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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended January 27, 2024

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from _____ to _____

Commission file number 001-33731

METHODE ELECTRONICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**36-2090085**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8750 West Bryn Mawr Avenue, Suite 1000, Chicago, Illinois	**60631-3518**
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) **(708) 867-6777**

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.50 Par Value	MEI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At March 4, 2024, the registrant had 35,390,500 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net sales	$ 259.5	$ 280.1	$ 837.2	$ 878.4
Cost of products sold	222.5	215.2	693.9	677.6
Gross profit	37.0	64.9	143.3	200.8
Selling and administrative expenses	33.9	32.9	119.3	104.8
Goodwill impairment	—	—	56.5	—
Amortization of intangibles	6.1	4.7	18.0	14.1
(Loss) income from operations	(3.0)	27.3	(50.5)	81.9
Interest expense, net	5.0	0.8	12.2	1.3
Other expense (income), net	2.5	3.5	2.3	(1.7)
Pre-tax (loss) income	(10.5)	23.0	(65.0)	82.3
Income tax expense	1.1	3.1	1.0	13.3
Net (loss) income	(11.6)	19.9	(66.0)	69.0
Net income attributable to redeemable noncontrolling interest	—	—	—	—
Net (loss) income attributable to Methode	$ (11.6)	$ 19.9	$ (66.0)	$ 69.0
(Loss) income per share attributable to Methode:				
Basic	$ (0.33)	$ 0.56	$ (1.86)	$ 1.91
Diluted	$ (0.33)	$ 0.54	$ (1.86)	$ 1.87
Cash dividends per share	$ 0.14	$ 0.14	$ 0.42	$ 0.42

See notes to condensed consolidated financial statements.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)
(in millions)

	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net (loss) income	$ (11.6)	$ 19.9	$ (66.0)	$ 69.0
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	13.7	37.1	(9.0)	6.5
Derivative financial instruments	(2.0)	(4.4)	(3.2)	(1.3)
Other comprehensive income (loss)	11.7	32.7	(12.2)	5.2
Comprehensive income (loss)	0.1	52.6	(78.2)	74.2
Comprehensive income attributable to redeemable noncontrolling interest	—	—	—	—
Comprehensive income (loss) attributable to Methode	$ 0.1	$ 52.6	$ (78.2)	$ 74.2

See notes to condensed consolidated financial statements.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per-share data)

	January 27, 2024 (unaudited)	April 29, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 122.9	$ 157.0
Accounts receivable, net	265.3	314.3
Inventories	204.0	159.7
Income tax receivable	18.6	12.9
Prepaid expenses and other current assets	19.0	20.5
Total current assets	629.8	664.4
Long-term assets:		
Property, plant and equipment, net	232.5	220.3
Goodwill	220.4	301.9
Other intangible assets, net	264.3	256.7
Operating lease right-of-use assets, net	25.9	28.4
Deferred tax assets	36.1	33.6
Pre-production costs	47.8	36.1
Other long-term assets	34.7	37.7
Total long-term assets	861.7	914.7
Total assets	$ 1,491.5	$ 1,579.1
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 146.0	$ 138.7
Accrued employee liabilities	31.6	36.7
Other accrued liabilities	38.2	34.5
Short-term operating lease liabilities	6.3	6.8
Short-term debt	0.2	3.2
Income tax payable	7.6	8.1
Total current liabilities	229.9	228.0
Long-term liabilities:		
Long-term debt	331.1	303.6
Long-term operating lease liabilities	19.9	21.8
Long-term income tax payable	9.3	16.7
Other long-term liabilities	19.9	14.3
Deferred tax liabilities	46.4	41.8
Total long-term liabilities	426.6	398.2
Total liabilities	656.5	626.2
Redeemable noncontrolling interest	—	11.1
Shareholders' equity:		
Common stock, $0.50 par value, 100,000,000 shares authorized, 36,825,124 shares and 37,167,375 shares issued as of January 27, 2024 and April 29, 2023, respectively	18.4	18.6
Additional paid-in capital	181.7	181.0
Accumulated other comprehensive loss	(31.2)	(19.0)
Treasury stock, 1,346,624 shares as of January 27, 2024 and April 29, 2023	(11.5)	(11.5)
Retained earnings	677.6	772.7
Total shareholders' equity	835.0	941.8
Total liabilities, redeemable noncontrolling interest and shareholders' equity	$ 1,491.5	$ 1,579.1

See notes to condensed consolidated financial statements.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)
(in millions, except share data)

	Three Months Ended January 27, 2024							
	Redeemable noncontrolling interest	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Treasury stock	Retained earnings	Total shareholders' equity
Balance as of October 28, 2023	$ —	37,034,050	$ 18.5	$ 183.8	$ (42.9)	$ (11.5)	$ 697.0	$ 844.9
Issuance of restricted stock, net of tax withholding	—	65,666	—	—	—	—	—	—
Cancellation of restricted stock	—	(144,000)	(0.1)	0.1	—	—	—	—
Purchases of common stock	—	(130,592)	—	—	—	—	(3.0)	(3.0)
Stock-based compensation expense	—	—	—	(2.2)	—	—	—	(2.2)
Other comprehensive income	—	—	—	—	11.7	—	—	11.7
Net loss	—	—	—	—	—	—	(11.6)	(11.6)
Dividends on common stock	—	—	—	—	—	—	(4.8)	(4.8)
Balance as of January 27, 2024	$ —	36,825,124	$ 18.4	$ 181.7	$ (31.2)	$ (11.5)	$ 677.6	$ 835.0

	Three Months Ended January 28, 2023							
	Redeemable noncontrolling interest	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Treasury stock	Retained earnings	Total shareholders' equity
Balance as of October 29, 2022	$ —	37,505,633	$ 18.7	$ 174.7	$ (54.3)	$ (11.5)	$ 771.2	$ 898.8
Issuance of restricted stock, net of tax withholding	—	9,164	—	—	—	—	—	—
Exercise of stock options	—	40,000	—	1.5	—	—	—	1.5
Purchases of common stock	—	(179,700)	(0.1)	—	—	—	(7.9)	(8.0)
Stock-based compensation expense	—	—	—	2.7	—	—	—	2.7
Other comprehensive income	—	—	—	—	32.7	—	—	32.7
Net income	—	—	—	—	—	—	19.9	19.9
Dividends on common stock	—	—	—	—	—	—	(5.0)	(5.0)
Balance as of January 28, 2023	$ —	37,375,097	$ 18.6	$ 178.9	$ (21.6)	$ (11.5)	$ 778.2	$ 942.6

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited) (continued)
(in millions, except share data)

	Nine Months Ended January 27, 2024							
	Redeemable noncontrolling interest	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Treasury stock	Retained earnings	Total shareholders' equity
Balance as of April 29, 2023	$ 11.1	37,167,375	$ 18.6	$ 181.0	$ (19.0)	$ (11.5)	$ 772.7	$ 941.8
Issuance of restricted stock, net of tax withholding	—	255,120	0.1	(0.1)	—	—	(3.8)	(3.8)
Cancellation of restricted stock	—	(144,000)	(0.1)	0.1	—	—	—	—
Purchase of redeemable noncontrolling interest	(11.1)	—	—	—	—	—	—	—
Purchases of common stock	—	(453,371)	(0.2)	—	—	—	(10.6)	(10.8)
Stock-based compensation expense	—	—	—	0.7	—	—	—	0.7
Other comprehensive loss	—	—	—	—	(12.2)	—	—	(12.2)
Net loss	—	—	—	—	—	—	(66.0)	(66.0)
Dividends on common stock	—	—	—	—	—	—	(14.7)	(14.7)
Balance as of January 27, 2024	$ —	36,825,124	$ 18.4	$ 181.7	$ (31.2)	$ (11.5)	$ 677.6	$ 835.0

	Nine Months Ended January 28, 2023							
	Redeemable noncontrolling interest	Common stock shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Treasury stock	Retained earnings	Total shareholders' equity
Balance as of April 30, 2022	$ —	38,276,968	$ 19.2	$ 169.0	$ (26.8)	$ (11.5)	$ 763.9	$ 913.8
Issuance of restricted stock, net of tax withholding	—	63,643	—	—	—	—	(0.4)	(0.4)
Exercise of stock options	—	40,000	—	1.5	—	—	—	1.5
Purchases of common stock	—	(1,005,514)	(0.6)	—	—	—	(39.0)	(39.6)
Stock-based compensation expense	—	—	—	8.4	—	—	—	8.4
Other comprehensive income	—	—	—	—	5.2	—	—	5.2
Net income	—	—	—	—	—	—	69.0	69.0
Dividends on common stock	—	—	—	—	—	—	(15.3)	(15.3)
Balance as of January 28, 2023	$ —	37,375,097	$ 18.6	$ 178.9	$ (21.6)	$ (11.5)	$ 778.2	$ 942.6

See notes to condensed consolidated financial statements.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Nine Months Ended	
	January 27, 2024	January 28, 2023
Operating activities:		
Net (loss) income	$ (66.0)	$ 69.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43.3	36.8
Stock-based compensation expense	1.8	9.4
Change in cash surrender value of life insurance	(1.0)	0.2
Amortization of debt issuance costs	0.5	0.6
Loss on sale of assets	0.6	0.1
Impairment of long-lived assets	0.7	0.4
Goodwill impairment	56.5	—
Change in deferred income taxes	(4.0)	0.7
Other	0.8	0.2
Changes in operating assets and liabilities:		
Accounts receivable	47.7	(19.7)
Inventories	(47.1)	(16.2)
Prepaid expenses and other assets	(8.8)	(17.3)
Accounts payable	11.0	7.0
Other liabilities	(13.4)	12.6
Net cash provided by operating activities	22.6	83.8
Investing activities:		
Purchases of property, plant and equipment	(41.1)	(30.8)
Proceeds from settlement of net investment hedge	0.6	—
Proceeds from disposition of assets	1.5	3.5
Net cash used in investing activities	(39.0)	(27.3)
Financing activities:		
Taxes paid related to net share settlement of equity awards	(3.8)	(0.5)
Repayments of finance leases	(0.2)	(0.3)
Proceeds from exercise of stock options	—	1.5
Purchases of common stock	(10.8)	(39.6)
Cash dividends	(15.0)	(14.9)
Debt issuance costs	—	(3.2)
Purchase of redeemable noncontrolling interest	(10.9)	—
Proceeds from borrowings	232.9	200.0
Repayments of borrowings	(207.2)	(206.6)
Net cash used in financing activities	(15.0)	(63.6)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2.7)	(0.2)
Decrease in cash and cash equivalents	(34.1)	(7.3)
Cash and cash equivalents at beginning of the period	157.0	172.0
Cash and cash equivalents at end of the period	$ 122.9	$ 164.7
Supplemental cash flow information:		
Cash paid during the period for:		
Interest	$ 12.7	$ 3.0
Income taxes, net of refunds	$ 17.0	$ 15.4
Operating lease obligations	$ 6.9	$ 6.5

See notes to condensed consolidated financial statements.

METHODE ELECTRONICS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1. Description of Business and Summary of Significant Accounting Policies

Description of business

Methode Electronics, Inc. (the "Company" or "Methode") is a leading global supplier of custom engineered solutions with sales, engineering and manufacturing locations in North America, Europe, Middle East and Asia. The Company designs, engineers and produces mechatronic products for Original Equipment Manufacturers ("OEMs") utilizing its broad range of technologies for user interface, light-emitting diode ("LED") lighting system, power distribution and sensor applications.

The Company's solutions are found in the end markets of transportation (including automotive, commercial vehicle, e-bike, aerospace, bus and rail), cloud computing infrastructure, construction equipment and consumer appliance.

Basis of presentation

The unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). All intercompany balances and transactions have been eliminated in consolidation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted pursuant to such rules and regulations. These interim condensed consolidated financial statements include all adjustments (consisting of normal recurring adjustments, except as otherwise disclosed) that management believes are necessary for a fair presentation of the results of operations, financial position and cash flows of the Company for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements included in the Company's Form 10-K for the year ended April 29, 2023, filed with the SEC on June 27, 2023. Results may vary from quarter to quarter for reasons other than seasonality.

Financial reporting periods

The Company maintains its financial records on the basis of a 52- or 53-week fiscal year ending on the Saturday closest to April 30. The three months ended January 27, 2024 and January 28, 2023 were both 13-week periods and the nine months ended January 27, 2024 and January 28, 2023 were both 39-week periods.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. These estimates and assumptions are subject to an inherent degree of uncertainty and may change, as new events occur, and additional information is obtained. As a result, actual results may differ from previously estimated amounts, and such differences may be material to the condensed consolidated financial statements.

Recently adopted accounting pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2021-08, "Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers," which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured at the acquisition date in accordance with Accounting Standards Codification ("ASC") 606, as if the acquirer had originated the contracts. Prior to the issuance of this ASU, contract assets and liabilities were recognized at fair value on the acquisition date. The Company adopted this ASU in the first quarter of fiscal 2024 on a prospective basis. The adoption of this ASU did not have a material impact on its condensed consolidated financial statements or related disclosures and is only applicable to future business acquisitions.

New accounting pronouncements not yet adopted

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. ASU 2023-07 will become effective for the Company's annual reports beginning in fiscal 2025, and interim period reports beginning in the first quarter of fiscal 2026 on a retrospective basis. Early adoption is permitted. The adoption of this ASU will result in increased disclosures for the Company's segments.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”. ASU No. 2023-09 requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income tax paid. ASU No. 2023-09 will become effective for the Company in the first quarter of fiscal 2026 and will be applied on a prospective basis, with a retrospective option. Early adoption is permitted. The Company is currently evaluating the impact of the ASU on its income tax disclosures.

There have been no other newly issued or newly applicable accounting pronouncements that have had, or are expected to have, a material impact on the Company’s condensed consolidated financial statements. Further, at January 27, 2024, there are no other pronouncements pending adoption that are expected to have a material impact on the Company’s condensed consolidated financial statements.

Summary of significant accounting policies

The Company’s significant accounting policies are described in Note 1, “Description of Business and Summary of Significant Accounting Policies,” to the consolidated financial statements included in the Company’s Form 10-K for the year ended April 29, 2023. There have been no material changes to the significant accounting policies in the nine months ended January 27, 2024.

Note 2. Revenue

The Company generates revenue from manufacturing products for customers in diversified global markets. The substantial majority of the Company’s revenue is recognized at a point in time. The Company has determined that the most definitive demonstration that control has transferred to a customer is physical shipment or delivery, depending on the contractual shipping terms, except for consignment transactions. Consignment transactions are arrangements where the Company transfers product to a customer location but retains ownership and control of such product until it is used by the customer. Revenue for consignment arrangements is recognized upon the customer’s usage.

Revenue associated with products which the Company believes have no alternative use (such as highly customized parts), and where the Company has an enforceable right to payment, are recognized on an over time basis. Revenue is recognized based on progress to date, which is typically even over the production process through transfer of control to the customer.

From time to time, customers may negotiate annual price downs. Management has evaluated these price downs and determined that in some instances, these price downs give rise to a material right. In instances that a material right exists, a portion of the transaction price is allocated to the material right and recognized over the life of the contract.

Across all products, the amount of revenue recognized corresponds to the related purchase order and is adjusted for variable consideration (such as discounts) and ongoing price adjustments. Sales and other taxes collected concurrent with revenue-producing activities are excluded from revenue.

The Company’s performance obligations are typically short-term in nature. As a result, the Company has elected the practical expedient that provides an exemption from the disclosure requirements regarding information about remaining performance obligations on contracts that have original expected durations of one year or less.

Contract balances

A contract asset is an entity’s right to consideration in exchange for goods or services that the entity has transferred to a customer. A contract liability exists when an entity has received consideration, or the amount is due from the customer in advance of revenue recognition. The net changes in the contract asset and contract liability balances for the nine months ended January 27, 2024 and January 28, 2023 were not material.

Disaggregated revenue information

The following table represents a disaggregation of revenue from contracts with customers by segment and geographical location. Net sales are attributed to regions based on the location of production. Though revenue recognition patterns and contracts are generally consistent, the amount, timing and uncertainty of revenue and cash flows may vary in each reportable segment due to geographic and economic factors.

(in millions)	Three Months Ended January 27, 2024				
	Automotive	Industrial	Interface	Medical	Total
Geographic net sales:					
North America	$ 56.7	$ 45.6	$ 12.7	$ —	$ 115.0
Europe, the Middle East & Africa ("EMEA")	52.0	37.5	—	—	89.5
Asia	31.0	24.0	—	—	55.0
Total net sales	$ 139.7	$ 107.1	$ 12.7	$ —	$ 259.5
Timing of revenue recognition:					
Goods transferred at a point in time	$ 136.6	$ 107.1	$ 12.7	$ —	$ 256.4
Goods transferred over time	3.1	—	—	—	3.1
Total net sales	$ 139.7	$ 107.1	$ 12.7	$ —	$ 259.5

(in millions)	Three Months Ended January 28, 2023				
	Automotive	Industrial	Interface	Medical	Total
Geographic net sales:					
North America	$ 82.9	$ 37.2	$ 11.9	$ 0.6	$ 132.6
EMEA	56.3	34.1	—	—	90.4
Asia	37.3	19.7	0.1	—	57.1
Total net sales	$ 176.5	$ 91.0	$ 12.0	$ 0.6	$ 280.1
Timing of revenue recognition:					
Goods transferred at a point in time	$ 171.3	$ 91.0	$ 12.0	$ 0.6	$ 274.9
Goods transferred over time	5.2	—	—	—	5.2
Total net sales	$ 176.5	$ 91.0	$ 12.0	$ 0.6	$ 280.1

(in millions)	Nine Months Ended January 27, 2024				
	Automotive	Industrial	Interface	Medical	Total
Geographic net sales:					
North America	$ 194.4	$ 137.6	$ 39.6	$ 2.3	$ 373.9
EMEA	153.9	131.4	—	—	285.3
Asia	104.0	73.9	—	0.1	178.0
Total net sales	$ 452.3	$ 342.9	$ 39.6	$ 2.4	$ 837.2
Timing of revenue recognition:					
Goods transferred at a point in time	$ 440.7	$ 342.9	$ 39.6	$ 2.4	$ 825.6
Goods transferred over time	11.6	—	—	—	11.6
Total net sales	$ 452.3	$ 342.9	$ 39.6	$ 2.4	$ 837.2

(in millions)	Nine Months Ended January 28, 2023				
	Automotive	Industrial	Interface	Medical	Total
Geographic net sales:					
North America	$ 275.4	$ 118.0	$ 38.9	$ 2.4	$ 434.7
EMEA	162.3	100.5	—	—	262.8
Asia	112.3	68.4	0.2	—	180.9
Total net sales	$ 550.0	$ 286.9	$ 39.1	$ 2.4	$ 878.4
Timing of revenue recognition:					
Goods transferred at a point in time	$ 535.7	$ 286.9	$ 39.1	$ 2.4	$ 864.1
Goods transferred over time	14.3	—	—	—	14.3
Total net sales	$ 550.0	$ 286.9	$ 39.1	$ 2.4	$ 878.4

Note 3. Acquisition and Disposition

Acquisition

On April 20, 2023, the Company acquired 92.2% of the outstanding shares in Nordic Lights Group Corporation ("Nordic Lights"), a premium provider of high-quality lighting solutions for heavy duty equipment headquartered in Finland, for €121.8 million ($134.2 million) in cash. Between May 2023 and July 2023, the Company acquired an additional 7.2% of the outstanding shares of Nordic Lights for €9.2 million ($10.1 million), increasing the Company's ownership to 99.4%. On October 10, 2023, the Company acquired the remaining 0.6% of the outstanding shares in Nordic Lights for €0.8 million ($0.8 million), as determined by the Finnish arbitral tribunal administering the redemption proceedings for the shares not tendered to the Company. Accordingly, the Company owned 100% of the outstanding shares in Nordic Lights as of October 10, 2023. The acquisition of Nordic Lights complements the Company's existing LED lighting solution offerings.

The acquisition was funded through a combination of borrowings under the Company's revolving credit facility and cash on hand. The results of the operations of Nordic Lights are reported within the Industrial segment from the date of acquisition. The acquisition was accounted for as a business combination. The Company finalized the allocation of the purchase price in the three months ended January 27, 2024.

The following table summarizes the fair value and subsequent measurement period adjustments of the assets acquired and liabilities assumed, including a reconciliation to the total purchase price. Measurement period adjustments recognized in the period resulted from the receipt of incremental data utilized in the determination of fair value, including valuation assumptions.

(in millions)	As reported as of April 29, 2023	Measurement period adjustments	As of January 27, 2024
Cash and cash equivalents	$ 19.6	$ —	$ 19.6
Accounts receivable	17.1	—	17.1
Inventories	9.6	(0.2)	9.4
Property, plant and equipment	12.9	3.9	16.8
Identifiable intangible assets	68.1	27.2	95.3
Accounts payable	(10.8)	—	(10.8)
Long-term debt	(24.4)	—	(24.4)
Other assets and liabilities, net	(2.8)	(0.5)	(3.3)
Deferred tax liabilities	(13.4)	(6.1)	(19.5)
Total identifiable net assets acquired	75.9	24.3	100.2
Goodwill	69.6	(24.3)	45.3
Total fair value of net assets acquired	145.5	—	145.5
Less: redeemable noncontrolling interest	(11.3)	—	(11.3)
Total purchase price	$ 134.2	$ —	$ 134.2

The noncontrolling interest was recognized at fair value, which was determined to be the noncontrolling interest's proportionate share of the fair value of net assets acquired, as of the acquisition date. The noncontrolling interest was classified as a redeemable noncontrolling interest on the condensed consolidated balance sheets as minority shareholders owning less than 10% of the outstanding shares in a company in Finland had the right to require the Company to redeem their shares. As noted above, in October 2023, the Company acquired the entire redeemable noncontrolling interest.

Goodwill arising from the acquisition was included in the Industrial segment and was attributable to potential synergies and an assembled workforce. Goodwill from this acquisition will not be deductible for income tax purposes.

The following table presents details of the intangible assets acquired:

	Fair value ($m)	Weighted average useful life (Years)
Customer relationships	$ 77.3	20.0
Trade Name	11.5	10.0
Technology	6.5	10.0
Total	$ 95.3	

The intangible assets were valued using the income approach. The Company uses the relief-from-royalty method to value the trade name and technology, and it uses the multi-period excess earnings method to value customer relationships. The fair value measurement of intangible assets are based on significant unobservable inputs, and thus represent Level 3 inputs. These valuation methods incorporate assumptions including expected discounted future net cash flows resulting from either the future estimated after-tax royalty payments avoided as a result of owning the trade name or technology, or the future earnings related to existing customer relationships.

The pro-forma effects of this acquisition would not materially impact the Company's operating results for the nine months ended January 28, 2023, and as a result no pro-forma financial statements are presented. In the nine months ended January 27, 2024, additional acquisition costs of $0.5 million were incurred and reported in selling and administrative expenses.

Disposition

In the first quarter of fiscal 2024, the Company made the decision to initiate the discontinuation of the Dabir business in the Medical segment. On October 13, 2023, the Company sold certain assets and contracts of its Dabir business to a third party for consideration of $1.5 million. In the second quarter of fiscal 2024, the Company recorded a loss on the sale, including transaction costs, of $0.6 million, which was included in other income, net on the Company's condensed consolidated statement of operations. The discontinuation of the Dabir business does not qualify as a discontinued operation as it does not represent a strategic shift that would have a major effect on the Company's operations or financial results.

Note 4. Income Taxes

The provision for income taxes for an interim period is based on an estimated annual effective income tax rate applied to ordinary year-to-date earnings or losses. The estimated annual effective income tax rate is determined excluding the effects of unusual or significant one-time items that are reported net of the related tax effects in the period in which they occur. In addition, any material effects of enacted tax law or rate changes as well as the Company's ability to utilize various tax assets is recognized in the period in which the change occurs.

The computation of the estimated annual effective income tax rate at each interim period requires certain estimates and assumptions including, but not limited to, the expected pre-tax income (or loss) for the year by jurisdiction, certain book to tax adjustments, and the likelihood of the realizability of deferred tax assets generated in the current year. The estimates used to compute the provision or benefit for income taxes may change as new events occur, additional information is obtained or as the Company's tax environment changes.

The Company's income tax expense and effective tax rate for the three and nine months ended January 27, 2024 and January 28, 2023 were as follows:

	Three Months Ended		Nine Months Ended	
($ in millions)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Pre-tax (loss) income	$ (10.5)	$ 23.0	$ (65.0)	$ 82.3
Income tax expense	1.1	3.1	1.0	13.3
Effective tax rate	(10.5)%	13.5%	(1.5)%	16.2%

The effective tax rate for the three months ended January 27, 2024 was lower than the U.S. federal statutory tax rate of 21% primarily due to the impact of income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, offset by global intangible low-tax income. The effective tax rate for the nine months ended January 27, 2024 was lower than the U.S. federal statutory tax rate of 21% primarily due to an impairment of goodwill which is non-deductible for tax purposes, income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, offset by global intangible low-tax income. The effective tax rate for the three and nine months ended January 28, 2023 was lower than the U.S. federal statutory tax rate of 21% primarily due to income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, partially offset by non-deductible expenses.

The Company's gross unrecognized income tax benefits were $4.6 million and $4.5 million as of January 27, 2024 and April 29, 2023, respectively. If any portion of the Company's unrecognized tax benefits is recognized, it would impact the Company's effective tax rate. The unrecognized tax benefits are reviewed periodically and adjusted for changing facts and circumstances, such as tax audits, the lapsing of applicable statutes of limitations and changes in tax law. The Company recognizes interest and penalties related to income tax uncertainties in income tax expense. Accrued interest and penalties were $0.4 million and $0.2 million as of January 27, 2024 and April 29, 2023, respectively.

Note 5. Balance Sheet Components

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturities of three months or less. Highly liquid investments include money market funds which are classified within Level 1 of the fair value hierarchy. As of January 27, 2024 and April 29, 2023, the Company had a balance of $0.2 million and $1.3 million, respectively, in money market accounts.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are customer obligations due under normal trade terms and are presented net of an allowance for doubtful accounts. The Company establishes an allowance for doubtful accounts based on the current expected credit loss impairment model. The Company applies a historical loss rate based on historic write-offs to aging categories. The historical loss rate is adjusted for current conditions and reasonable and supportable forecasts of future losses as necessary. The Company may also record a specific reserve for individual accounts when it becomes aware of specific customer circumstances, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position. The allowance for doubtful accounts balance was $1.4 million and $1.3 million at January 27, 2024 and April 29, 2023, respectively.

Inventories

Inventories are stated at the lower-of-cost or net realizable value. Cost is determined using the first-in, first-out method. Finished products and work-in-process inventories include direct material costs and direct and indirect manufacturing costs. The Company records reserves for inventory that may be obsolete or in excess of current and future market demand. A summary of inventories is shown below:

(in millions)	January 27, 2024	April 29, 2023
Finished products	$ 53.2	$ 36.6
Work in process	17.8	14.4
Raw materials	133.0	108.7
Total inventories	$ 204.0	$ 159.7

Property, plant and equipment

Property, plant and equipment is stated at cost. Maintenance and repair costs are expensed as incurred. Depreciation is calculated using the straight-line method using estimated useful lives of 5 to 40 years for buildings and building improvements and 3 to 15 years for machinery and equipment. A summary of property, plant and equipment is shown below:

(in millions)	January 27, 2024	April 29, 2023
Land	$ 3.0	$ 3.0
Buildings and building improvements	103.4	98.8
Machinery and equipment	429.5	414.3
Construction in progress	46.3	40.6
Total property, plant and equipment, gross	582.2	556.7
Less: accumulated depreciation	(349.7)	(336.4)
Property, plant and equipment, net	$ 232.5	$ 220.3

Depreciation expense was $8.8 million and $7.6 million in the three months ended January 27, 2024 and January 28, 2023, respectively. Depreciation expense was $25.3 million and $22.7 million in the nine months ended January 27, 2024 and January 28, 2023, respectively. As of January 27, 2024 and April 29, 2023, capital expenditures recorded in accounts payable totaled $2.4 million and $4.5 million, respectively.

Pre-production tooling costs related to long-term supply arrangements

The Company incurs pre-production tooling costs related to products produced for its customers under long-term supply arrangements. Engineering, testing and other costs incurred in the design and development of production parts are expensed as incurred, unless the costs are reimbursable by the customer. As of January 27, 2024 and April 29, 2023, the Company had $47.8 million and $36.1 million, respectively, of pre-production tooling costs related to customer-owned tools for which reimbursement is contractually guaranteed by the customer or for which the customer has provided a non-cancelable right to use the tooling.

Costs for molds, dies and other tools used in products produced for its customers under long-term supply arrangements for which the Company has title are capitalized in property, plant and equipment and amortized over the shorter of the life of the arrangement or the estimated useful life of the assets. As of January 27, 2024 and April 29, 2023, Company-owned tooling was $15.0 million and $12.2 million, respectively.

Note 6. Goodwill and Other Intangible Assets

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. A summary of the changes in the carrying amount of goodwill, by segment, is shown below:

(in millions)	Automotive	Industrial	Total
Balance as of April 29, 2023	$ 106.2	$ 195.7	$ 301.9
Acquisition (Note 3)	—	(24.3)	(24.3)
Impairment	(56.5)	—	(56.5)
Foreign currency translation	(0.3)	(0.4)	(0.7)
Balance as of January 27, 2024	$ 49.4	$ 171.0	$ 220.4

The Company tests goodwill and indefinite-lived intangible assets for impairment on an annual basis as of the beginning of the fourth quarter each fiscal year. In addition, the Company continuously monitors for events and circumstances that could negatively impact the key assumptions used in determining fair value and therefore require interim goodwill impairment testing, including long-term revenue growth projections, profitability, discount rates, volatility in the Company's market capitalization, and general industry, market and macroeconomic conditions.

October 28, 2023 Interim Assessment

During the three months ended October 28, 2023, the Company identified an impairment triggering event associated with a sustained decrease in the Company’s publicly quoted share price, market capitalization and lower than expected operating results. These factors suggested that the fair value of one or more of the Company's reporting units may have fallen below their carrying amounts. The Company quantitatively assessed its reporting units which have performed substantially below the forecast used in its last quantitative impairment test. The reporting units that were quantitatively assessed were North American Automotive ("NAA") and European Automotive ("EA").

Based upon the results of the quantitative impairment test, the Company determined the carrying value of the NAA and EA reporting units exceeded their fair value at October 28, 2023. As a result, the Company recognized a non-cash goodwill impairment charge of $56.5 million ($50.4 million for NAA and $6.1 million for EA) in the three months ended October 28, 2023, which was determined as the excess carrying value over fair value of the respective reporting unit up to the carrying value of the goodwill immediately prior to the impairment.

January 27, 2024 Interim Assessment

During the three months ended January 27, 2024, there was a further decline in the Company's publicly quoted share price and market capitalization. In addition, operating results for NAA were lower than expected. As a result, the Company determined that a triggering event occurred requiring a quantitative impairment test for NAA. The quantitative impairment test utilized the Company’s most recent cash flow projections for NAA which reflected current market conditions as well as timing for new product launches. Based upon the results of the quantitative impairment test, the Company determined that the fair value of NAA exceeded its carrying value by less than 10% and thus there was no impairment to goodwill. If all other assumptions are held constant, a hypothetical increase of more than 100 basis points in the discount rate could have resulted in goodwill impairment for the NAA reporting unit. Due to the limited headroom, the Company will continue to monitor NAA for any significant changes to its assumptions regarding future performance, or for any adverse changes to macroeconomic conditions, or for a further reduction in the Company's market capitalization, or any changes to other assumptions that could result in impairment losses in the future, which could be significant.

The Company engaged a third-party valuation specialist to assist management in performing the interim goodwill impairment assessments. The fair value of the NAA and EA reporting units were estimated using a combination of the income approach and market approach, weighted accordingly for the specific circumstances of the reporting unit. The income approach uses a discounted cash flow method and the market approach uses appropriate valuation multiples observed for the reporting unit’s guideline public companies. The determination of discounted cash flows are based on management’s estimates of revenue growth rates and earnings before interest, taxes, depreciation and amortization (“EBITDA”) margins, taking into consideration business and market conditions for the countries and markets in which the reporting unit operates. The Company calculates the discount rate based on a market-participant, risk-adjusted weighted average cost of capital, which considers industry specific rates of return on debt and equity capital for a target industry capital structure, adjusted for risks associated with business size, geography and other factors specific to the reporting unit. Long-range forecasting involves uncertainty which increases with each successive period. Revenue growth rates and profitability assumptions, especially in the outer years, involve a greater degree of uncertainty.

A summary of goodwill by reporting unit is as follows:

(in millions)	January 27, 2024	April 29, 2023
Grakon Industrial	$ 124.8	$ 124.5
North American Automotive	49.4	99.8
Nordic Lights	44.6	69.6
European Automotive	—	6.4
Other	1.6	1.6
Total	$ 220.4	$ 301.9

Other intangible assets, net

Details of identifiable intangible assets are shown below:

	As of January 27, 2024			
(in millions)	Gross	Accumulated amortization	Net	Weighted average remaining useful life (years)
Amortized intangible assets:				
Customer relationships and agreements	$ 308.2	$ (80.7)	$ 227.5	15.1
Trade names, patents and technology licenses	75.7	(40.7)	35.0	7.0
Total amortized intangible assets	383.9	(121.4)	262.5	
Unamortized trade name	1.8	—	1.8	
Total other intangible assets	$ 385.7	$ (121.4)	$ 264.3	

	As of April 29, 2023			
(in millions)	Gross	Accumulated amortization	Net	Weighted average remaining useful life (years)
Amortized intangible assets:				
Customer relationships and agreements	$ 286.7	$ (68.2)	$ 218.5	14.8
Trade names, patents and technology licenses	71.6	(35.2)	36.4	6.0
Total amortized intangible assets	358.3	(103.4)	254.9	
Unamortized trade name	1.8	—	1.8	
Total other intangible assets	$ 360.1	$ (103.4)	$ 256.7	

Based on the current amount of intangible assets subject to amortization, the estimated aggregate amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

(in millions)	
Fiscal Year:	
Remainder of 2024	$ 6.0
2025	23.5
2026	22.6
2027	22.0
2028	19.7
Thereafter	168.7
Total	$ 262.5

Note 7. Derivative Instruments and Hedging Activities

The Company is exposed to various market risks including, but not limited to, foreign currency exchange rates and market interest rates. The Company strives to control its exposure to these risks through our normal operating activities and, where appropriate, through the use of derivative financial instruments. Derivative financial instruments are measured at fair value on a recurring basis.

For a designated cash flow hedge, the effective portion of the change in the fair value of the derivative financial instrument is recorded in accumulated other comprehensive income ("AOCI") in the condensed consolidated balance sheets. When the underlying hedged transaction is realized, the gain or loss previously included in AOCI is recorded in earnings and reflected in the condensed consolidated statements of income on the same line as the gain or loss on the hedged item attributable to the hedged risk. The gain or loss associated with changes in the fair value of derivatives not designated as hedges are recorded immediately in the condensed consolidated statements of income on the same line as the associated risk. For a designated net investment hedge, the effective portion of the change in the fair value of the derivative financial instrument is recorded as a cumulative translation adjustment in AOCI in the condensed consolidated balance sheets.

Net investment hedges

The Company is exposed to the risk that adverse changes in foreign currency exchange rates could impact its net investment in non-U.S. subsidiaries. To manage this risk, the Company designates certain qualifying derivative and non-derivative instruments, including cross-currency swaps and foreign currency-denominated debt, as net investment hedges of certain non-U.S. subsidiaries.

The Company had a variable-rate, cross-currency swap, with a notional value of $60.0 million (€54.8 million), that matured on August 31, 2023 with a gain of approximately $0.6 million. The cross-currency swap was designated as a hedge of the Company's net investment in its euro-denominated subsidiaries. The gain will remain in AOCI until the hedged net investment is sold or substantially liquidated.

On December 21, 2023, the Company entered into a fixed-rate, cross-currency swap, maturing on December 25, 2024, with a notional value of $60.0 million (€54.8 million). The cross-currency swap is designated as a hedge of the Company's net investment in a euro-based subsidiary. The Company entered into the cross-currency swap to mitigate changes in net assets due to changes in U.S. dollar-euro spot exchange rate.

Hedge effectiveness is assessed at the inception of the hedging relationship and quarterly thereafter, under the spot-to-spot method. The Company recognizes the impact of all other changes in fair value of the derivative, which represents the interest rate differential of the cross-currency swap, through interest expense. For the three months ended January 27, 2024 and January 28, 2023, the Company recorded gains of zero and $0.4 million, respectively, in interest expense, net in the condensed consolidated statements of income. For the nine months ended January 27, 2024 and January 28, 2023, the Company recorded gains of $1.1 million and $1.3 million, respectively, in interest expense, net in the condensed consolidated statements of income.

The Company has also designated its euro-denominated long-term borrowings of $298.6 million under the Credit Agreement as a hedge of the Company's investment in its euro-denominated subsidiaries. The objective of the designation is to protect the net investment in the foreign operation against adverse changes in the euro exchange rate. The change in the value of the euro-denominated long-term borrowings, which is due to changes in foreign exchange rates, is recorded as a cumulative translation adjustment in AOCI, net of tax. For the three months ended January 27, 2024, the transaction loss associated with this net investment hedge reported in AOCI was $5.9 million. For the nine months ended January 27, 2024, the transaction gain associated with this net investment hedge reported in AOCI was $1.4 million.

Interest rate swaps

The Company utilizes interest rate swaps to limit its exposure to market fluctuations on its variable-rate borrowings. The interest rate swaps effectively convert a portion of the Company's variable rate borrowings to a fixed rate based upon a determined notional amount. The Company has an interest rate swap, maturing on October 31, 2027, with a notional value of $145.5 million (€132.0 million) and had two interest rate swaps that matured on August 31, 2023, with a notional value of $100.0 million. The interest rate swaps are designated as cash flow hedges.

Hedge effectiveness is assessed at the inception of the hedging relationship and quarterly thereafter. The effective portion of the periodic changes in fair value is recognized in AOCI in the condensed consolidated balance sheets. Subsequently, the accumulated gains and losses recorded in AOCI are reclassified to income in the period during which the hedged cash flow impacts earnings, which are expected to be immaterial over the next 12 months. No ineffectiveness was recognized in the three or nine months ended January 27, 2024 and January 28, 2023.

Derivatives not designated as hedges

The Company uses short-term foreign currency forward contracts to reduce the earnings impact that exchange rate fluctuations have on non-functional currency balance sheet exposures. These forward contracts are not designated as hedging instruments. Gains and losses on these forward contracts are recognized in other income, net, along with the foreign currency gains and losses on monetary assets and liabilities, in the condensed consolidated statements of income.

As of January 27, 2024 and April 29, 2023, the Company held foreign currency forward contracts with a notional value of $84.7 million and $59.9 million, respectively. During the three and nine months ended January 27, 2024, the Company recognized a gain of $0.6 million and a loss of $2.1 million, respectively, related to foreign currency forward contracts in the condensed consolidated statements of income. During the three and nine months ended January 28, 2023, the Company recognized a gain of $1.6 million and a loss of $1.2 million, respectively, related to foreign currency forward contracts in the condensed consolidated statements of income.

Fair value of derivative instruments on the balance sheet

The fair value of derivative instruments are classified as Level 2 within the fair value hierarchy and are recorded in the balance sheets as follows:

		Asset/(Liability)	
(in millions)	Financial Statement Caption	January 27, 2024	April 29, 2023
Derivatives designated as hedging instruments:			
Net investment hedges	Other accrued liabilities	$ —	$ (0.5)
Net investment hedges	Prepaid expenses and other current assets	$ 0.4	$ —
Interest rate swaps	Prepaid expenses and other current assets	$ —	$ 1.6
Interest rate swaps	Other long-term liabilities	$ (4.2)	$ —
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Prepaid expenses and other current assets	$ —	$ 0.1
Foreign currency forward contracts	Other accrued liabilities	$ (0.3)	$ (0.1)

Effect of derivative instruments on comprehensive income (loss)

Gross amounts recorded in other comprehensive income (loss) were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net investment hedges	$ 0.3	$ (4.8)	$ 1.5	$ (1.4)
Interest rate swaps	(3.1)	(1.0)	(5.8)	(0.3)
Total	$ (2.8)	$ (5.8)	$ (4.3)	$ (1.7)

Note 8. Debt

A summary of debt is shown below:

(in millions)	January 27, 2024	April 29, 2023
Revolving credit facility	$ 332.6	$ 305.4
Other debt	1.5	4.7
Unamortized debt issuance costs	(2.8)	(3.3)
Total debt	331.3	306.8
Less: current maturities	(0.2)	(3.2)
Total long-term debt	$ 331.1	$ 303.6

Revolving credit facility/term loan

On October 31, 2022, the Company entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the Lenders and other parties named therein. The Credit Agreement amended and restated the Amended and Restated Credit Agreement, dated September 12, 2018 and as previously amended (the "Prior Credit Agreement"), among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender, and L/C Issuer, Wells Fargo Bank, National Association, as L/C Issuer, and the Lenders and other parties named therein. Among other things, the Credit Agreement (i) increased the multicurrency revolving credit commitments under the Prior Credit Agreement to $750,000,000, (ii) refinanced in full and terminated the term loan facility under the Prior Credit Agreement, and (iii) made certain other changes to the covenants, terms, and conditions under the Prior Credit Agreement. In addition, the Credit Agreement permits the Company to increase the revolving commitments and/or add one or more tranches of term loans under the Credit Agreement from time to time by up to an amount equal to (i) $250,000,000 plus (ii) an additional amount so long as the leverage ratio would not exceed 3.00:1.00 on a pro forma basis, subject to, among other things, the receipt of additional commitments from existing and/or new lenders. The Credit Agreement matures on October 31, 2027.

As of January 27, 2024, the Company was not in compliance with the original consolidated leverage ratio covenant contained in the Credit Agreement for the quarter ended January 27, 2024. On March 6, 2024, the Company entered into a First Amendment to Second Amended and Restated Credit Agreement (the "Amendment") among the Company, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, the other Lenders party thereto and other parties thereto. Among other things, the Amendment (i) amended the consolidated leverage ratio covenant for the quarter ended January 27, 2024 and each subsequent fiscal quarter through the quarter ending October 26, 2024, (ii) amended certain interest rate provisions and (iii) waived any default or event of default that may have occurred due to the non-compliance with the consolidated leverage ratio covenant for the quarter ended January 27, 2024 that was in effect prior to the Amendment. Following the effectiveness of the Amendment, the Company was in compliance with its consolidated leverage ratio covenant for the quarter ended January 27, 2024.

Loans denominated in US dollars under the Credit Agreement, as amended by the Amendment, bear interest at either (a) an adjusted base rate or (b) an adjusted term Secured Overnight Financing Rate ("SOFR") rate or term SOFR daily floating rate (in each case, as determined in accordance with the provisions of the Credit Agreement, as amended by the Amendment) in each case plus an applicable rate (the "Applicable Rate") ranging between 0.375% and 1.75%, in the case of adjusted base rate loans, and between 1.375% and 2.75%, in the case of adjusted term SOFR rate loans and term SOFR daily floating rate loans. Loans denominated in euros will bear interest at the Euro Interbank Offered Rate plus an Applicable Rate ranging between 1.375% and 2.75%. The Applicable Rate is set based on the Company's consolidated leverage ratio.

As of January 27, 2024, the outstanding balance under the revolving credit facility included $298.6 million (€275.0 million) of euro-denominated borrowings. The Company has designated the euro-denominated borrowings as a net investment hedge of the foreign currency exposure of its investments in euro-denominated subsidiaries. Refer to Note 7, "Derivative Instruments and Hedging Activities" for further information.

The weighted-average interest rate on outstanding US dollar and euro-denominated borrowings under the Credit Agreement was approximately 7.4% and 5.9%, respectively, as of January 27, 2024. The Credit Agreement, as amended by the Amendment, contains customary representations and warranties, financial covenants, restrictive covenants and events of default. As of January 27, 2024, after giving effect to the Amendment, including the changes it made to the Company's consolidated leverage ratio covenant for the quarter ended January 27, 2024, the Company was in compliance with all the covenants in the Credit Agreement.

Although the Company currently anticipates, based on its current projections and analyses, that it will be in compliance with the financial covenants contained in the Credit Agreement, as amended by the Amendment, no assurance can be given that the Company will be and remain in compliance with such covenants in the future. Factors that could increase the Company's risk of future non-compliance include those identified in Part I – Item 1A, "Risk Factors" of the Company's Annual Report on Form 10-K for the year ended April 29, 2023.

Other debt

One of the Company's European subsidiaries has debt that consists of one note with a maturity in 2031. The weighted-average interest rate on this debt was approximately 1.8% at January 27, 2024 and $0.2 million of the debt was classified as short-term.

Note 9. Shareholders' Equity

Share buyback program

The Board of Directors authorized a program to purchase up to $200.0 million of the Company's outstanding common stock through June 14, 2024. Purchases may be made in private transactions or on the open market, including pursuant to purchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934.

The following table summarizes the Company's stock buyback activity under this share buyback program:

	Three Months Ended		Nine Months Ended	
(in millions, except share and per share data)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Shares purchased	130,592	179,700	453,371	1,005,514
Average price per share	$ 22.99	$ 44.54	$ 23.73	$ 39.34
Total cost	$ 3.0	$ 8.0	$ 10.8	$ 39.6

As of January 27, 2024, a total of 3,243,746 shares have been purchased at a total cost of $130.1 million since the commencement of the share buyback program. All purchased shares were retired and are reflected as a reduction of common stock for the par value of shares, with the excess applied as a reduction to retained earnings. As of January 27, 2024, the dollar value of shares that remained available to be purchased by the Company under this share buyback program was $69.9 million.

Dividends

The Company paid dividends totaling $4.9 million and $5.0 million in the three months ended January 27, 2024 and January 28, 2023, respectively. The Company paid dividends totaling $15.0 million and $14.9 million in the nine months ended January 27, 2024 and January 28, 2023, respectively. Dividends paid in the nine months ended January 27, 2024 include $0.4 million of dividend equivalent payments for restricted stock units that vested at the end of fiscal 2023.

Accumulated other comprehensive income (loss)

Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. A summary of changes in AOCI, net of tax is shown below:

	Three Months Ended January 27, 2024			Nine Months Ended January 27, 2024		
(in millions)	Currency translation adjustments	Derivative instruments	Total	Currency translation adjustments	Derivative instruments	Total
Balance at beginning of period	$ (42.5)	$ (0.4)	$ (42.9)	$ (19.8)	$ 0.8	$ (19.0)
Other comprehensive income (loss)	11.7	(2.8)	8.9	(8.6)	(4.3)	(12.9)
Tax benefit (expense)	2.0	0.8	2.8	(0.4)	1.1	0.7
Net other comprehensive income (loss)	13.7	(2.0)	11.7	(9.0)	(3.2)	(12.2)
Balance at the end of period	$ (28.8)	$ (2.4)	$ (31.2)	$ (28.8)	$ (2.4)	$ (31.2)

	Three Months Ended January 28, 2023			Nine Months Ended January 28, 2023		
(in millions)	Currency translation adjustments	Derivative instruments	Total	Currency translation adjustments	Derivative instruments	Total
Balance at beginning of period	$ (61.1)	$ 6.8	$ (54.3)	$ (30.5)	$ 3.7	$ (26.8)
Other comprehensive income (loss)	37.7	(5.8)	31.9	6.9	(1.7)	5.2
Tax (expense) benefit	(0.6)	1.4	0.8	(0.4)	0.4	—
Net other comprehensive income (loss)	37.1	(4.4)	32.7	6.5	(1.3)	5.2
Balance at the end of period	$ (24.0)	$ 2.4	$ (21.6)	$ (24.0)	$ 2.4	$ (21.6)

Stock-based compensation

The Company has granted stock options, restricted stock awards ("RSAs"), performance units ("PUs"), restricted stock units ("RSUs") and stock awards to employees and non-employee directors under the Methode Electronics, Inc. 2022 Omnibus Incentive Plan ("2022 Plan"), the Methode Electronics, Inc. 2014 Omnibus Incentive Plan ("2014 Plan"), the Methode Electronics, Inc. 2010 Stock Plan ("2010 Plan"), and the Methode Electronics, Inc. 2004 Stock Plan ("2004 Plan"). The Company's stockholders approved the 2022 Plan on September 14, 2022. The Company can no longer make grants under the 2014 Plan, 2010 Plan and 2004 Plan.

Subject to adjustment as provided in the 2022 Plan and the 2022 Plan's share counting provisions, the number of shares of the Company's common stock that will be available for all awards under the 2022 Plan is 5,550,000, less one share for every one share of common stock subject to an option or SAR award granted after April 30, 2022 under the 2014 Plan and 2.28 shares for every one share that was subject to an award other than an option or SAR granted after April 30, 2022 under the 2014 Plan. As of January 27, 2024, there were 4,936,672 shares available for award under the 2022 Plan.

Restricted stock awards and performance units

As of January 27, 2024, the Company had 789,674 RSAs outstanding which may be earned based on the achievement of an earnings before net interest, taxes, fixed asset depreciation and intangible asset amortization ("EBITDA") measure for fiscal 2025. The RSAs will vest ranging from 0% (for performance below threshold) to 100% (target performance) based on the achievement of the EBITDA performance measure and continued employment. In addition, if the target performance is exceeded, up to an additional 394,837 PUs can be earned that will be settled in cash. At the discretion of the Compensation Committee, the PUs may be settled in shares of common stock.

The fair value of the RSAs was based on the closing stock price on the date of grant and the RSAs earn dividend equivalents during the vesting period, which are forfeitable if the RSAs do not vest. Compensation expense for the RSAs is recognized when it is probable the minimum threshold performance criteria will be achieved. Compensation expense for the PUs is recognized when it is probable that the target performance criteria will be exceeded. The Company assesses the probability of vesting at each balance sheet date and adjusts compensation costs based on the probability assessment. The cash-settled PUs represent a non-equity unit with a conversion value equal to the fair market value of a share of the Company's common stock on the vesting date. The PUs are classified as liability awards due to the cash settlement feature and are re-measured at each balance sheet date. In accordance with ASC 718, based on projections of the Company's current business portfolio, no compensation expense has been recognized for the RSAs or PUs to date, as the performance conditions are not probable of being met. Unrecognized stock-based compensation expense at target level of performance is $22.8 million as of January 27, 2024, which, subject to the performance conditions being met, will be recognized through fiscal 2025. The following table summarizes RSA activity:

	Restricted stock awards		Weighted average grant date fair value
Non-vested at April 29, 2023	933,674	$	28.73
Awarded	—	$	—
Vested	—	$	—
Forfeited	(144,000)	$	28.28
Non-vested at January 27, 2024	789,674	$	28.81

Restricted stock units

RSUs granted vest over a pre-determined period of time, up to five years from the date of grant. The fair value of the RSUs granted are based on the closing stock price on the date of grant and earn dividend equivalents during the vesting periods, which are forfeitable if the RSUs don't vest. The following table summarizes RSU activity:

	Restricted stock units		Weighted average grant date fair value
Non-vested at April 29, 2023	770,667	$	30.47
Awarded	211,050	$	22.86
Vested	(1,271)	$	40.84
Forfeited	(182,772)	$	29.65
Non-vested at January 27, 2024	797,674	$	28.63

Under the various stock plans, common stock underlying vested RSUs held by certain executives will not be delivered until termination of employment or a change of control of the Company. As of January 27, 2024, common stock to be delivered to these executives totaled 511,733 shares.

Director awards

The Company grants stock awards to its non-employee directors as a component of their compensation. The stock awards vest immediately upon grant. Non-employee directors may elect to defer receipt of their shares under the Company's non-qualified deferred compensation plan. The following table summarizes awards granted to non-employee directors:

	Non-employee director awards	Deferred non-employee director awards	Total	Weighted average grant date fair value
Outstanding at April 29, 2023	—	45,750	45,750	$ 40.56
Awarded	16,804	30,694	47,498	$ 33.09
Issued	(16,804)	—	(16,804)	$ 33.32
Outstanding at January 27, 2024	—	76,444	76,444	$ 37.62

Stock options

The following table summarizes stock option activity:

	Stock options	Weighted average exercise price	Weighted-average life (years)	Aggregate intrinsic value (in millions)
Outstanding and exercisable at April 29, 2023	20,000	$ 37.01	1.2	$ 0.1
Exercised	—	$ —		
Forfeited	—	$ —		
Outstanding and exercisable at January 27, 2024	20,000	$ 37.01	0.4	$ 0.0

The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on the last trading day of the period and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on that date.

Stock-based compensation expense

All stock-based awards to employees and non-employee directors are recognized in selling and administrative expenses on the condensed consolidated statements of income. Awards subject to graded vesting are recognized using the accelerated recognition method over the requisite service period. The table below summarizes the stock-based compensation expense related to the equity awards:

	Three Months Ended		Nine Months Ended	
(in millions)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
RSUs	$ (2.1)	$ 2.7	$ 0.2	$ 7.8
Deferred non-employee director awards	—	—	1.0	1.0
Non-employee director awards	—	—	0.6	0.6
Total stock-based compensation expense	$ (2.1)	$ 2.7	$ 1.8	$ 9.4

The net reversal in stock-based compensation expense for RSUs in the three months ended January 27, 2024 was due to forfeitures of $3.6 million accounted for during the period.

Note 10. (Loss) Income per Share

Basic (loss) income per share attributable to Methode is calculated by dividing net (loss) income attributable to Methode by the weighted average number of common shares outstanding for the applicable period, but excludes any contingently issued shares where the contingency has not been resolved. The weighted average number of common shares used in the diluted (loss) income per share calculation is determined using the treasury stock method which includes the effect of all potential dilutive common shares outstanding during the period.

The following table sets forth the computation of basic and diluted (loss) income per share attributable to Methode:

	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Numerator:				
Net (loss) income attributable to Methode (in millions)	$ (11.6)	$ 19.9	$ (66.0)	$ 69.0
Denominator:				
Denominator for basic income per share - weighted average shares outstanding and vested/unissued restricted stock units	35,327,995	35,757,465	35,562,513	36,149,858
Dilutive potential common shares	—	819,530	—	728,351
Denominator for diluted income per share	35,327,995	36,576,995	35,562,513	36,878,209
(Loss) income per share attributable to Methode:				
Basic	$ (0.33)	$ 0.56	$ (1.86)	$ 1.91
Diluted	$ (0.33)	$ 0.54	$ (1.86)	$ 1.87
Number of anti-dilutive potentially issuable shares excluded from diluted common shares outstanding	1,319,577	949,674	1,463,996	939,573

In the three and nine months ended January 27, 2024, all potential common shares issuable for stock options and RSUs were excluded from the calculation of diluted loss per share, as the effect of including them would have been anti-dilutive. The dilutive effect of potential common shares issuable for stock options and RSUs on the weighted-average number of common shares outstanding would have been approximately 503,000 and 560,000 common shares for the three and nine months ended January 27, 2024, respectively.

Note 11. Segment Information

An operating segment is defined as a component of an enterprise that engages in business activities from which it may earn revenues and incur expenses, and about which separate financial information is regularly evaluated by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources. The CODM is the Company’s President and Chief Executive Officer. The Company has four reporting segments as described below.

The Automotive segment supplies electronic and electro-mechanical devices and related products to automobile OEMs, either directly or through their tiered suppliers. Products include integrated center consoles, hidden switches, ergonomic switches, transmission lead-frames, LED-based lighting and sensors, which incorporate magneto-elastic sensing and other technologies that monitor the operation or status of a component or system.

The Industrial segment manufactures external lighting solutions, industrial safety radio remote controls, braided flexible cables, current-carrying laminated busbars and devices, custom power-product assemblies, such as our PowerRail® solution, high-current low-voltage flexible power cabling systems and powder-coated busbars that are used in various markets and applications, including aerospace, computers, industrial, power conversion, military, telecommunications and transportation.

The Interface segment provides a variety of copper and fiber-optic interface and interface solutions for the appliance, commercial food service, construction, consumer, material handling, point-of-sale and telecommunications markets. Solutions include copper transceivers and solid-state field-effect consumer touch panels.

The Medical segment is made up of the Company’s medical device business, Dabir Surfaces, with its surface support technology aimed at pressure injury prevention. Methode developed the technology for use by patients who are immobilized or otherwise at risk for pressure injuries, including patients undergoing long-duration surgical procedures. In the first quarter of fiscal 2024, the Company made the decision to initiate the discontinuation of Dabir Surfaces. In October 2023, the Company sold certain assets of its Dabir Surfaces business. See Note 3, "Acquisition and Disposition" for more information.

The tables below present information about the Company's reportable segments:

	Three Months Ended January 27, 2024					
(in millions)	Automotive	Industrial	Interface	Medical	Eliminations/ Corporate	Consolidated
Net sales	$ 142.4	$ 117.1	$ 12.7	$ —	$ (12.7)	$ 259.5
Transfers between segments	(2.7)	(10.0)	—	—	12.7	—
Net sales to unaffiliated customers	$ 139.7	$ 107.1	$ 12.7	$ —	$ —	$ 259.5
Income (loss) from operations	$ (11.0)	$ 18.9	$ 1.5	$ (0.1)	$ (12.3)	$ (3.0)
Interest expense, net						5.0
Other expense, net						2.5
Pre-tax loss						$ (10.5)

	Three Months Ended January 28, 2023					
(in millions)	Automotive	Industrial	Interface	Medical	Eliminations /Corporate	Consolidated
Net sales	$ 178.6	$ 100.8	$ 12.1	$ 0.6	$ (12.0)	$ 280.1
Transfers between segments	(2.1)	(9.8)	(0.1)	—	12.0	—
Net sales to unaffiliated customers	$ 176.5	$ 91.0	$ 12.0	$ 0.6	$ —	$ 280.1
Income (loss) from operations	$ 18.7	$ 22.3	$ 1.0	$ (1.8)	$ (12.9)	$ 27.3
Interest expense, net						0.8
Other expense, net						3.5
Pre-tax income						$ 23.0

	Nine Months Ended January 27, 2024					
(in millions)	Automotive	Industrial	Interface	Medical	Eliminations/ Corporate	Consolidated
Net sales	$ 461.5	$ 367.7	$ 39.7	$ 2.4	$ (34.1)	$ 837.2
Transfers between segments	(9.2)	(24.8)	(0.1)	—	34.1	—
Net sales to unaffiliated customers	$ 452.3	$ 342.9	$ 39.6	$ 2.4	$ —	$ 837.2
Income (loss) from operations	$ (75.3)	$ 68.8	$ 5.4	$ (3.0)	$ (46.4)	$ (50.5)
Interest expense, net						12.2
Other expense, net						2.3
Pre-tax loss						$ (65.0)
Goodwill impairment	$ 56.5	$ —	$ —	$ —	$ —	$ 56.5

	Nine Months Ended January 28, 2023					
(in millions)	Automotive	Industrial	Interface	Medical	Eliminations /Corporate	Consolidated
Net sales	$ 554.2	$ 302.3	$ 39.2	$ 2.4	$ (19.7)	$ 878.4
Transfers between segments	(4.2)	(15.4)	(0.1)	—	19.7	—
Net sales to unaffiliated customers	$ 550.0	$ 286.9	$ 39.1	$ 2.4	$ —	$ 878.4
Income (loss) from operations	$ 56.8	$ 69.7	$ 4.2	$ (4.7)	$ (44.1)	$ 81.9
Interest expense, net						1.3
Other income, net						(1.7)
Pre-tax income						$ 82.3

(in millions)	January 27, 2024	April 29, 2023
Identifiable assets:		
Automotive	$ 648.7	$ 700.2
Industrial	632.6	672.3
Interface	105.1	127.2
Medical	0.2	6.2
Eliminations/Corporate	104.9	73.2
Total identifiable assets	$ 1,491.5	$ 1,579.1

Note 12. Contingencies

Certain litigation arising in the normal course of business is pending against us. The Company is, from time-to-time, subject to various legal actions and claims incidental to our business, including those arising out of alleged defects, breach of contracts, employment-related matters, environmental matters and intellectual property matters. The Company considers insurance coverage and third-party indemnification when determining required accruals for pending litigation and claims. Although the outcome of potential legal actions and claims cannot be determined, it is the Company's opinion, based on the information available, that it has adequate reserves for these liabilities.

Hetronic Germany-GmbH Matters

For several years, Hetronic Germany-GmbH and Hydronic-Steuersysteme-GmbH (the "Fuchs companies") served as our distributors for Germany, Austria and other central and eastern European countries pursuant to their respective intellectual property licenses and distribution and assembly agreements. The Company became aware that the Fuchs companies and their managing director, Albert Fuchs, had materially violated those agreements. As a result, the Company terminated all of its agreements with the Fuchs companies. On June 20, 2014, the Company filed a lawsuit against the Fuchs companies in the Federal District Court for the Western District of Oklahoma alleging material breaches of the distribution and assembly agreements and seeking damages, as well as various forms of injunctive relief. The defendants filed counterclaims alleging breach of contract, interference with business relations and business slander. On April 2, 2015, the Company amended its complaint against the Fuchs companies to add additional unfair competition and Lanham Act claims and to add additional affiliated parties.

A trial with respect to the matter began in February 2020. During the trial, the defendants dismissed their one remaining counterclaim with prejudice. On March 2, 2020, the jury returned a verdict in favor of the Company. The verdict included approximately $102 million in compensatory damages and $11 million in punitive damages. On April 22, 2020, the District Court entered a permanent injunction barring defendants from selling infringing products and ordering them to return Hetronic's confidential information. Defendants appealed entry of the permanent injunction. On May 29, 2020, the District Court held defendants in contempt for violating the permanent injunction and entered the final judgment. Defendants appealed entry of the final monetary judgment as well. The appeal of the permanent injunction and the appeal of the final judgment were consolidated into a single appeal before the U.S. Court of Appeals for the Tenth Circuit. On August 24, 2021, the Tenth Circuit issued a decision affirming the lower court's ruling with the exception that it instructed the District Court to modify the injunction from the entire world to all of the countries in which Hetronic sells its products. On April 20 and 21, 2022, the District Court held a hearing related to modifying the injunction pursuant to the Tenth Circuit's opinion, and the parties have filed post-hearing briefs. The defendants also filed a petition for certiorari with the United States Supreme Court seeking to further appeal the extraterritorial application of the Lanham Act in this case. The Company opposed that petition. The Supreme Court requested the views of the Solicitor General on the petition for certiorari, and the Solicitor General recommended granting the petition. On November 4, 2022, the Supreme Court granted the petition. The Supreme Court heard arguments in this matter on March 21, 2023. On June 29, 2023, the Supreme Court vacated the Tenth Circuit's August 2021 decision and remanded the matter back to the Tenth Circuit for further proceedings. On September 1, 2023, the Tenth Circuit requested supplemental briefing from the parties regarding the effect of the Supreme Court's decision on the appeal and the proper course of further proceedings. That briefing was thereafter submitted, and the Tenth Circuit heard argument in this matter on January 24, 2024.

Like any judgment, particularly a judgment involving defendants outside of the United States, there is no guarantee that the Company will be able to collect all or any portion of the judgment. Furthermore, defendants Abitron Germany and Hetronic Germany filed for insolvency in German court in September and October 2023 respectively, and the Germany insolvency court then appointed a receiver. These insolvency proceedings could potentially adversely impact our ability to enforce or collect upon the judgment or portions of the judgment or otherwise pursue or enforce claims or rights against those defendants.

Note 13. Restructuring

The Company continually monitors market factors and industry trends and takes restructuring actions to reduce overall costs and improve operational profitability as appropriate. Restructuring actions generally result in charges for employee termination benefits, plant closures, asset impairments and contract termination costs.

As noted above, the Company made the decision to initiate the discontinuation of the Dabir business in the Medical segment. The Company recognized $0.5 million of severance costs in the nine months ended January 27, 2024, in selling and administrative expenses. In addition, in the nine months ended January 27, 2024, the Company recognized fixed asset impairment charges of $0.6 million in cost of products sold related to this restructuring action. Restructuring costs in the Automotive and Industrial segments primarily represent severance costs and asset impairments. In the nine months ended January 28, 2023, restructuring costs primarily related to an impairment of an operating lease right-of-use asset.

Employee termination benefits are accrued upon the commitment to a termination plan and when the benefit arrangement is communicated to affected employees, or when liabilities are determined to be probable and estimable. Asset impairment charges relate to the impairment of right-of-use lease assets and equipment. Components of restructuring costs were as follows:

	Three Months Ended		Nine Months Ended	
(in millions)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Automotive	$ —	$ —	$ 0.2	$ —
Industrial	0.1	—	0.1	0.5
Interface	—	—	—	—
Medical	—	—	1.1	—
Eliminations/Corporate	—	—	—	0.1
Total restructuring costs	$ 0.1	$ —	$ 1.4	$ 0.6
Recognized in:				
Cost of products sold	$ 0.1	$ —	$ 0.9	$ 0.1
Selling and administrative expenses	—	—	0.5	0.5
	$ 0.1	$ —	$ 1.4	$ 0.6

The Company's restructuring liability was zero as of January 27, 2024. Estimates of restructuring costs are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring costs, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established accruals.

Note 14. Subsequent Events

On January 29, 2024, Avinash Avula joined the Company as its President and Chief Executive Officer and as a member of the Company’s Board of Directors. Donald W. Duda, the Company’s former President and Chief Executive Officer will remain as employee of the Company through April 30, 2024, after which he will retire but continue to serve as a strategic consultant for a period of nine months. Mr. Duda resigned as a member of the Board of Directors on January 29, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

As used herein, "we," "us," "our," the "Company" or "Methode" means Methode Electronics, Inc. and its subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") includes 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, express 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," "upcoming," 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 comply with restrictions and covenants under our credit agreement;
- 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 Part 1, Item 1A of our Annual Report on Form 10-K for the year ended April 29, 2023. 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.

Overview

We are a leading global supplier of custom engineered solutions with sales, engineering and manufacturing locations in North America, Europe, Middle East and Asia. We design, engineer and produce mechatronic products for Original Equipment Manufacturers ("OEMs") utilizing our broad range of technologies for user interface, light-emitting diode ("LED") lighting system, power distribution and sensor applications.

Our solutions are found in the end markets of transportation (including automotive, commercial vehicle, e-bike, aerospace, bus and rail), cloud computing infrastructure, construction equipment and consumer appliance. Our business is managed on a segment basis, with those segments being Automotive, Industrial, Interface and Medical.

In the first quarter of fiscal 2024, we made the decision to initiate the discontinuation of the Dabir business in the Medical segment. In October 2023, we sold certain assets of the Dabir business, and no longer operate this business. For further information, see Note 3, "Acquisition and Disposition" to the condensed consolidated financial statements included in this Report.

Impacts of Macroeconomic and Geopolitical Conditions

Adverse macroeconomic conditions, including but not limited to inflation, slower growth or recession, changes to fiscal and monetary policy, higher interest rates, wage and commodity inflation, currency fluctuations and new or increased tariffs, could adversely affect demand for our products. We continue to monitor the Russia-Ukraine war and the associated sanctions and other restrictions. We also are monitoring the Israel-Hamas war. Although we have no operations in Russia, Ukraine or Israel, certain of our customers and suppliers have been negatively impacted by these events, which in turn has impacted markets where we do business, including EMEA and Asia. The economic sanctions imposed on Russia have further increased existing global supply chain, logistics, and inflationary challenges. The full impact of the conflicts on our business operations and financial performance remains uncertain and will depend on future developments, including the severity and duration of the conflicts and their impact on regional and global economic conditions. We will continue to monitor the conflicts and assess the related restrictions and other effects on our employees, customers, and business.

Global Supply Chain Disruptions

Due to various factors that are beyond our control, there continue to be global supply chain disruptions, including a worldwide semiconductor supply shortage. In addition, we have experienced, and may continue to experience, business interruptions, including customer shutdowns and increased material and logistics costs and labor shortages. The semiconductor supply shortage is due, in part, to increased demand across multiple industries, including the automotive industry, resulting in a slowdown in their production schedules. The semiconductor supply shortage is also impacting our supply chain and our ability to meet demand at some of our non-automotive customers. We expect this semiconductor shortage to have a continued impact on our operating results and financial condition in fiscal 2024.

Acquisition of Nordic Lights

We acquired 92.2% of the outstanding shares of Nordic Lights on April 20, 2023. We acquired the remaining 7.8% of the outstanding shares of Nordic Lights in the nine months ended January 27, 2024. Accordingly, as of January 27, 2024, we own 100% of Nordic Lights. The results of operations of Nordic Lights are reported within the Industrial segment. For further information, see Note 3, "Acquisition and Disposition" to the condensed consolidated financial statements included in this Report.

Consolidated Results of Operations

The table below compares our results of operations between the three and nine months ended January 27, 2024 and the three and nine months ended January 28, 2023:

(in millions)	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net sales	$ 259.5	$ 280.1	$ 837.2	$ 878.4
Cost of products sold	222.5	215.2	693.9	677.6
Gross profit	37.0	64.9	143.3	200.8
Selling and administrative expenses	33.9	32.9	119.3	104.8
Goodwill impairment	—	—	56.5	—
Amortization of intangibles	6.1	4.7	18.0	14.1
Interest expense, net	5.0	0.8	12.2	1.3
Other expense (income), net	2.5	3.5	2.3	(1.7)
Income tax expense	1.1	3.1	1.0	13.3
Net (loss) income	(11.6)	19.9	(66.0)	69.0
Net income attributable to redeemable noncontrolling interest	—	—	—	—
Net (loss) income attributable to Methode	$ (11.6)	$ 19.9	$ (66.0)	$ 69.0

Net sales

Net sales decreased $20.6 million, or 7.4%, to $259.5 million in the three months ended January 27, 2024, compared to $280.1 million in the three months ended January 28, 2023. The decrease was primarily due to lower sales volumes in the Automotive segment, partially offset by the acquisition of Nordic Lights, which contributed $21.2 million of net sales to the Industrial segment, and favorable foreign currency translation of $1.5 million. Net sales included customer cost recoveries from spot buys of materials and premium freight costs of $0.6 million in the three months ended January 27, 2024, compared to $1.4 million in the three months ended January 28, 2023. Excluding the impact of Nordic Lights, foreign currency translation and customer cost recoveries, net sales decreased $42.5 million, or 15.2%, mainly due to the roll-off of a major automotive center console program in North America in the Automotive segment.

Net sales decreased $41.2 million, or 4.7%, to $837.2 million in the nine months ended January 27, 2024, compared to $878.4 million in the nine months ended January 28, 2023. The decrease was primarily due to lower sales volumes in the Automotive segment, partially offset by the acquisition of Nordic Lights, which contributed $63.3 million of net sales to the Industrial segment, and favorable foreign currency translation of $5.5 million. Net sales included customer cost recoveries from spot buys of materials and premium freight costs of $1.9 million in the nine months ended January 27, 2024, compared to $18.3 million in the nine months ended January 28, 2023. Excluding the impact of Nordic Lights, foreign currency translation and customer cost recoveries, net sales decreased $93.6 million, or 10.9%, mainly due to the roll-off of a major automotive center console program in North America in the Automotive segment.

Cost of products sold

Cost of products sold increased $7.3 million, or 3.4%, to $222.5 million (85.7% of net sales) in the three months ended January 27, 2024, compared to $215.2 million (76.8% of net sales) in the three months ended January 28, 2023. The acquisition of Nordic Lights and foreign currency translation accounted for $15.8 million and $1.0 million, respectively, of the increase. Excluding Nordic Lights and foreign currency translation, cost of products sold decreased $9.5 million. The decrease was primarily due to lower material costs as a result of a decrease in sales volumes, partially offset by higher salary and operating expenses.

Cost of products sold increased $16.3 million, or 2.4%, to $693.9 million (82.9% of net sales) in the nine months ended January 27, 2024, compared to $677.6 million (77.1% of net sales) in the nine months ended January 28, 2023. The acquisition of Nordic Lights and foreign currency translation accounted for $46.6 million and $3.9 million, respectively, of the increase. Excluding Nordic Lights and foreign currency translation, cost of products sold decreased $34.2 million. The decrease was primarily due to lower material costs as a result of a decrease in sales volumes, partially offset by higher salary, freight and operating expenses. Restructuring costs were $0.9 million in the nine months ended January 27, 2024, compared to $0.1 million in the nine months ended January 28, 2023.

Gross profit margin

Gross profit margin was 14.3% of net sales in the three months ended January 27, 2024, compared to 23.2% of net sales in the three months ended January 28, 2023. The decrease in gross profit margin was primarily a result of lower sales and higher costs in the Automotive segment related to operational inefficiencies and upcoming product launches.

Gross profit margin was 17.1% of net sales in the nine months ended January 27, 2024, compared to 22.9% of net sales in the nine months ended January 28, 2023. The decrease in gross profit margin was primarily a result of lower sales and operational inefficiencies in the Automotive segment. The operational inefficiencies were caused mainly by labor and vendor issues which led to planning deficiencies, inventory shortages, unrecoverable spot purchases and premium freight, and delayed shipments.

Selling and administrative expenses

Selling and administrative expenses increased $1.0 million, or 3.0%, to $33.9 million (13.1% of net sales) in the three months ended January 27, 2024, compared to $32.9 million (11.7% of net sales) in the three months ended January 28, 2023. The acquisition of Nordic Lights and foreign currency translation accounted for $2.4 million and $0.2 million, respectively, of the increase. Excluding Nordic Lights and foreign currency translation, selling and administrative expenses decreased $1.6 million primarily due to lower stock-based compensation expense, partially offset by higher professional fees, incentive compensation and salary expense. Stock-based compensation expense was lower due to a $3.6 million reversal of expense due to forfeitures in the period.

Selling and administrative expenses increased $14.5 million, or 13.8%, to $119.3 million (14.2% of net sales) in the nine months ended January 27, 2024, compared to $104.8 million (11.9% of net sales) in the nine months ended January 28, 2023. The acquisition of Nordic Lights and foreign currency translation accounted for $7.0 million and $1.6 million, respectively, of the increase. Excluding Nordic Lights and foreign currency translation, selling and administrative expenses increased $5.9 million. The increase was primarily due to higher professional fees, outbound freight expense and salary expense, partially offset by lower stock-based compensation expense. Stock-based compensation expense was lower due to a $3.6 million reversal of expense due to forfeitures in the three months ended January 27, 2024.

Goodwill impairment

In the nine months ended January 27, 2024, we recognized a goodwill impairment of $56.5 million in the Automotive segment. For further information, see Note 6, "Goodwill and Other Intangible Assets" to the condensed consolidated financial statements included in this Report.

Amortization of intangibles

Amortization of intangibles was $6.1 million in the three months ended January 27, 2024, compared to $4.7 million in the three months ended January 28, 2023. Amortization of intangibles was $18.0 million in the nine months ended January 27, 2024, compared to $14.1 million in the nine months ended January 28, 2023. The increase in both periods was due to the recognition of amortization expense associated with the acquisition of Nordic Lights.

Interest expense, net

Interest expense, net was $5.0 million in the three months ended January 27, 2024, compared to $0.8 million in the three months ended January 28, 2023. Interest expense, net was $12.2 million in the nine months ended January 27, 2024, compared to $1.3 million in the nine months ended January 28, 2023. The increase in both periods was due to a higher level of borrowings and increased interest rates.

Other expense (income), net

Other expense, net was $2.5 million in the three months ended January 27, 2024, compared to $3.5 million in the three months ended January 28, 2023. Net foreign exchange loss was $2.8 million in the three months ended January 27, 2024, compared to $3.9 million in the three months ended January 28, 2023.

Other expense, net was $2.3 million in the nine months ended January 27, 2024, compared to other income, net of $1.7 million in the nine months ended January 28, 2023. Net foreign exchange loss was $2.2 million in the nine months ended January 27, 2024, compared to $3.1 million in the nine months ended January 28, 2023. In the nine months ended January 27, 2024, we received $0.3 million of international government assistance, compared to $4.6 million in the nine months ended January 28, 2023. In the nine months ended January 27, 2024, we recognized a $0.6 million loss on the sale of certain assets of Dabir.

Income tax expense

Income tax expense was $1.1 million (-10.5% effective tax rate) in the three months ended January 27, 2024, compared to $3.1 million (13.5% effective tax rate) in the three months ended January 28, 2023. Income tax expense was $1.0 million (-1.5% effective tax rate) in the nine months ended January 27, 2024, compared to $13.3 million (16.2% effective tax rate) in the nine months ended January 28, 2023.

The effective tax rate for the three months ended January 27, 2024 was lower than the U.S. federal statutory tax rate of 21% primarily due to the impact of income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, partially offset by global intangible low-tax income. The effective tax rate for the nine months ended January 27, 2024 was lower than the U.S. federal statutory tax rate of 21% primarily due to the impact of an impairment of goodwill which is non-deductible for tax purposes, income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, partially offset by global intangible low-tax income. The effective tax rate for the three and nine months ended January 28, 2023 was lower than the U.S. federal statutory tax rate of 21% primarily due to income derived from foreign operations with lower statutory tax rates and research deductions claimed in foreign jurisdictions, partially offset by non-deductible expenses.

Net (loss) income

Net loss was $11.6 million in the three months ended January 27, 2024, compared to net income of $19.9 million in the three months ended January 28, 2023. The acquisition of Nordic Lights contributed $0.9 million of net income and the impact of foreign currency translation increased net income by $0.3 million. Excluding Nordic Lights and foreign currency translation, net income decreased $32.7 million as a result of the reasons described above.

Net loss was $66.0 million in the nine months ended January 27, 2024, compared to net income of $69.0 million in the nine months ended January 28, 2023. The acquisition of Nordic Lights contributed $2.8 million of net income and the impact of foreign currency translation increased net income by $0.3 million. Excluding Nordic Lights and foreign currency translation, net income decreased $138.1 million as a result of the reasons described above.

Reportable Operating Segments

Automotive

	Three Months Ended		Nine Months Ended	
($ in millions)	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Net sales				
North America	$ 56.7	$ 82.9	$ 194.4	$ 275.4
Europe, the Middle East & Africa ("EMEA")	52.0	56.3	153.9	162.3
Asia	31.0	37.3	104.0	112.3
Net sales	139.7	176.5	452.3	550.0
Gross profit	$ 4.5	$ 32.0	$ 31.4	$ 99.7
As a percent of net sales	3.2%	18.1%	6.9%	18.1%
(Loss) income from operations	$ (11.0)	$ 18.7	$ (75.3)	$ 56.8
As a percent of net sales	(7.9)%	10.6%	(16.6)%	10.3%
Customer cost recoveries:				
North America	$ —	$ 0.2	$ —	$ 9.6
EMEA	0.3	0.5	0.8	1.8
Asia	—	—	—	0.6
Total	$ 0.3	$ 0.7	$ 0.8	$ 12.0

Net sales

Automotive segment net sales decreased $36.8 million, or 20.8%, to $139.7 million in the three months ended January 27, 2024, compared to $176.5 million in the three months ended January 28, 2023. Excluding foreign currency translation and customer cost recoveries, net sales decreased $37.5 million, or 21.3%.

Net sales in North America decreased $26.2 million to $56.7 million in the three months ended January 27, 2024, compared to $82.9 million in the three months ended January 28, 2023. Excluding customer cost recoveries, net sales decreased $26.0 million primarily due to lower sales volumes from program roll-offs. Net sales in EMEA decreased $4.3 million to $52.0 million in the three months ended January 27, 2024, compared to $56.3 million in the three months ended January 28, 2023. The stronger euro, relative to the U.S. dollar, increased net sales in EMEA by $1.8 million. Excluding foreign currency translation and customer cost recoveries, net sales in EMEA decreased $5.9 million primarily due to lower sales volumes of sensor products. Net sales in Asia decreased $6.3 million to $31.0 million in the three months ended January 27, 2024, compared to $37.3 million in the three months ended January 28, 2023. The weaker Chinese renminbi, relative to the U.S. dollar, decreased net sales in Asia by $0.7 million. Excluding foreign currency translation and customer cost recoveries, net sales in Asia decreased $5.6 million due to a program roll-off and lower sales volumes of overhead consoles and lead-frame assemblies.

Automotive segment net sales decreased $97.7 million, or 17.8%, to $452.3 million in the nine months ended January 27, 2024, compared to $550.0 million in the nine months ended January 28, 2023. Excluding foreign currency translation and customer cost recoveries, net sales decreased $89.8 million, or 16.7%.

Net sales in North America decreased $81.0 million to $194.4 million in the nine months ended January 27, 2024, compared to $275.4 million in the nine months ended January 28, 2023. Excluding customer cost recoveries, net sales decreased $71.4 million primarily due to lower sales volumes from program roll-offs, including a major center console program. Net sales in EMEA decreased $8.4 million to $153.9 million in the nine months ended January 27, 2024, compared to $162.3 million in the nine months ended January 28, 2023. The stronger euro, relative to the U.S. dollar, increased net sales in EMEA by $7.7 million. Excluding foreign currency translation and customer cost recoveries, net sales in EMEA decreased $15.1 million due to lower sales volumes of sensor products. Net sales in Asia decreased $8.3 million to $104.0 million in the nine months ended January 27, 2024, compared to $112.3 million in the nine months ended January 28, 2023. The weaker Chinese renminbi, relative to the U.S. dollar, decreased net sales in Asia by $4.4 million. Excluding foreign currency translation and customer cost recoveries, net sales in Asia decreased $3.3 million primarily due to a program roll-off and lower sales volumes of overhead consoles.

Gross profit

Automotive segment gross profit decreased $27.5 million, or 85.9%, to $4.5 million in the three months ended January 27, 2024, compared to $32.0 million in the three months ended January 28, 2023. Excluding the impact of foreign currency translation, gross profit decreased $28.0 million. Gross profit margins decreased to 3.2% in the three months ended January 27, 2024, compared to 18.1% in the three months ended January 28, 2023.

Automotive segment gross profit decreased $68.3 million, or 68.5%, to $31.4 million in the nine months ended January 27, 2024, compared to $99.7 million in the nine months ended January 28, 2023. Excluding the impact of foreign currency translation, gross profit decreased $69.3 million. Gross profit margins decreased to 6.9% in the nine months ended January 27, 2024, compared to 18.1% in the nine months ended January 28, 2023.

The decrease in gross profit margins in both periods was due to lower sales volumes and operational inefficiencies in North America caused mainly by labor and vendor issues which led to planning deficiencies, inventory shortages, unrecoverable spot purchases and premium freight, and delayed shipments.

(Loss) income from operations

Automotive segment loss from operations was $11.0 million in the three months ended January 27, 2024, compared to income of $18.7 million in the three months ended January 28, 2023. Excluding the impact of foreign currency translation, income from operations decreased $29.9 million.

Automotive segment loss from operations was $75.3 million in the nine months ended January 27, 2024, compared to income of $56.8 million in the nine months ended January 28, 2023. Loss from operations in the nine months ended January 27, 2024, includes goodwill impairment of $56.5 million. Excluding goodwill impairment and the impact of foreign currency translation, income from operations decreased $75.2 million.

The decrease in both periods was primarily due to lower gross profit and higher selling and administrative expenses. Selling and administrative expenses increased due to higher salary and incentive compensation expense, and outbound freight expense, partially offset by lower stock-based compensation expense.

Industrial

($ in millions)	Three Months Ended January 27, 2024	Three Months Ended January 28, 2023	Nine Months Ended January 27, 2024	Nine Months Ended January 28, 2023
Net sales	$ 107.1	$ 91.0	$ 342.9	$ 286.9
Gross profit	$ 30.3	$ 30.7	$ 103.8	$ 94.4
As a percent of net sales	28.3%	33.7%	30.3%	32.9%
Income from operations	$ 18.9	$ 22.3	$ 68.8	$ 69.7
As a percent of net sales	17.6%	24.5%	20.1%	24.3%
Customer cost recoveries	$ 0.3	$ 0.3	$ 0.7	$ 4.2

Net sales

Industrial segment net sales increased $16.1 million, or 17.7%, to $107.1 million in the three months ended January 27, 2024, compared to $91.0 million in the three months ended January 28, 2023. The increase was primarily due to the acquisition of Nordic Lights, which contributed $21.2 million of net sales, and favorable foreign currency translation of $0.4 million. Excluding the impact of Nordic Lights and foreign currency translation, net sales decreased $5.5 million, or 6.1%, primarily due to lower demand for power distribution products in the electric vehicle and data center markets.

Industrial segment net sales increased $56.0 million, or 19.5%, to $342.9 million in the nine months ended January 27, 2024, compared to $286.9 million in the nine months ended January 28, 2023. The increase was primarily due to the acquisition of Nordic Lights, which contributed $63.3 million of net sales, and favorable foreign currency translation of $2.2 million, partially offset by lower customer cost recoveries from spot buys of materials and premium freight costs of $3.5 million. Excluding the impact of Nordic Lights, foreign currency translation and customer cost recoveries, net sales decreased $6.0 million, or 2.1%, primarily due to lower demand for power distribution products in the electric vehicle and data center markets, partially offset by higher sales volumes of commercial vehicle lighting solutions products.

Gross profit

Industrial segment gross profit decreased $0.4 million, or 1.3%, to $30.3 million in the three months ended January 27, 2024, compared to $30.7 million in the three months ended January 28, 2023. The acquisition of Nordic Lights and favorable foreign currency translation accounted for $5.4 million and $0.1 million, respectively, of gross profit. Excluding the impact of Nordic Lights and foreign currency translation, gross profit decreased $5.9 million. Gross profit margins decreased to 28.3% in the three months ended January 27, 2024, compared to 33.7% in the three months ended January 28, 2023. Gross profit margins were impacted by product mix and higher operating expenses.

Industrial segment gross profit increased $9.4 million, or 10.0%, to $103.8 million in the nine months ended January 27, 2024, compared to $94.4 million in the nine months ended January 28, 2023. The increase was due to the acquisition of Nordic Lights, which contributed $16.7 million of gross profit, and $0.6 million of favorable foreign currency translation. Excluding the impact of Nordic Lights and foreign currency translation, gross profit decreased $7.9 million. Gross profit margins decreased to 30.3% in the nine months ended January 27, 2024, compared to 32.9% in the nine months ended January 28, 2023. Gross profit margins were impacted by lower sales volumes of commercial vehicle lighting solutions products and higher operating expenses.

Income from operations

Industrial segment income from operations decreased $3.4 million, or 15.2%, to $18.9 million in the three months ended January 27, 2024, compared to $22.3 million in the three months ended January 28, 2023. The acquisition of Nordic Lights accounted for $1.6 million of income from operations. Excluding Nordic Lights, income from operations decreased $5.0 million due to lower gross profit, partially offset by lower selling and administrative expenses. The decrease in selling and administrative expenses was primarily due to lower salary expense and professional fees.

Industrial segment income from operations decreased $0.9 million, or 1.3%, to $68.8 million in the nine months ended January 27, 2024, compared to $69.7 million in the nine months ended January 28, 2023. The acquisition of Nordic Lights and favorable foreign currency translation accounted for $5.6 million and $0.4 million, respectively, of income from operations. Excluding Nordic Lights and the impact of foreign currency translation, income from operations decreased $6.9 million. The decrease was primarily due to lower gross profit, partially offset by lower selling and administrative expenses. The decrease in selling and administrative expenses was primarily due to lower professional fees and $0.4 million of restructuring costs recognized in the nine months ended January 28, 2023.

Interface

($ in millions)	Three Months Ended January 27, 2024	Three Months Ended January 28, 2023	Nine Months Ended January 27, 2024	Nine Months Ended January 28, 2023
Net sales	$ 12.7	$ 12.0	$ 39.6	$ 39.1
Gross profit	$ 2.2	$ 1.9	$ 7.7	$ 6.6
As a percent of net sales	17.3%	15.8%	19.4%	16.9%
Income from operations	$ 1.5	$ 1.0	$ 5.4	$ 4.2
As a percent of net sales	11.8%	8.3%	13.6%	10.7%
Customer cost recoveries	$ —	$ 0.4	$ 0.4	$ 2.1

Net sales

Interface segment net sales increased $0.7 million, or 5.8% to $12.7 million in the three months ended January 27, 2024, compared to $12.0 million in the three months ended January 28, 2023. Excluding customer cost recoveries, net sales increased $1.1 million, or 9.5%. The increase was primarily due to higher sales volumes of appliance products, partially offset by lower sales volumes of data solution products.

Interface segment net sales increased $0.5 million, or 1.3%, to $39.6 million in the nine months ended January 27, 2024, compared to $39.1 million in the nine months ended January 28, 2023. Excluding customer cost recoveries, net sales increased $2.2 million, or 5.9%. The increase was primarily due to higher sales volumes of appliance products, partially offset by lower sales volumes of data solution products.

Gross profit

Interface segment gross profit increased $0.3 million, or 15.8%, to $2.2 million in the three months ended January 27, 2024, compared to $1.9 million in the three months ended January 28, 2023. Gross profit margins increased to 17.3% in the three months ended January 27, 2024, compared to 15.8% in the three months ended January 28, 2023. The increase in gross profit margins was primarily due to higher sales volumes of appliance products.

Interface segment gross profit increased $1.1 million, or 16.7%, to $7.7 million in the nine months ended January 27, 2024, compared to $6.6 million in the nine months ended January 28, 2023. Gross profit margins increased to 19.4% in the nine months ended January 27, 2024, compared to 16.9% in the nine months ended January 28, 2023. The increase in gross profit margins was primarily due to higher sales volumes of appliance products.

Income from operations

Interface segment income from operations increased $0.5 million, or 50.0%, to $1.5 million in the three months ended January 27, 2024, compared to $1.0 million in the three months ended January 28, 2023. The increase was due to higher gross profit and lower selling and administrative expenses.

Interface segment income from operations increased $1.2 million, or 28.6%, to $5.4 million in the nine months ended January 27, 2024, compared to $4.2 million in the nine months ended January 28, 2023. The increase was primarily due to higher gross profit.

Medical

(in millions)	Three Months Ended January 27, 2024	Three Months Ended January 28, 2023	Nine Months Ended January 27, 2024	Nine Months Ended January 28, 2023
Net sales	$ -	$ 0.6	$ 2.4	$ 2.4
Gross profit	$ (0.1)	$ (0.2)	$ (0.2)	$ (0.5)
Loss from operations	$ (0.1)	$ (1.8)	$ (3.0)	$ (4.7)

In the first quarter of fiscal 2024, we made the decision to initiate the discontinuation of the Dabir business (which accounts for all of the Medical segment's financial results). Towards the end of the second quarter of fiscal 2024, we sold certain assets of the Dabir business and have now exited this business, which accounts for the variances in the table above.

Financial Condition, Liquidity and Capital Resources

Our liquidity requirements are primarily to fund our business operations, including capital expenditures and working capital requirements, as well as to fund debt service requirements, dividends and stock repurchases. Our primary sources of liquidity are cash flows from operations, existing cash balances and borrowings under our senior unsecured credit agreement. We believe our liquidity position will be sufficient to fund our existing operations and current commitments for at least the next twelve months. However, if economic conditions remain impacted for longer than we expect due to supply chain disruptions, inflationary pressure or other geopolitical risks, including the Russia-Ukraine war and Israel-Hamas war, our liquidity position could be severely impacted.

As of January 27, 2024, we had $122.9 million of cash and cash equivalents, of which $93.9 million was held in subsidiaries outside the U.S. Cash held by these subsidiaries is used to fund operational activities and can be repatriated, primarily through the payment of dividends and the repayment of intercompany loans, without creating material additional income tax expense.

Share Buyback Program

The Board of Directors authorized a program to purchase up to $200.0 million of our outstanding common stock through June 14, 2024. Purchases may be made in private transactions or on the open market, including pursuant to purchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. As of January 27, 2024, a total of 3,243,746 shares have been purchased at a total cost of $130.1 million since the commencement of the share buyback program. As of January 27, 2024, the dollar value of shares that remained available to be purchased under this share buyback program was $69.9 million.

Credit Agreement

On October 31, 2022, we entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, and the Lenders and other parties named therein. The Credit Agreement amended and restated the Amended and Restated Credit Agreement, dated September 12, 2018 and as previously amended (the "Prior Credit Agreement"), with Bank of America, N.A., as Administrative Agent, Swing Line Lender, and L/C Issuer, Wells Fargo Bank, National Association, as L/C Issuer, and the Lenders and other parties named therein. Among other things, the Credit Agreement (i) increased the multicurrency revolving credit commitments under the Prior Credit Agreement to $750,000,000, (ii) refinanced in full and terminated the term loan facility under the Prior Credit Agreement, and (iii) made certain other changes to the covenants, terms, and conditions under the Prior Credit Agreement. In addition, the Credit Agreement permits us to increase the revolving commitments and/or add one or more tranches of term loans under the Credit Agreement from time to time by up to an amount equal to (i) $250,000,000 plus (ii) an additional amount so long as the leverage ratio would not exceed 3.00:1.00 on a pro forma basis, subject to, among other things, the receipt of additional commitments from existing and/or new lenders. The Credit Agreement matures on October 31, 2027.

As of January 27, 2024, the Company was not in compliance with the original consolidated leverage ratio covenant contained in the Credit Agreement for the quarter ended January 27, 2024. On March 6, 2024, we entered into a First Amendment to Second Amended and Restated Credit Agreement (the "Amendment") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, the other Lenders party thereto and other parties thereto. Among other things, the Amendment (i) amended the consolidated leverage ratio covenant for the quarter ended January 27, 2024 and each subsequent quarter through the quarter ending October 26, 2024, (ii) amended certain interest rate provisions and (iii) waived any default or event of default that may have occurred due to the non-compliance with the consolidated leverage ratio covenant for the quarter ended January 27, 2024 that was in effect prior to the Amendment. Following the effectiveness of the Amendment, we were in compliance with the consolidated leverage ratio covenant for the quarter ended January 27, 2024.

As of January 27, 2024, $332.6 million was outstanding under the revolving credit facility. As of January 27, 2024, after giving effect to the Amendment, including the changes it made to the consolidated leverage ratio covenant for the quarter ended January 27, 2024, we were in compliance with all covenants under the Credit Agreement. For further information, see Note 8, "Debt" to the condensed consolidated financial statements included in this Report.

Although we currently anticipate, based on our current projections and analyses, that we will be in compliance with the financial covenants contained in the Credit Agreement, as amended by the Amendment, no assurance can be given that we will be and remain in compliance with such covenants in the future. Factors that could increase our risk of future non-compliance include those identified in Part I – Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended April 29, 2023.

Cash Flows

	Nine Months Ended	
(in millions)	January 27, 2024	January 28, 2023
Operating activities:		
Net (loss) income	$ (66.0)	$ 69.0
Non-cash items	99.2	48.4
Changes in operating assets and liabilities	(10.6)	(33.6)
Net cash provided by operating activities	22.6	83.8
Net cash used in investing activities	(39.0)	(27.3)
Net cash used in financing activities	(15.0)	(63.6)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2.7)	(0.2)
Decrease in cash and cash equivalents	(34.1)	(7.3)
Cash and cash equivalents at beginning of the period	157.0	172.0
Cash and cash equivalents at end of the period	$ 122.9	$ 164.7

Operating activities

Net cash provided by operating activities was $22.6 million in the nine months ended January 27, 2024, compared to $83.8 million in the nine months ended January 28, 2023. The decrease was due to lower net income adjusted for non-cash items. The $10.6 million of cash outflows for operating assets and liabilities in the nine months ended January 27, 2024 was primarily due to higher inventory, prepaid expenses and lower other liabilities, partially offset by lower accounts receivable and higher accounts payable.

Investing activities

Net cash used in investing activities was $39.0 million in the nine months ended January 27, 2024, compared to $27.3 million in the nine months ended January 28, 2023. Capital expenditures were $41.1 million in the nine months ended January 27, 2024, compared to $30.8 million in the nine months ended January 28, 2023.

Financing activities

Net cash used in financing activities was $15.0 million in the nine months ended January 27, 2024, compared to $63.6 million in the nine months ended January 28, 2023. In the nine months ended January 27, 2024, we used $10.8 million of cash for the purchase of shares under our share buyback program, compared to $39.6 million in the nine months ended January 28, 2023. We paid cash dividends of $15.0 million in the nine months ended January 27, 2024, compared to $14.9 million in the nine months ended January 28, 2023. In the nine months ended January 27, 2024, we had net borrowings of $25.7 million, compared to net repayments of borrowings of $6.6 million in the nine months ended January 28, 2023. In addition, we paid $10.9 million for the purchase of redeemable noncontrolling interests related to Nordic Lights.

Recent Accounting Pronouncements

See Note 1, “Description of Business and Summary of Significant Accounting Policies” to the condensed consolidated financial statements included in Item 1.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as defined under SEC rules.

Legal Matters

For several years, Hetronic Germany-GmbH and Hydronic-Steuersysteme-GmbH (the “Fuchs companies”) served as our distributors for Germany, Austria and other central and eastern European countries pursuant to their respective intellectual property licenses and distribution and assembly agreements. We became aware that the Fuchs companies and their managing director, Albert Fuchs, had materially violated those agreements. As a result, we terminated all of our agreements with the Fuchs companies. On June 20, 2014, we filed a lawsuit against the Fuchs companies in the Federal District Court for the Western District of Oklahoma alleging material breaches of the distribution and assembly agreements and seeking damages, as well as various forms of injunctive relief. The defendants filed counterclaims alleging breach of contract, interference with business relations and business slander. On April 2, 2015, we amended our complaint against the Fuchs companies to add additional unfair competition and Lanham Act claims and to add additional affiliated parties.

A trial with respect to the matter began in February 2020. During the trial, the defendants dismissed their one remaining counterclaim with prejudice. On March 2, 2020, the jury returned a verdict in favor of the Company. The verdict included approximately $102 million in compensatory damages and $11 million in punitive damages. On April 22, 2020, the District Court entered a permanent injunction barring defendants from selling infringing products and ordering them to return Hetronic’s confidential information. Defendants appealed entry of the permanent injunction. On May 29, 2020, the District Court held defendants in contempt for violating the permanent injunction and entered the final judgment. Defendants appealed entry of the final monetary judgment as well. The appeal of the permanent injunction and the appeal of the final judgment were consolidated into a single appeal before the U.S. Court of Appeals for the Tenth Circuit. On August 24, 2021, the Tenth Circuit issued a decision affirming the lower court’s ruling with the exception that it instructed the District Court to modify the injunction from the entire world to all of the countries in which Hetronic sells its products. On April 20 and 21, 2022, the District Court held a hearing related to modifying the injunction pursuant to the Tenth Circuit’s opinion, and the parties have filed post-hearing briefs. The defendants also filed a petition for certiorari with the United States Supreme Court seeking to further appeal the extraterritorial application of the Lanham Act in this case. We opposed that petition. The Supreme Court requested the views of the Solicitor General on the petition for certiorari, and the Solicitor General recommended granting the petition. On November 4, 2022, the Supreme Court granted the petition. The Supreme Court heard arguments in this matter on March 21, 2023. On June 29, 2023, the Supreme Court vacated the Tenth Circuit’s August 2021 decision and remanded the matter back to the Tenth Circuit for further proceedings. On September 1, 2023, the Tenth Circuit requested supplemental briefing from the parties regarding the effect of the Supreme Court’s decision on the appeal and the proper course of further proceedings. That briefing was thereafter submitted, and the Tenth Circuit heard argument in this matter on January 24, 2024.

Like any judgment, particularly a judgment involving defendants outside of the United States, there is no guarantee that we will be able to collect all or any portion of the judgment. Furthermore, defendants Abitron Germany and Hetronic Germany filed for insolvency in German court in September and October 2023 respectively, and the Germany insolvency court then appointed a receiver. These insolvency proceedings could potentially adversely impact our ability to enforce or collect upon the judgment or portions of the judgment or otherwise pursue or enforce claims or rights against those defendants.

In the nine months ended January 27, 2024 and January 28, 2023, we incurred Hetronic-related legal fees of $1.5 million and $2.5 million, respectively. These amounts are included in the selling and administrative expenses in the Industrial segment.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks from foreign currency exchange, interest rates, and commodity prices, which could affect our operating results, financial position and cash flows. We manage a portion of these risks through use of derivative financial instruments in accordance with our policies. We do not enter into derivative financial instruments for speculative or trading purposes.

There has been no significant change in our exposure to market risk during the nine months ended January 27, 2024. For a discussion of our exposure to market risk, refer to Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” contained in our Annual Report on Form 10-K for the year ended April 29, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this quarterly report on Form 10-Q, we performed an evaluation under the supervision and with the participation of the Company’s management, including our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), of our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Our disclosure controls and procedures are designed to ensure that the information required to be disclosed by the Company in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s applicable rules and forms. As a result of this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective as of January 27, 2024 due to the previously reported material weakness that was disclosed in our Annual Report on Form 10-K for the year ended April 29, 2023.

Notwithstanding the identified material weakness, management, including our CEO and CFO, believe that the condensed consolidated financial statements contained in this Quarterly Report fairly present, in all material respects, our financial condition, results of operations and cash flows for the fiscal period presented in conformity with GAAP.

Previously Disclosed Material Weakness

As previously disclosed in our Annual Report on Form 10-K for the year ended April 29, 2023, our management concluded that our internal controls over financial reporting were not effective as of April 29, 2023 due to a material weakness. The material weakness related to revenue at a business unit in our Automotive segment. Specifically, we did not maintain effective review, approval and validation controls over pricing data entered into the business unit's financial system and non-standard contract terms.

We are committed to maintaining a strong internal control environment and implementing measures designed to help ensure that this material weakness is remediated as soon as possible. We believe we have made progress towards remediation and continue to implement our remediation plan for the material weakness in internal control over financial reporting. Remediation efforts to date include the following:

- Adding additional internal controls over the review, approval and validation of customer pricing data and non-standard contract terms.
- Developing and deploying additional training programs around the operation and importance of internal controls.

As we continue to evaluate and work to improve our internal control over financial reporting, management may determine to take additional measures to strengthen controls or to modify the remediation plan described above. When fully implemented and operational, we believe the controls we have designed or plan to design will remediate the control deficiency that has led to the material weakness we have identified and strengthen our internal controls over financial reporting. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Changes in Internal Control over Financial Reporting

Except as described above, there have been no changes in our internal control over financial reporting during the three months ended January 27, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Our business, financial condition, results of operations and cash flows are subject to various risks which could cause actual results to vary from recent results or from anticipated future results. There have been no material changes to the risk factors previously disclosed in Part I - Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended April 29, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The Board of Directors authorized a program to purchase of up to $200.0 million of the Company’s outstanding common stock through June 14, 2024. Purchases may be made in private transactions or on the open market, including pursuant to purchase plans designed to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. As of January 27, 2024, we had purchased and retired $130.1 million of common stock since the commencement of the share buyback program. The following table provides information about our purchases of equity securities during the three months ended January 27, 2024.

Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plan	Approximate dollar value of shares that may yet be purchased under the program (in millions)
October 29, 2023 through November 25, 2023	68,000	$ 23.57	68,000	$ 71.3
November 26, 2023 through December 30, 2023	28,061	$ 23.88	28,000	$ 70.7
December 31, 2023 through January 27, 2024	34,592	$ 21.14	34,592	$ 69.9

(1) In addition to open-market purchases, 61 shares of common stock were surrendered by employees to satisfy tax withholding obligations in connection with the vesting of restricted stock units.

Item 3. Defaults Upon Senior Securities

The information set forth under the subheading “Revolving credit facility/term loan” contained in Note 8, "Debt" to the Company’s condensed consolidated financial statements in Part I. Financial Information – Item 1. Financial Statements of this Form 10-Q is incorporated herein by reference into this Item 3.

Item 5. Other Information

During our last fiscal quarter, no director or officer of the Company, as defined in Rule 16a-1(f), adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” each as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
10.1**	Offer Letter dated December 18, 2023 between Methode Electronics, Inc. and Avinash Avula (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 19, 2023).
10.2**	Change in Control Agreement dated January 29, 2024 between Methode Electronics, Inc. and Avinash Avula.
10.3**	Restricted Stock Unit Award Agreement effective as of January 29, 2024 between Methode Electronics, Inc. and Avinash Avula.
10.4**	Amended and Restated Change in Control Agreement dated December 6, 2023 between Methode Electronics, Inc. and Kevin M. Martin.
10.5**	Amended and Restated Change in Control Agreement dated December 6, 2023 between Methode Electronics, Inc. and Kerry A. Vyverberg.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32*	Certification of Periodic Financial Report Pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Schema With Embedded Linkbases Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Indicates that the exhibit is being furnished with this report and not filed as part of it.
** Management compensatory plan.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

METHODE ELECTRONICS, INC.

By: /s/ Ronald L.G. Tsoumas
Ronald L.G. Tsoumas
Chief Financial Officer
(Principal Financial Officer)

Dated: March 7, 2024

Exhibit 10.2

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement is dated as of January 29, 2024, between Methode Electronics, Inc., a Delaware corporation (the "Company"), and Avinash Avula ("Employee").

WITNESSETH:

WHEREAS, Employee is employed by the Company or one of its subsidiaries or affiliates (referred to collectively as the "Company") and the Company desires to provide certain security to Employee in connection with any potential change in control of the Company.

NOW, THEREFORE, it is hereby agreed by and between the parties, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, as follows:

1. Payments and Benefits Upon a Change in Control. If within twenty-four (24) months after a Change in Control (as defined below) or during the Period Pending a Change in Control (as defined below): (i) the Company shall terminate Employee's employment with the Company without Cause (as defined below), or (ii) Employee shall voluntarily terminate such employment with Good Reason (as defined below), the Company shall, within thirty (30) days of Employee's Employment Termination (as defined below), make the payments and provide the benefits described below.

1.1 Salary Payment. The Company shall make a lump sum cash payment to Employee equal to three (3) times the Employee's Annual Salary (as defined below).

1.2 Bonus. The Company shall make a lump sum cash payment to Employee equal to three (3) times Employee's target annual bonus amount for the fiscal year in which Employee's Employment Termination occurs; provided, however, that if the target annual bonus amount for such fiscal year has not yet been determined as of the date of Employee's Employment Termination, then the bonus amount payable hereunder shall be calculated based on Employee's target annual bonus amount for the previous fiscal year, regardless of whether such bonus was actually earned.

1.3 Welfare Benefit Plans. With respect to each Welfare Benefit Plan (as defined below), for the period beginning on Employee's Employment Termination and ending on the earlier of: (i) thirty-six (36) months following Employee's Employment Termination, or (ii) the date Employee becomes covered by a welfare benefit plan or program maintained by an entity other than the Company which provides coverage or benefits substantially equivalent to such Welfare Benefit Plan, Employee shall continue to participate in such Welfare Benefit Plan on the same basis and at the same cost to Employee as was the case immediately prior to the Change in Control (or, if more favorable to Employee, as was the case at any time hereafter), or, if any benefit or coverage cannot be provided under a Welfare Benefit Plan because of applicable law or contractual provisions, Employee shall be provided with substantially similar benefits and coverage for such period. Immediately following the expiration of the continuation period required by the preceding sentence, Employee shall be entitled to continued group health benefit plan coverage (so-called "COBRA coverage") in accordance with Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), it being intended that COBRA coverage shall be consecutive to the benefit and coverage provided for in the preceding sentence.

1.4 Employment. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Employee and the Company, Employee shall not have any right to be retained in the employ of the Company.

1.5 Section 409A. Notwithstanding anything to the contrary in this Agreement, it is intended that the amounts payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-1(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent applicable, any payments to Employee called for under this Agreement that are determined to be payments of deferred compensation to which Section 409A is applicable and that are paid by reason of Employee's "separation from service," as described in Section 409A, shall be delayed, to the extent necessary, to avoid a violation of Section 409A(a)(2)(B)(i). As used in this Agreement, Section 409A means Section 409A of the Code, including any regulations or written guidance issued pursuant thereto.

2. Definitions. For purposes of this Agreement:

2.1 "Annual Salary" shall mean Employee's salary at the greater of (i) Employee's annualized base salary (including Employee's monthly car allowance, if any) in effect on the date of the Change in Control, or (ii) Employee's annualized base salary in effect on Employee's Employment Termination.

2.2 "Cause" shall mean: (i) Employee's conviction of a felony other than a traffic violation; (ii) Employee's commission of any act or acts of personal dishonesty intended to result in personal enrichment to Employee to the material detriment of the Company; (iii) a failure to perform assigned duties, provided that such failure has continued for more than ten (10) days after the Company or the Company's Board of Directors has given written notice of such failure and of the Company's intention to terminate Employee's employment because of such failure; (iv) any willful misconduct by Employee which materially affects the business reputation of the Company; (v) breach in any material respect by Employee of any provision of any employment, consulting, advisory, nondisclosure, non-competition, proprietary information, or other similar agreement between Employee and the Company; or (vi) Employee's material violation of the Company's code of conduct. Employee shall be considered to have been discharged for "Cause" if the Company or the Company's Board of Directors determines, within thirty (30) days after the Employee's resignation, that discharge for Cause was warranted.

2.3 "Change in Control" shall be deemed to have occurred on the first to occur of any of the following: (i) any one "person" or more than one person acting as a "group" becomes the "beneficial owner" (as such terms are used in the Securities Exchange Act of 1934) of more than fifty percent (50%) of the total voting power of common stock then outstanding; provided, however, that any acquisition by the Company, any entity controlled by the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company shall not constitute a Change in Control of the Company; (ii) a majority of the members of the Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Company's Board of Directors before the date of the appointment or election; (iii) the consummation of a merger, consolidation or similar transaction involving the Company where, immediately after the consummation of such transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either of the following, in each case, in substantially the same proportion as the ownership of the Company's stockholders prior to such transaction: (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such transaction; or (iv) the consummation of a sale, transfer or liquidation of all or substantially all of the assets of the Company and its subsidiaries; provided, however, that notwithstanding the foregoing, in any circumstance or transaction in which compensation resulting from or in respect of this Agreement would result in the imposition of an additional tax under Section 409A of the Code if the foregoing definition of "Change in Control" were to apply, but would not result in the

imposition of any additional tax if the term "Change in Control" were defined herein to mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), then "Change in Control" shall mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), but only to the extent necessary to prevent such compensation from becoming subject to an additional tax under Section 409A of the Code.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Employment Termination" shall mean the effective date of: (i) Employee's voluntary termination of employment with the Company with Good Reason, or (ii) the termination of Employee's employment by the Company without Cause.

2.6 "Good Reason" shall exist if, without Employee's express written consent any of the following events or actions occurs, provided that no finding of Good Reason shall be effective unless and until Employee has provided the Company, within sixty (60) calendar days of becoming aware of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity the facts and circumstances underlying the finding of Good Reason and, if the basis for such finding of Good Reason is capable of being cured by the Company, providing the Company with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice: (i) the Company materially reduces the nature, scope or level of Employee's responsibilities from the nature, scope or level of such responsibilities prior to the Change in Control (or prior to the Period Pending a Change in Control); (ii) the Company requires Employee to move Employee's principal business office more than fifty (50) miles from Employee's principal business office at the time of this Agreement; provided, however, that if Employee's principal business office is not located at the Company's then current corporate headquarters, and the Company requires Employee to move Employee's principal business office to such corporate headquarters, such action shall not constitute "Good Reason" under this subsection (ii); (iii) the Company reduces Employee's Annual Salary or annual bonus or long-term incentive opportunity below that in effect as of the date of this Agreement (or as of the Change in Control, if greater); or (iv) the Company breaches in any material respect its obligations hereunder.

2.7 "Period Pending a Change in Control" shall mean the period between the time an agreement is entered into by the Company with respect to a merger or other business combination or transaction of the Company, which would constitute a Change in Control, and the effective time of such merger or other business combination or transaction of the Company.

2.8 "Welfare Benefit Plan" shall mean each welfare benefit plan maintained or contributed to by the Company, including, but not limited to a plan that provides health (including medical and dental), life, accident or disability benefits or insurance, or similar coverage, in which Employee was participating at the time of the Change in Control.

3. Salary to Date of Employment Termination. The Company shall pay to Employee any unpaid salary or other compensation of any kind earned with respect to any period prior to Employee's Employment Termination, including, but not limited to a lump sum cash payment for accumulated but unused vacation earned through such Employment Termination.

4. Other Incentive Plans. Except as otherwise provided herein, nothing in this Agreement shall impair or impact the vesting of any restricted stock, stock options, cash incentives or other form of compensation or benefits provided under any other plan, program or arrangement.

5. Code Section 4999.

5.1 In the event it shall be determined that as a result, directly or indirectly, of any payment or distribution by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), Employee would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to have the Payment either (A) paid or delivered in full, or (B) capped at the amount that is $1 less than three times Employee's "base amount," whichever of the foregoing results in the receipt by Employee of the greatest benefit on an after-tax basis (taking into account applicable taxes, including federal, state and local income taxes and the Excise Tax). Any reduction of the Payment required by this subsection shall be carried out by applying the following principles, in order: (1) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (2) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (3) cash payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Payment (on the basis of the relative present value of the parachute payments).

5.2 All determinations required to be made under this Section 5 shall be made by the Company's Independent Public Accounting Firm (the "Accounting Firm") which shall provide detailed supporting calculations and documentation both to the Company and Employee within fifteen (15) business days of receipt of notice from Employee that there has been a Payment or such earlier time as is requested by the Company. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make the determinations required under this Section 5. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or the Accounting Firm declines such representation, Employee shall appoint a certified public accountant at another nationally recognized accounting firm (or, if none is available a lawyer with a nationally recognized law firm or a compensation consultant with a nationally recognized actuarial and benefits consulting firm) with expertise in the area of executive compensation tax law to make the determinations required hereunder (such accountant, lawyer, or consultant, as applicable, shall then be referred to as the Accounting Firm hereunder), provided such accounting firm is acceptable to the Company (the Company's acceptance not to be unreasonably withheld). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Employee, it shall furnish Employee with a written opinion that failure to report the Excise Tax on the Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Employee absent manifest error.

6. Mitigation and Set-Off. Employee shall not be required to mitigate Employee's damages by seeking other employment or otherwise. The Company's obligations under this Agreement shall not be reduced in any way by reason of any compensation or benefits received (or foregone) by Employee from sources other than the Company after Employee's Employment Termination, or any amounts that might have been received by Employee in other employment had Employee sought other employment, except for the termination of benefits under a Welfare Benefit Plan pursuant to Section 1.3(ii) hereof. Except as expressly provided in Section 1.3 of this Agreement, Employee's entitlement to benefits and coverage under this Agreement shall continue after, and shall not be affected by, Employee's obtaining other employment after his Employment Termination, provided that any such benefit or coverage shall not be furnished if

Employee expressly waives the specific benefit or coverage by giving written notice of waiver to the Company.

7. Litigation Expenses. The Company shall pay to Employee all out-of-pocket expenses, including attorneys' fees, incurred by Employee in the event Employee successfully enforces any provision of this Agreement in any action, arbitration or lawsuit.

8. Assignment, Successors. This Agreement may not be assigned by the Company without the written consent of Employee but the obligations of the Company under this Agreement shall be the binding legal obligations of any successor to the Company by merger or other business combination, and in the event of any business combination or transaction that results in the transfer of substantially all of the assets or business of the Company, the Company will cause the transferee to assume the obligations of the Company under this Agreement. This Agreement may not be assigned by Employee during Employee's life, and upon Employee's death will inure to the benefit of Employee's heirs, legatees and legal representatives of Employee's estate.

9. Interpretation. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois, without regard to the conflict of law principles thereof. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

10. Withholding. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state, local or foreign law or regulation.

11. Amendment or Termination. This Agreement may be amended at any time by written agreement between the Company and Employee. The Company may terminate this Agreement by written notice given to Employee at least two (2) years prior to the effective date of such termination, provided that, if a Change in Control occurs prior to the effective date of such termination, the termination of this Agreement shall not be effective and Employee shall be entitled to the full benefits of this Agreement. Any such amendment or termination shall be made pursuant to a resolution of the Company's Board of Directors or Compensation Committee.

12. Financing. Cash and benefit payments under this Agreement shall constitute general obligations of the Company. Employee shall have only an unsecured right to payment thereof out of the general assets of the Company. Notwithstanding the foregoing, the Company may, by agreement with one or more trustees to be selected by the Company, create a trust on such terms, as the Company shall determine, to make payments to Employee in accordance with the terms of this Agreement.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

14. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach hereof shall be adjudicated by arbitration administered by the American Arbitration Association ("AAA") under its Employment Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration shall be by a single arbitrator, and the arbitration shall take place in Chicago, Illinois. The costs of the arbitration, including the fees of the arbitrator, cost of any record or transcripts of the arbitration hearing, administrative fees, and other similar fees and costs of arbitration shall be borne equally by the parties; provided, however, in the event of a dispute following or in connection with a Change in Control, the Company shall pay the fees of the

arbitrator as well as such other fees and costs of arbitration. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction, and both parties consent and submit to the jurisdiction of such court for purposes of such action. Nothing in this Agreement shall preclude either party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches and similar doctrines, which would otherwise be applicable in any action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for those purposes. The Federal Arbitration Act shall apply to the construction, interpretation and enforcement of this arbitration provision.

15. Other Agreements. This Agreement supersedes and cancels all prior written or oral agreements and understandings relating to the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

METHODE ELECTRONICS, INC.

By: /s/ Bruce K. Crowther
Bruce K. Crowther, Compensation Committee Chair

EMPLOYEE:

/s/ Avinash Avula
Name: Avinash Avula

Exhibit 10.3

METHODE ELECTRONICS, INC.
RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (the "Award Agreement"), dated and effective as of January 29, 2024 (the "Award Date"), is entered into by and between Methode Electronics, Inc., a Delaware corporation (the "Company"), and Avinash Avula ("Grantee").

WHEREAS, the Company desires to encourage Grantee to work for the benefit of the Company and the Company's stockholders.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and obligations set forth herein, the Company agrees to award to Grantee Restricted Stock Units under the Methode Electronics, Inc. 2022 Omnibus Incentive Plan (the "Plan") on the terms and conditions set forth herein and in the Plan.

1. General. This Award Agreement and the Restricted Stock Units awarded herein are subject to the provisions of the Plan applicable to Restricted Stock Units. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as in the Plan. Grantee hereby acknowledges receipt of a copy of the Plan and that Grantee has read the Plan and fully understands its contents. In the event of any conflict between the terms of this Award Agreement and the terms of the Plan, the terms of the Plan shall control.

2. Grant. The Company hereby grants to Grantee a total of 144,877 Restricted Stock Units (the "Restricted Stock Units"), subject to the restrictions set forth in Section 3 hereof and the Plan.

3. Restrictions. None of the Restricted Stock Units may be sold, transferred, pledged, hypothecated or otherwise encumbered or disposed of. Except as provided below, any Restricted Stock Units that are not vested shall be forfeited to the Company immediately upon termination of the Grantee's employment with the Company and its Affiliates. Any Restricted Stock Units that are not vested may be forfeited to the Company in accordance with Section 9 of this Award Agreement.

4. Payment for Restricted Stock Units. The Company will pay one share of Common Stock to Grantee for each vested Restricted Stock Unit as soon as reasonably possible following vesting under this Award Agreement. Notwithstanding the foregoing, in the event that Grantee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code and the Award is considered to be Nonqualified Deferred Compensation upon Grantee's "Separation from Service" as defined below, any payment under this Award Agreement which results from a Separation from Service shall be delayed until the earlier of (i) first day of the seventh (7th) month beginning after Grantee's Separation from Service, or (ii) Grantee's death, if such a delay is necessary to avoid the imposition of additional tax and interest on Grantee under Section 409A(a)(1)(B) of the Code.

5. Rights as Stockholder. Grantee shall have no rights as a stockholder with respect to any Restricted Stock Units. Grantee shall have stockholder rights only with respect to shares of Common Stock actually issued and paid to Grantee hereunder.

6. Vesting. The Restricted Stock Units granted hereunder will vest as follows: twenty percent (20%) on each of (i) January 29, 2025, (ii) January 29, 2026, (iii) January 29, 2027, (iv) January 29, 2028,

and (iii) January 29, 2029 (each a "Vesting Date"), provided Grantee continues to be employed by the Company (or an Affiliate thereof) as of each such respective date.

7. Effect of Termination of Employment in Connection with Death or Disability. Notwithstanding Section 6 above, if Grantee's employment with the Company and its Affiliates is terminated prior to January 29, 2029 due to total and permanent disability as determined by the Company or death, the unvested Restricted Stock Units shall become vested as of and payable as soon as reasonably possible following the date of such termination of employment.

8. Change of Control. Notwithstanding Section 6 above, the following provisions shall apply to the Award in the event of a Change of Control prior to January 29, 2029:

(a) In the event of a Change of Control, the surviving or successor entity (or its parent corporation) may continue, assume or replace the Restricted Stock Units outstanding as of the date of the Change of Control on substantially the same terms and conditions (with such adjustments as may be required or permitted by Section 4.6 of the Plan), and such Restricted Stock Units or replacements therefor shall remain outstanding and be governed by their respective terms, subject to (c) and (d) below.

(b) If and to the extent that the outstanding Restricted Stock Units are not continued, assumed or replaced in connection with a Change of Control, then all unvested Restricted Stock Units will become immediately vested and non-forfeitable and payable as of the date of the Change of Control.

(c) If and to the extent that the Restricted Stock Units are continued, assumed or replaced under the circumstances described in (a), and if within two years after the Change of Control the Grantee experiences an involuntary termination of employment or other service for reasons other than Cause or Grantee shall terminate employment with Good Reason, then all unvested Restricted Stock Units will become immediately vested and non-forfeitable and payable as of the date of termination of employment.

(d) Notwithstanding whether an Award is continued, assumed or replaced in connection with a Change of Control, if Grantee experiences an involuntary termination of employment or other service for reasons other than Cause or Grantee shall terminate employment with Good Reason during the period beginning on the date an agreement is entered into by the Company with respect to a merger, consolidation or similar transaction of the Company, which would constitute a Change of Control, and the effective time of such merger, consolidation or similar transaction of the Company, then all unvested Restricted Stock Units will become immediately vested and non-forfeitable and payable as of the date of the Change of Control.

"Good Reason" shall exist hereunder if, without Grantee's express written consent any of the following events or actions occurs, provided that no finding of Good Reason shall be effective unless and until Grantee has provided the Company, within sixty (60) calendar days of becoming aware of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity the facts and circumstances underlying the finding of Good Reason and, if the basis for such finding of Good Reason is capable of being cured by the Company, providing the Company with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice: (i) the Company materially reduces the nature, scope or level of Grantee's responsibilities from the nature, scope or level of such responsibilities prior to the Change in Control (or prior to the Period Pending a Change in Control); (ii) the Company requires Grantee to move Grantee's principal business office more than fifty (50) miles from Grantee's principal

business office at the time of this Agreement; provided, however, that if Grantee's principal business office is not located at the Company's then current corporate headquarters, and the Company requires Grantee to move Grantee's principal business office to such corporate headquarters, such action shall not constitute "Good Reason" under this subsection (ii); (iii) the Company reduces Grantee's annual salary or annual bonus or long-term incentive opportunity below that in effect as of the date of this Agreement (or as of the Change in Control, if greater); or (iv) the Company breaches in any material respect its obligations hereunder.

9. Forfeiture. If at any time any of the following events constituting "Cause" occur: (i) Grantee's conviction of, or plea of nolo contendere to, a felony other than a traffic violation; (ii) Grantee's commission of any act or acts of personal dishonesty intended to result in personal enrichment to Grantee to the detriment of the Company; (iii) a failure to perform assigned duties, provided that such failure has continued for more than ten (10) days after the Board of Directors or the Chief Executive Officer of the Company has given written notice of such failure and of the Company's intention to terminate Grantee's employment because of such failure; (iv) any willful misconduct by Grantee which affects the business reputation of the Company; (v) breach in any material respect by Grantee of any provision of any employment, consulting, advisory, nondisclosure, non-competition, or other similar agreement between Grantee and the Company or any of its Affiliates; or (vi) Grantee's violation of the Company's Code of Business Conduct or any addendum thereto, then the unvested Restricted Stock Units shall be forfeited to the Company effective as of the date on which Grantee entered into such activity, unless terminated sooner by operation of another term or condition of this Award Agreement or the Plan.

10. Additional Delivery. Within 2½ months of the date Restricted Stock Units have vested pursuant to this Award Agreement, the Company shall pay to Grantee a dividend equivalent equal to the aggregate per share cash dividends with respect to all cash dividend record dates that fall between the Award Date and the relevant Vesting Date multiplied by the number of Restricted Stock Units that vest as of such Vesting Date (without interest). The Company may withhold from any payment that it is required to make under this Award Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state, local or foreign law due in connection with this Award or the payment described in this section. No dividends shall be paid to Grantee with respect to any Restricted Stock Unit that does not vest and is forfeited by Grantee.

11. Applicable Law. The validity, construction, interpretation and enforceability of this Award Agreement shall be determined and governed by the laws of the State of Illinois without regard to any conflicts or choice of law rules or principles that might otherwise refer construction or interpretation of this Award Agreement to the substantive law of another jurisdiction, and any litigation arising out of this Award Agreement shall be brought in the Circuit Court of the State of Illinois or the United States District Court of the Eastern Division of the Northern District of Illinois and Grantee consents to the jurisdiction and venue of those courts.

12. Severability. The provisions of this Award Agreement are severable and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions, and any partially unenforceable provision to the extent enforceable in any jurisdiction, shall nevertheless be binding and enforceable.

13. Waiver. The waiver by the Company of a breach of any provision of this Award Agreement by Grantee shall not operate or be construed as a waiver of any subsequent breach by Grantee.

14. Binding Effect. The provisions of this Award Agreement shall be binding upon the parties hereto, their successors and assigns, including, without limitation, the Company, its successors or assigns, the estate of Grantee and the executors, administrators or trustees of such estate and any receiver, trustee in bankruptcy or representative of the creditors of Grantee.

15. Withholding. Grantee agrees, as a condition of this grant, to make acceptable arrangements to pay any withholding or other taxes or deductions that may be due or may arise as a result of the vesting of the Restricted Stock Units or other payments under this Award Agreement. In the event that the Company determines that any federal, state, local or foreign tax or withholding payment or other deduction is required relating to the vesting of shares or other payments arising from this grant, the Company shall have the right to require such amounts or deductions from Grantee, or withhold such amounts or deductions from other payments due Grantee from the Company or any Affiliate.

16. Dispute Resolution. The parties initially shall attempt to resolve by direct negotiation any dispute, controversy or claim arising out of or relating to this Award Agreement or its breach or interpretation (each, a "Dispute"). For purposes of this negotiation, the Company may be represented by one or more of its independent directors appointed by the Board of Directors. If the parties are unable to resolve the Dispute by direct negotiation within thirty (30) days after written notice by one party to the other of the Dispute, the Dispute shall be settled by submission by either party of the Dispute to binding arbitration in Chicago, Illinois (unless the parties agree in writing to a different location), before a single arbitrator in accordance with the American Arbitration Association's Employment Arbitration Rules then in effect. The arbitrator will be an attorney licensed to practice law in the State of Illinois. The decision and award made by the arbitrator shall be final, binding and conclusive on all parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof. Except as set forth below, each party shall pay: the fees of their or its attorneys; the expenses of their or its witnesses; and all other expenses connected with presenting their or its case. Except as set forth below, the costs of the arbitration, including the cost of any record or transcripts of the arbitration hearing, administrative fees, the fees of the arbitrator, and all other fees and costs shall be borne equally by the parties. In the event of a Dispute following or in connection with a Change of Control, the Company shall pay the fees of the arbitrator as well as the cost of any record or transcripts of the arbitration hearing and other administrative fees and costs. In all Disputes, the arbitrator will have discretion to make an award of fees, costs and expenses to the prevailing party.

17. Section 409A Compliance. It is the intention of the Company and Grantee that the Restricted Stock Units and other benefits awarded under this Award Agreement shall comply with Section 409A of the Code and its implementing regulations ("Section 409A") and shall be interpreted in a manner consistent with this intent. Notwithstanding anything to the contrary contained herein, a termination of Grantee's employment shall not be deemed to have occurred for purposes of making any payments under this Award Agreement unless such termination gives rise to a "Separation from Service" (within the meaning of Section 409A, a "Separation from Service") and references to "termination of employment" shall mean Separation from Service. In the event that the Company or Grantee reasonably determines that any award under this Award Agreement fails to comply with Section 409A, the Company and Grantee shall work together to adopt such amendments to this Award Agreement or adopt other policies or procedures (including amendments, policies and procedures with retroactive effective to the extent allowable by applicable laws), or take any other commercially reasonable actions necessary or appropriate to comply with the requirements of Section 409A. Nothing in this Award Agreement shall be construed as a guarantee of any particular tax treatment to Grantee. Grantee shall be solely responsible for the tax consequences with respect to all amounts payable under this Award Agreement, and in no event shall the Company have

any responsibility or liability if this Award Agreement does not meet any applicable requirements of Section 409A.

18. No Retention Rights. Nothing herein contained shall confer on Grantee any right with respect to continuation of employment or services by the Company or its Subsidiaries or Affiliates, or interfere with the right of the Company or its Subsidiaries or Affiliates to terminate at any time the employment or service of Grantee.

19. No Guarantee of Future Awards. The grant of the Restricted Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants, even if Restricted Stock Units have previously been granted.

20. Entire Agreement and Clawback Policy. This Award Agreement supersedes and cancels all prior written or oral agreements and understandings relating to the terms of this Award Agreement. This Award Agreement and the Restricted Stock Units granted hereunder are subject to the Plan and the terms of any Change in Control Agreement between the Company and Grantee, as the same may be amended from time to time, if any. Additionally, this Award Agreement and the Awards granted hereunder are subject to the terms of the Company's recoupment, clawback or similar policy as in effect from time to time, as well as any similar provisions of applicable law, including Section 10D of the Securities Exchange Act of 1934 (the "Exchange Act") and the Dodd Frank Wall Street Reform and Consumer Protection Act. In addition, the Company shall recover from Grantee any Award recoverable under Section 304 of the Sarbanes-Oxley Act of 2002.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Award Agreement as of the Award Date first above written.

METHODE ELECTRONICS, INC.

By: /s/ Bruce K. Crowther
Bruce K. Crowther
Its: Chair, Compensation Committee

Please indicate your acceptance of the terms and conditions of this Award Agreement by signing in the space provided below and returning a signed copy of this Award Agreement to the Company. IF A COPY OF THIS AWARD AGREEMENT EXECUTED BY GRANTEE HAS NOT BEEN RECEIVED BY THE COMPANY WITHIN THIRTY (30) DAYS OF THE AWARD DATE, THE RESTRICTED STOCK UNITS GRANTED UNDER THIS AWARD AGREEMENT SHALL BE CANCELLED.

BY SIGNING BELOW, YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE RECEIVED A COPY OF THE PLAN AND ARE FAMILIAR WITH THE TERMS AND PROVISIONS THEREOF, INCLUDING THE TERMS AND PROVISIONS OF THIS AWARD AGREEMENT. YOU HAVE REVIEWED THE PLAN AND THIS AWARD AGREEMENT IN THEIR ENTIRETY, HAVE HAD AN OPPORTUNITY TO OBTAIN THE ADVICE OF COUNSEL PRIOR TO EXECUTING THIS AWARD AGREEMENT AND FULLY UNDERSTAND ALL PROVISIONS OF THIS AWARD AGREEMENT. FINALLY, YOU HEREBY AGREE TO ACCEPT AS BINDING, CONCLUSIVE AND FINAL ALL DECISIONS OR INTERPRETATIONS OF THE COMMITTEE UPON ANY QUESTIONS ARISING UNDER THE PLAN OR THIS AWARD AGREEMENT.

The undersigned hereby accepts, and agrees to, all terms and provisions of this Award Agreement and the Plan as they pertain hereto.

GRANTEE

/s/ Avinash Avula
Name: Avinash Avula

Exhibit 10.4

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement is dated as of December 6, 2023, between Methode Electronics, Inc., a Delaware corporation (the "Company"), and Kevin M. Martin ("Employee").

WITNESSETH:

WHEREAS, Employee is employed by the Company or one of its subsidiaries or affiliates (referred to collectively as the "Company") and the Company desires to provide certain security to Employee in connection with any potential change in control of the Company; and

WHEREAS, Employee and the Company are party to a certain Change in Control Agreement dated as of March 15, 2023 (such agreement, together with any amendments thereto, the "Prior Change of Control Agreement"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company has approved certain changes to the benefits afforded Employee under the Prior Change of Control Agreement.

NOW, THEREFORE, it is hereby agreed by and between the parties, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, as follows:

1. Payments and Benefits Upon a Change in Control. If within twenty-four (24) months after a Change in Control (as defined below) or during the Period Pending a Change in Control (as defined below): (i) the Company shall terminate Employee's employment with the Company without Cause (as defined below), or (ii) Employee shall voluntarily terminate such employment with Good Reason (as defined below), the Company shall, within thirty (30) days of Employee's Employment Termination (as defined below), make the payments and provide the benefits described below.

1.1 Salary Payment. The Company shall make a lump sum cash payment to Employee equal to two (2) times the Employee's Annual Salary (as defined below).

1.2 Bonus. The Company shall make a lump sum cash payment to Employee equal to two (2) times Employee's target annual bonus amount for the fiscal year in which Employee's Employment Termination occurs; provided, however, that if the target annual bonus amount for such fiscal year has not yet been determined as of the date of Employee's Employment Termination, then the bonus amount payable hereunder shall be calculated based on Employee's target annual bonus amount for the previous fiscal year, regardless of whether such bonus was actually earned.

1.3 Welfare Benefit Plans. With respect to each Welfare Benefit Plan (as defined below), for the period beginning on Employee's Employment Termination and ending on the earlier of: (i) twenty-four (24) months following Employee's Employment Termination, or (ii) the date Employee becomes covered by a welfare benefit plan or program maintained by an entity other than the Company which provides coverage or benefits substantially equivalent to such Welfare Benefit Plan, Employee shall continue to participate in such Welfare Benefit Plan on the same basis and at the same cost to Employee as was the case immediately prior to the Change in Control (or, if more favorable to Employee, as was the case at any time hereafter), or, if any benefit or coverage cannot be provided under a Welfare Benefit Plan because of applicable law or contractual provisions, Employee shall be provided with substantially similar benefits and coverage for such period. Immediately following the expiration of the continuation period required by the preceding sentence, Employee shall be entitled to continued group health benefit plan coverage

(so-called "COBRA coverage") in accordance with Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), it being intended that COBRA coverage shall be consecutive to the benefit and coverage provided for in the preceding sentence.

1.4 Employment. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Employee and the Company, Employee shall not have any right to be retained in the employ of the Company.

1.5 Section 409A. Notwithstanding anything to the contrary in this Agreement, it is intended that the amounts payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-1(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent applicable, any payments to Employee called for under this Agreement that are determined to be payments of deferred compensation to which Section 409A is applicable and that are paid by reason of Employee's "separation from service," as described in Section 409A, shall be delayed, to the extent necessary, to avoid a violation of Section 409A(a)(2)(B)(i). As used in this Agreement, Section 409A means Section 409A of the Code, including any regulations or written guidance issued pursuant thereto.

2. Definitions. For purposes of this Agreement:

2.1 "Annual Salary" shall mean Employee's salary at the greater of (i) Employee's annualized base salary (including Employee's monthly car allowance, if any) in effect on the date of the Change in Control, or (ii) Employee's annualized base salary in effect on Employee's Employment Termination.

2.2 "Cause" shall mean: (i) Employee's conviction of a felony other than a traffic violation; (ii) Employee's commission of any act or acts of personal dishonesty intended to result in personal enrichment to Employee to the material detriment of the Company; (iii) a failure to perform assigned duties, provided that such failure has continued for more than ten (10) days after the Company or the Company's Board of Directors has given written notice of such failure and of the Company's intention to terminate Employee's employment because of such failure; (iv) any willful misconduct by Employee which materially affects the business reputation of the Company; (v) breach in any material respect by Employee of any provision of any employment, consulting, advisory, nondisclosure, non-competition, proprietary information, or other similar agreement between Employee and the Company; or (vi) Employee's material violation of the Company's code of conduct. Employee shall be considered to have been discharged for "Cause" if the Company or the Company's Board of Directors determines, within thirty (30) days after the Employee's resignation, that discharge for Cause was warranted.

2.3 "Change in Control" shall be deemed to have occurred on the first to occur of any of the following: (i) any one "person" or more than one person acting as a "group" becomes the "beneficial owner" (as such terms are used in the Securities Exchange Act of 1934) of more than fifty percent (50%) of the total voting power of common stock then outstanding; provided, however, that any acquisition by the Company, any entity controlled by the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company shall not constitute a Change in Control of the Company; (ii) a majority of the members of the Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Company's Board of Directors before the date of the appointment or election; (iii) the consummation of a merger, consolidation or similar transaction involving the Company where, immediately after the consummation of such transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either of the following, in each case, in substantially the same proportion as

the ownership of the Company's stockholders prior to such transaction: (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such transaction; or (iv) the consummation of a sale, transfer or liquidation of all or substantially all of the assets of the Company and its subsidiaries; provided, however, that notwithstanding the foregoing, in any circumstance or transaction in which compensation resulting from or in respect of this Agreement would result in the imposition of an additional tax under Section 409A of the Code if the foregoing definition of "Change in Control" were to apply, but would not result in the imposition of any additional tax if the term "Change in Control" were defined herein to mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), then "Change in Control" shall mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), but only to the extent necessary to prevent such compensation from becoming subject to an additional tax under Section 409A of the Code.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Employment Termination" shall mean the effective date of: (i) Employee's voluntary termination of employment with the Company with Good Reason, or (ii) the termination of Employee's employment by the Company without Cause.

2.6 "Good Reason" shall exist if, without Employee's express written consent any of the following events or actions occurs, provided that no finding of Good Reason shall be effective unless and until Employee has provided the Company, within sixty (60) calendar days of becoming aware of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity the facts and circumstances underlying the finding of Good Reason and, if the basis for such finding of Good Reason is capable of being cured by the Company, providing the Company with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice: (i) the Company materially reduces the nature, scope or level of Employee's responsibilities from the nature, scope or level of such responsibilities prior to the Change in Control (or prior to the Period Pending a Change in Control); (ii) the Company requires Employee to move Employee's principal business office more than fifty (50) miles from Employee's principal business office at the time of this Agreement; provided, however, that if Employee's principal business office is not located at the Company's then current corporate headquarters, and the Company requires Employee to move Employee's principal business office to such corporate headquarters, such action shall not constitute "Good Reason" under this subsection (ii); (iii) the Company reduces Employee's Annual Salary or annual bonus or long-term incentive opportunity below that in effect as of the date of this Agreement (or as of the Change in Control, if greater); or (iv) the Company breaches in any material respect its obligations hereunder.

2.7 "Period Pending a Change in Control" shall mean the period between the time an agreement is entered into by the Company with respect to a merger or other business combination or transaction of the Company, which would constitute a Change in Control, and the effective time of such merger or other business combination or transaction of the Company.

2.8 "Welfare Benefit Plan" shall mean each welfare benefit plan maintained or contributed to by the Company, including, but not limited to a plan that provides health (including medical and dental), life, accident or disability benefits or insurance, or similar coverage, in which Employee was participating at the time of the Change in Control.

3. Salary to Date of Employment Termination. The Company shall pay to Employee any unpaid salary or other compensation of any kind earned with respect to any period prior to Employee's

Employment Termination, including, but not limited to a lump sum cash payment for accumulated but unused vacation earned through such Employment Termination.

4. Other Incentive Plans. Except as otherwise provided herein, nothing in this Agreement shall impair or impact the vesting of any restricted stock, stock options, cash incentives or other form of compensation or benefits provided under any other plan, program or arrangement.

5. Code Section 4999.

5.1 In the event it shall be determined that as a result, directly or indirectly, of any payment or distribution by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), Employee would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to have the Payment either (A) paid or delivered in full, or (B) capped at the amount that is $1 less than three times Employee's "base amount," whichever of the foregoing results in the receipt by Employee of the greatest benefit on an after-tax basis (taking into account applicable taxes, including federal, state and local income taxes and the Excise Tax). Any reduction of the Payment required by this subsection shall be carried out by applying the following principles, in order: (1) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (2) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (3) cash payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Payment (on the basis of the relative present value of the parachute payments).

5.2 All determinations required to be made under this Section 5 shall be made by the Company's Independent Public Accounting Firm (the "Accounting Firm") which shall provide detailed supporting calculations and documentation both to the Company and Employee within fifteen (15) business days of receipt of notice from Employee that there has been a Payment or such earlier time as is requested by the Company. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make the determinations required under this Section 5. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or the Accounting Firm declines such representation, Employee shall appoint a certified public accountant at another nationally recognized accounting firm (or, if none is available a lawyer with a nationally recognized law firm or a compensation consultant with a nationally recognized actuarial and benefits consulting firm) with expertise in the area of executive compensation tax law to make the determinations required hereunder (such accountant, lawyer, or consultant, as applicable, shall then be referred to as the Accounting Firm hereunder), provided such accounting firm is acceptable to the Company (the Company's acceptance not to be unreasonably withheld). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Employee, it shall furnish Employee with a written opinion that failure to report the Excise Tax on the Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Employee absent manifest error.

6. Mitigation and Set-Off. Employee shall not be required to mitigate Employee's damages by seeking other employment or otherwise. The Company's obligations under this Agreement shall not be

reduced in any way by reason of any compensation or benefits received (or foregone) by Employee from sources other than the Company after Employee's Employment Termination, or any amounts that might have been received by Employee in other employment had Employee sought other employment, except for the termination of benefits under a Welfare Benefit Plan pursuant to Section 1.3(ii) hereof. Except as expressly provided in Section 1.3 of this Agreement, Employee's entitlement to benefits and coverage under this Agreement shall continue after, and shall not be affected by, Employee's obtaining other employment after his Employment Termination, provided that any such benefit or coverage shall not be furnished if Employee expressly waives the specific benefit or coverage by giving written notice of waiver to the Company.

7. Litigation Expenses. The Company shall pay to Employee all out-of-pocket expenses, including attorneys' fees, incurred by Employee in the event Employee successfully enforces any provision of this Agreement in any action, arbitration or lawsuit.

8. Assignment, Successors. This Agreement may not be assigned by the Company without the written consent of Employee but the obligations of the Company under this Agreement shall be the binding legal obligations of any successor to the Company by merger or other business combination, and in the event of any business combination or transaction that results in the transfer of substantially all of the assets or business of the Company, the Company will cause the transferee to assume the obligations of the Company under this Agreement. This Agreement may not be assigned by Employee during Employee's life, and upon Employee's death will inure to the benefit of Employee's heirs, legatees and legal representatives of Employee's estate.

9. Interpretation. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois, without regard to the conflict of law principles thereof. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

10. Withholding. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state, local or foreign law or regulation.

11. Amendment or Termination. This Agreement may be amended at any time by written agreement between the Company and Employee. The Company may terminate this Agreement by written notice given to Employee at least two (2) years prior to the effective date of such termination, provided that, if a Change in Control occurs prior to the effective date of such termination, the termination of this Agreement shall not be effective and Employee shall be entitled to the full benefits of this Agreement. Any such amendment or termination shall be made pursuant to a resolution of the Company's Board of Directors or Compensation Committee.

12. Financing. Cash and benefit payments under this Agreement shall constitute general obligations of the Company. Employee shall have only an unsecured right to payment thereof out of the general assets of the Company. Notwithstanding the foregoing, the Company may, by agreement with one or more trustees to be selected by the Company, create a trust on such terms, as the Company shall determine, to make payments to Employee in accordance with the terms of this Agreement.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

14. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach hereof shall be adjudicated by arbitration administered by the American Arbitration Association ("AAA") under its Employment Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration shall be by a single arbitrator, and the arbitration shall take place in Chicago, Illinois. The costs of the arbitration, including the fees of the arbitrator, cost of any record or transcripts of the arbitration hearing, administrative fees, and other similar fees and costs of arbitration shall be borne equally by the parties; provided, however, in the event of a dispute following or in connection with a Change in Control, the Company shall pay the fees of the arbitrator as well as such other fees and costs of arbitration. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction, and both parties consent and submit to the jurisdiction of such court for purposes of such action. Nothing in this Agreement shall preclude either party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches and similar doctrines, which would otherwise be applicable in any action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for those purposes. The Federal Arbitration Act shall apply to the construction, interpretation and enforcement of this arbitration provision.

15. Other Agreements. This Agreement supersedes and cancels all prior written or oral agreements and understandings relating to the terms of this Agreement, including without limitation, the Prior Change in Control Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

METHODE ELECTRONICS, INC.

By: /s/ Bruce K. Crowther
Bruce K. Crowther, Compensation Committee Chair

EMPLOYEE:

/s/ Kevin M. Martin
Name: Kevin M. Martin

Exhibit 10.5

CHANGE IN CONTROL AGREEMENT

This Change in Control Agreement is dated as of December 6, 2023, between Methode Electronics, Inc., a Delaware corporation (the "Company"), and Kerry A. Vyverberg ("Employee").

WITNESSETH:

WHEREAS, Employee is employed by the Company or one of its subsidiaries or affiliates (referred to collectively as the "Company") and the Company desires to provide certain security to Employee in connection with any potential change in control of the Company; and

WHEREAS, Employee and the Company are party to a certain Change in Control Agreement dated as of March 16, 2022 (such agreement, together with any amendments thereto, the "Prior Change of Control Agreement"); and

WHEREAS, the Compensation Committee of the Board of Directors of the Company has approved certain changes to the benefits afforded Employee under the Prior Change of Control Agreement.

NOW, THEREFORE, it is hereby agreed by and between the parties, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, as follows:

1. Payments and Benefits Upon a Change in Control. If within twenty-four (24) months after a Change in Control (as defined below) or during the Period Pending a Change in Control (as defined below): (i) the Company shall terminate Employee's employment with the Company without Cause (as defined below), or (ii) Employee shall voluntarily terminate such employment with Good Reason (as defined below), the Company shall, within thirty (30) days of Employee's Employment Termination (as defined below), make the payments and provide the benefits described below.

1.1 Salary Payment. The Company shall make a lump sum cash payment to Employee equal to two (2) times the Employee's Annual Salary (as defined below).

1.2 Bonus. The Company shall make a lump sum cash payment to Employee equal to two (2) times Employee's target annual bonus amount for the fiscal year in which Employee's Employment Termination occurs; provided, however, that if the target annual bonus amount for such fiscal year has not yet been determined as of the date of Employee's Employment Termination, then the bonus amount payable hereunder shall be calculated based on Employee's target annual bonus amount for the previous fiscal year, regardless of whether such bonus was actually earned.

1.3 Welfare Benefit Plans. With respect to each Welfare Benefit Plan (as defined below), for the period beginning on Employee's Employment Termination and ending on the earlier of: (i) twenty-four (24) months following Employee's Employment Termination, or (ii) the date Employee becomes covered by a welfare benefit plan or program maintained by an entity other than the Company which provides coverage or benefits substantially equivalent to such Welfare Benefit Plan, Employee shall continue to participate in such Welfare Benefit Plan on the same basis and at the same cost to Employee as was the case immediately prior to the Change in Control (or, if more favorable to Employee, as was the case at any time hereafter), or, if any benefit or coverage cannot be provided under a Welfare Benefit Plan because of applicable law or contractual provisions, Employee shall be provided with substantially similar benefits and coverage for such period. Immediately following the expiration of the continuation period required by the preceding sentence, Employee shall be entitled to continued group health benefit plan coverage

(so-called "COBRA coverage") in accordance with Section 4980B of the Internal Revenue Code of 1986, as amended (the "Code"), it being intended that COBRA coverage shall be consecutive to the benefit and coverage provided for in the preceding sentence.

1.4 Employment. This Agreement shall not be construed as creating an express or implied contract of employment and, except as otherwise agreed in writing between Employee and the Company, Employee shall not have any right to be retained in the employ of the Company.

1.5 Section 409A. Notwithstanding anything to the contrary in this Agreement, it is intended that the amounts payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Code provided under Treasury Regulations Sections 1.409A-1(b)(4), 1.409A-1(b)(5), and 1.409A-1(b)(9) and this Agreement will be construed to the greatest extent possible as consistent with those provisions. To the extent applicable, any payments to Employee called for under this Agreement that are determined to be payments of deferred compensation to which Section 409A is applicable and that are paid by reason of Employee's "separation from service," as described in Section 409A, shall be delayed, to the extent necessary, to avoid a violation of Section 409A(a)(2)(B)(i). As used in this Agreement, Section 409A means Section 409A of the Code, including any regulations or written guidance issued pursuant thereto.

2. Definitions. For purposes of this Agreement:

2.1 "Annual Salary" shall mean Employee's salary at the greater of (i) Employee's annualized base salary (including Employee's monthly car allowance, if any) in effect on the date of the Change in Control, or (ii) Employee's annualized base salary in effect on Employee's Employment Termination.

2.2 "Cause" shall mean: (i) Employee's conviction of a felony other than a traffic violation; (ii) Employee's commission of any act or acts of personal dishonesty intended to result in personal enrichment to Employee to the material detriment of the Company; (iii) a failure to perform assigned duties, provided that such failure has continued for more than ten (10) days after the Company or the Company's Board of Directors has given written notice of such failure and of the Company's intention to terminate Employee's employment because of such failure; (iv) any willful misconduct by Employee which materially affects the business reputation of the Company; (v) breach in any material respect by Employee of any provision of any employment, consulting, advisory, nondisclosure, non-competition, proprietary information, or other similar agreement between Employee and the Company; or (vi) Employee's material violation of the Company's code of conduct. Employee shall be considered to have been discharged for "Cause" if the Company or the Company's Board of Directors determines, within thirty (30) days after the Employee's resignation, that discharge for Cause was warranted.

2.3 "Change in Control" shall be deemed to have occurred on the first to occur of any of the following: (i) any one "person" or more than one person acting as a "group" becomes the "beneficial owner" (as such terms are used in the Securities Exchange Act of 1934) of more than fifty percent (50%) of the total voting power of common stock then outstanding; provided, however, that any acquisition by the Company, any entity controlled by the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company shall not constitute a Change in Control of the Company; (ii) a majority of the members of the Company's Board of Directors is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the Company's Board of Directors before the date of the appointment or election; (iii) the consummation of a merger, consolidation or similar transaction involving the Company where, immediately after the consummation of such transaction, the stockholders of the Company immediately prior thereto do not own, directly or indirectly, either of the following, in each case, in substantially the same proportion as

the ownership of the Company's stockholders prior to such transaction: (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such transaction; or (iv) the consummation of a sale, transfer or liquidation of all or substantially all of the assets of the Company and its subsidiaries; provided, however, that notwithstanding the foregoing, in any circumstance or transaction in which compensation resulting from or in respect of this Agreement would result in the imposition of an additional tax under Section 409A of the Code if the foregoing definition of "Change in Control" were to apply, but would not result in the imposition of any additional tax if the term "Change in Control" were defined herein to mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), then "Change in Control" shall mean a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5), but only to the extent necessary to prevent such compensation from becoming subject to an additional tax under Section 409A of the Code.

2.4 "Code" means the Internal Revenue Code of 1986, as amended.

2.5 "Employment Termination" shall mean the effective date of: (i) Employee's voluntary termination of employment with the Company with Good Reason, or (ii) the termination of Employee's employment by the Company without Cause.

2.6 "Good Reason" shall exist if, without Employee's express written consent any of the following events or actions occurs, provided that no finding of Good Reason shall be effective unless and until Employee has provided the Company, within sixty (60) calendar days of becoming aware of the facts and circumstances underlying the finding of Good Reason, with written notice thereof stating with specificity the facts and circumstances underlying the finding of Good Reason and, if the basis for such finding of Good Reason is capable of being cured by the Company, providing the Company with an opportunity to cure the same within thirty (30) calendar days after receipt of such notice: (i) the Company materially reduces the nature, scope or level of Employee's responsibilities from the nature, scope or level of such responsibilities prior to the Change in Control (or prior to the Period Pending a Change in Control); (ii) the Company requires Employee to move Employee's principal business office more than fifty (50) miles from Employee's principal business office at the time of this Agreement; provided, however, that if Employee's principal business office is not located at the Company's then current corporate headquarters, and the Company requires Employee to move Employee's principal business office to such corporate headquarters, such action shall not constitute "Good Reason" under this subsection (ii); (iii) the Company reduces Employee's Annual Salary or annual bonus or long-term incentive opportunity below that in effect as of the date of this Agreement (or as of the Change in Control, if greater); or (iv) the Company breaches in any material respect its obligations hereunder.

2.7 "Period Pending a Change in Control" shall mean the period between the time an agreement is entered into by the Company with respect to a merger or other business combination or transaction of the Company, which would constitute a Change in Control, and the effective time of such merger or other business combination or transaction of the Company.

2.8 "Welfare Benefit Plan" shall mean each welfare benefit plan maintained or contributed to by the Company, including, but not limited to a plan that provides health (including medical and dental), life, accident or disability benefits or insurance, or similar coverage, in which Employee was participating at the time of the Change in Control.

3. Salary to Date of Employment Termination. The Company shall pay to Employee any unpaid salary or other compensation of any kind earned with respect to any period prior to Employee's

Employment Termination, including, but not limited to a lump sum cash payment for accumulated but unused vacation earned through such Employment Termination.

4. Other Incentive Plans. Except as otherwise provided herein, nothing in this Agreement shall impair or impact the vesting of any restricted stock, stock options, cash incentives or other form of compensation or benefits provided under any other plan, program or arrangement.

5. Code Section 4999.

5.1 In the event it shall be determined that as a result, directly or indirectly, of any payment or distribution by the Company to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), Employee would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by Employee with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Employee shall be entitled to have the Payment either (A) paid or delivered in full, or (B) capped at the amount that is $1 less than three times Employee's "base amount," whichever of the foregoing results in the receipt by Employee of the greatest benefit on an after-tax basis (taking into account applicable taxes, including federal, state and local income taxes and the Excise Tax). Any reduction of the Payment required by this subsection shall be carried out by applying the following principles, in order: (1) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (2) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (3) cash payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Payment (on the basis of the relative present value of the parachute payments).

5.2 All determinations required to be made under this Section 5 shall be made by the Company's Independent Public Accounting Firm (the "Accounting Firm") which shall provide detailed supporting calculations and documentation both to the Company and Employee within fifteen (15) business days of receipt of notice from Employee that there has been a Payment or such earlier time as is requested by the Company. The Company and Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make the determinations required under this Section 5. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, or the Accounting Firm declines such representation, Employee shall appoint a certified public accountant at another nationally recognized accounting firm (or, if none is available a lawyer with a nationally recognized law firm or a compensation consultant with a nationally recognized actuarial and benefits consulting firm) with expertise in the area of executive compensation tax law to make the determinations required hereunder (such accountant, lawyer, or consultant, as applicable, shall then be referred to as the Accounting Firm hereunder), provided such accounting firm is acceptable to the Company (the Company's acceptance not to be unreasonably withheld). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by Employee, it shall furnish Employee with a written opinion that failure to report the Excise Tax on the Employee's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and Employee absent manifest error.

6. Mitigation and Set-Off. Employee shall not be required to mitigate Employee's damages by seeking other employment or otherwise. The Company's obligations under this Agreement shall not be

reduced in any way by reason of any compensation or benefits received (or foregone) by Employee from sources other than the Company after Employee's Employment Termination, or any amounts that might have been received by Employee in other employment had Employee sought other employment, except for the termination of benefits under a Welfare Benefit Plan pursuant to Section 1.3(ii) hereof. Except as expressly provided in Section 1.3 of this Agreement, Employee's entitlement to benefits and coverage under this Agreement shall continue after, and shall not be affected by, Employee's obtaining other employment after his Employment Termination, provided that any such benefit or coverage shall not be furnished if Employee expressly waives the specific benefit or coverage by giving written notice of waiver to the Company.

7. Litigation Expenses. The Company shall pay to Employee all out-of-pocket expenses, including attorneys' fees, incurred by Employee in the event Employee successfully enforces any provision of this Agreement in any action, arbitration or lawsuit.

8. Assignment, Successors. This Agreement may not be assigned by the Company without the written consent of Employee but the obligations of the Company under this Agreement shall be the binding legal obligations of any successor to the Company by merger or other business combination, and in the event of any business combination or transaction that results in the transfer of substantially all of the assets or business of the Company, the Company will cause the transferee to assume the obligations of the Company under this Agreement. This Agreement may not be assigned by Employee during Employee's life, and upon Employee's death will inure to the benefit of Employee's heirs, legatees and legal representatives of Employee's estate.

9. Interpretation. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois, without regard to the conflict of law principles thereof. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

10. Withholding. The Company may withhold from any payment that it is required to make under this Agreement amounts sufficient to satisfy applicable withholding requirements under any federal, state, local or foreign law or regulation.

11. Amendment or Termination. This Agreement may be amended at any time by written agreement between the Company and Employee. The Company may terminate this Agreement by written notice given to Employee at least two (2) years prior to the effective date of such termination, provided that, if a Change in Control occurs prior to the effective date of such termination, the termination of this Agreement shall not be effective and Employee shall be entitled to the full benefits of this Agreement. Any such amendment or termination shall be made pursuant to a resolution of the Company's Board of Directors or Compensation Committee.

12. Financing. Cash and benefit payments under this Agreement shall constitute general obligations of the Company. Employee shall have only an unsecured right to payment thereof out of the general assets of the Company. Notwithstanding the foregoing, the Company may, by agreement with one or more trustees to be selected by the Company, create a trust on such terms, as the Company shall determine, to make payments to Employee in accordance with the terms of this Agreement.

13. Severability. In the event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect.

14. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach hereof shall be adjudicated by arbitration administered by the American Arbitration Association ("AAA") under its Employment Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Arbitration shall be by a single arbitrator, and the arbitration shall take place in Chicago, Illinois. The costs of the arbitration, including the fees of the arbitrator, cost of any record or transcripts of the arbitration hearing, administrative fees, and other similar fees and costs of arbitration shall be borne equally by the parties; provided, however, in the event of a dispute following or in connection with a Change in Control, the Company shall pay the fees of the arbitrator as well as such other fees and costs of arbitration. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction, and both parties consent and submit to the jurisdiction of such court for purposes of such action. Nothing in this Agreement shall preclude either party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches and similar doctrines, which would otherwise be applicable in any action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for those purposes. The Federal Arbitration Act shall apply to the construction, interpretation and enforcement of this arbitration provision.

15. Other Agreements. This Agreement supersedes and cancels all prior written or oral agreements and understandings relating to the terms of this Agreement, including without limitation, the Prior Change in Control Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

METHODE ELECTRONICS, INC.

By: /s/ Bruce K. Crowther
Bruce K. Crowther, Compensation Committee Chair

EMPLOYEE:

/s/ Kerry A Vyverberg
Name: Kerry A. Vyverberg

Exhibit 31.1

CERTIFICATION

I, Avinash Avula, certify that:

1. I have reviewed this report on Form 10-Q of Methode Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2024

By: /s/ Avinash Avula

Avinash Avula
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Ronald L.G. Tsoumas, certify that:

1. I have reviewed this report on Form 10-Q of Methode Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2024

By: /s/ Ronald L.G. Tsoumas

Ronald L. G. Tsoumas
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Methode Electronics, Inc. (the "Company") certifies that the Quarterly Report on Form 10-Q of the Company for the quarter ended January 27, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

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Date: March 7, 2024 By: /s/ Avinash Avula

Avinash Avula
Chief Executive Officer

Date: March 7, 2024 By: /s/ Ronald L.G. Tsoumas

Ronald L. G. Tsoumas
Chief Financial Officer