortization of intangibles	16.1	19.0	19.3	19.1
Depreciation	27.2	29.3	32.2	33.5
EBITDA	**$ 155.2**	**$ 207.1**	**$ 191.6**	**$ 174.6**

	FY19 Q2	FY19 Q3	FY19 Q4	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4	FY21 Q1	FY21 Q2	FY21 Q3	FY21 Q4	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4
Net Debt:															
Short-term debt	$ 15.3	$ 15.2	$ 15.7	$ 15.4	$ 15.2	$ 15.1	$ 15.3	$ 15.4	$ 15.3	$ 15.4	$ 14.9	$ 14.8	$ 14.7	$ 13.2	$ 13.0
Long-term debt	342.3	287.7	276.9	267.7	259.9	241.9	336.8	334.4	332.3	229.2	225.2	220.6	208.4	202.4	197.5
Total debt	357.6	302.9	292.6	283.1	275.1	257.0	352.1	349.8	347.6	244.6	240.1	235.4	223.1	215.6	210.5
Less: cash and cash equivalents	(110.9)	(73.7)	(83.2)	(73.8)	(95.6)	(79.9)	(217.3)	(211.0)	(242.3)	(218.7)	(233.2)	(207.9)	(177.2)	(153.1)	(172.0)
Net debt	**$ 246.7**	**$ 229.2**	**$ 209.4**	**$ 209.3**	**$ 179.5**	**$ 177.1**	**$ 134.8**	**$ 138.8**	**$ 105.3**	**$ 25.9**	**$ 6.9**	**$ 27.5**	**$ 45.9**	**$ 62.5**	**$ 38.5**

Appendix

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

	FY19	FY20	`FY21	`FY22
Free Cash Flow:				
Net cash provided by operating activities	$ 102.0	$ 140.6	$ 179.8	$ 98.8
Purchases of property, plant and equipment	(49.8)	(45.1)	(24.9)	(38.0)
Free Cash Flow	**$ 52.2**	**$ 95.5**	**$ 154.9**	**$ 60.8**

TOTAL NET DEBT/EBITDA
(Dollars in Millions)

	30-Apr 2022
Net Income	$ 102.2
Income Tax Expense	16.3
Interest Expense, Net	3.5
Amortization of Intangibles	19.1
Depreciation	33.5
EBITDA	**$ 174.6**
Gross Debt	$ 210.5
Less: Cash and Cash Equivalents	(172.0)
Net Debt	**$ 38.5**
Total Net Debt/EBITDA	**0.2**