FISCAL 2024
THIRD QUARTER FINANCIAL RESULTS

March 7, 2024

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that reflect, when made, our current views with respect to current events and financial performance. Such forward-looking statements are subject to many risks, uncertainties and factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, expressed or implied, by such forward-looking statements. All statements that address future operating, financial or business performance or our strategies or expectations are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “potential,” “outlook,” “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 our Annual Report. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. Any forward-looking statements made by us speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise.

Non-GAAP Financial Measures



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

Introduction – Avi Avula, President & CEO



- Over 20 years of experience in the electronics industry serving the consumer electronics, telecom, automotive, industrial and aerospace markets
- Over 17 years in leadership positions at leading science and engineering companies
- Previous experience at DuPont, Applied Materials and Booz & Co.
- Education:
  - MBA from the University of Chicago Booth School of Business
  - MS in Industrial Engineering from Texas A&M University
  - Bachelor's Degree in Mechanical Engineering from Osmania University in India

FY24 Q3 Highlights

Quarterly Performance

Sales of $260M

Auto Sales Down in All Regions

Net Loss Driven by Lower Sales and Operational Challenges

Business Activity

Mitigating Impacts from Program Launch Delays

Program Awards of Over $20M

Award Pipeline Still Healthy, EV Weighted

Electric Vehicle Activity

19% of Consolidated Sales, 20% YTD

Headwind Due to Transition in Programs

Near-Term Market Outlook Soft

Balance Sheet & Cash Flow

Debt Level Stable from Q2

Positive Free Cash Flow

Purchased $3M of Shares

Summary

FY24 Q3

- Sales under pressure from auto program roll-offs and market headwinds in EV, e-bike, and data center markets
- Lower sales volume and persistent operational inefficiencies in Automotive drove net loss
- Returned to positive free cash flow position
- Continued share buyback with $3M in purchases

Going Forward

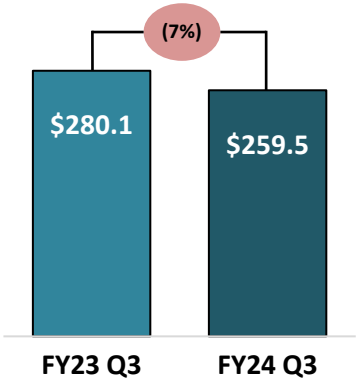
- Guidance suspended
- Quick actions to reduce hard costs, including headcount, and to dispose of non-critical assets
- Focus on reducing working capital, particularly inventory, and increasing free cash flow
- Engaged cost reduction consultant to review business and operations
- Delayed all merger and acquisition activity
- Rigorous review of key operating processes and procedures
- Thorough review of the entire portfolio
- Business review update to be provided with fourth quarter results

Foundation of Business is Strong, Potential for Greater Success is Evident

Financial Results

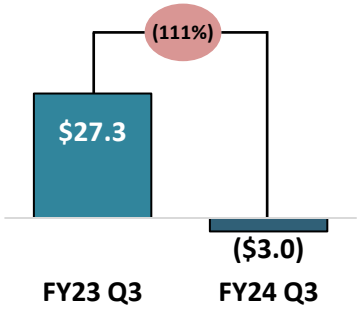
FY24 Q3 Net Sales & Income from Operations

Net Sales
($M)



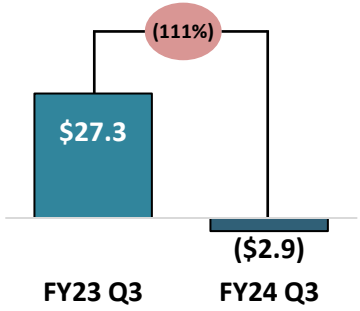
- Auto Program Roll-Offs
- EV Demand Weakness
+ Nordic Lights

Income/(Loss) from Operations
($M)



- Lower Sales Volume
- Inventory & Scrap Costs
- Higher Labor & Freight Costs

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



FY24 Q3 Excludes:

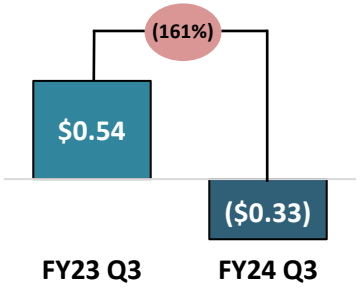
- Restructuring Costs of $0.1M

Sales Headwinds & Operational Inefficiencies Driving Lower Profit

** See Appendix for reconciliation to GAAP*

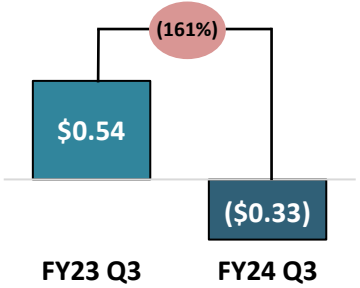
FY24 Q3 Earnings Per Share & EBITDA

Diluted Earnings per Share
($)



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

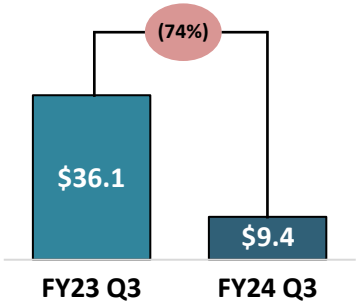
Adjusted Diluted Earnings per Share*
($)



FY24 Q3 Excludes:

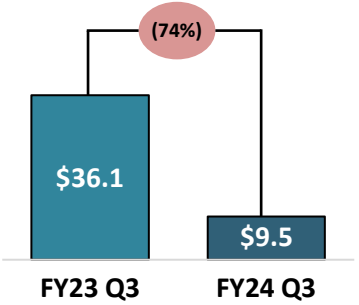
- Restructuring Costs of < $0.01

EBITDA*
($M)



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

Adjusted EBITDA*
($M)



FY24 Q3 Excludes:

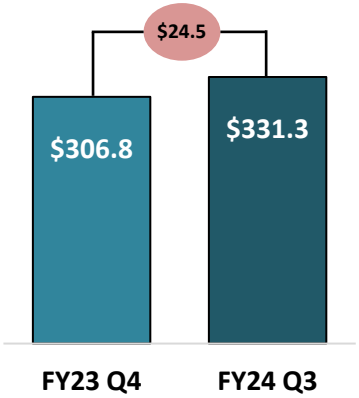
- Restructuring Costs of $0.1M

Immediate Focus on Cost Reduction

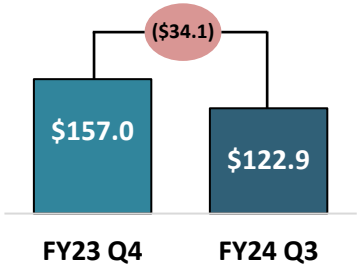
** See Appendix for reconciliation to GAAP*

FY24 Q3 Balance Sheet

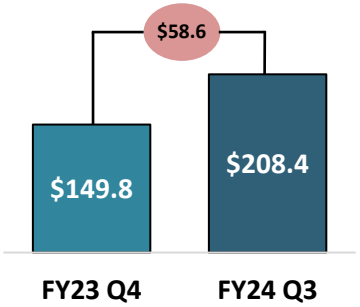
Debt
($M)



Cash and Cash Equivalents
($M)



Net Debt*
($M)



Debt Increase Mainly Driven by Capital Investments

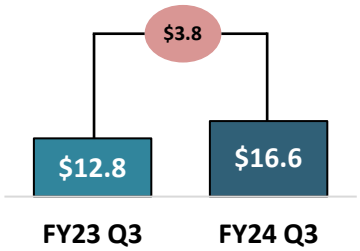
** See Appendix for reconciliation to GAAP*

FY24 Q3 Free Cash Flow

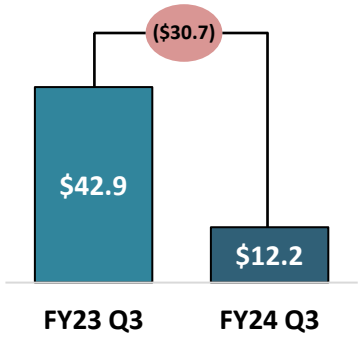
Net Cash Provided by Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)



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

** See Appendix for reconciliation to GAAP*

Thank You

Appendix

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

	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
EBITDA:				
Net (loss) income	$ (11.6)	$ 19.9	$ (66.0)	$ 69.0
Income tax expense	1.1	3.1	1.0	13.3
Interest expense, net	5.0	0.8	12.2	1.3
Amortization of intangibles	6.1	4.7	18.0	14.1
Depreciation	8.8	7.6	25.3	22.7
EBITDA	9.4	36.1	(9.5)	120.4
Goodwill impairment	—	—	56.5	—
Acquisition costs	—	—	0.5	—
Acquisition-related costs - purchase accounting adjustments related to inventory	—	—	0.5	—
Restructuring costs	0.1	—	1.4	0.6
Loss on sale of Dabir assets	—	—	0.6	—
Adjusted EBITDA	$ 9.5	$ 36.1	$ 50.0	$ 121.0

	Three Months Ended		Nine Months Ended	
	January 27, 2024	January 28, 2023	January 27, 2024	January 28, 2023
Free Cash Flow:				
Net cash provided by operating activities	$ 28.8	$ 55.7	$ 22.6	$ 83.8
Purchases of property, plant and equipment	(16.6)	(12.8)	(41.1)	(30.8)
Free cash flow	$ 12.2	$ 42.9	$ (18.5)	$ 53.0

	January 27, 2024	April 29, 2023
Net Debt:		
Short-term debt	$ 0.2	$ 3.2
Long-term debt	331.1	303.6
Total debt	331.3	306.8
Less: cash and cash equivalents	(122.9)	(157.0)
Net debt	$ 208.4	$ 149.8

Appendix

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

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended January 27, 2024

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
(Loss) income from operations	$ (3.0)	$ —	$ —	$ —	$ 0.1	$ —	$ (2.9)
Pre-tax (loss) income	$ (10.5)	$ —	$ —	$ —	$ 0.1	$ —	$ (10.4)
Net (loss) income	$ (11.6)	$ —	$ —	$ —	$ 0.1	$ —	$ (11.5)
Diluted (loss) income per share	$ (0.33)	$ —	$ —	$ —	$ —	$ —	$ (0.33)

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended January 28, 2023

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
Income from operations	$ 27.3	$ —	$ —	$ —	$ —	$ —	$ 27.3
Pre-tax income	$ 23.0	$ —	$ —	$ —	$ —	$ —	$ 23.0
Net income	$ 19.9	$ —	$ —	$ —	$ —	$ —	$ 19.9
Diluted income per share	$ 0.54	$ —	$ —	$ —	$ —	$ —	$ 0.54

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

Reconciliation of Non-GAAP Financial Measures for the Nine Months Ended January 27, 2024

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
(Loss) income from operations	$ (50.5)	$ 56.5	$ 0.5	$ 0.5	$ 1.4	$ —	$ 8.4
Pre-tax (loss) income	$ (65.0)	$ 56.5	$ 0.5	$ 0.5	$ 1.4	$ 0.6	$ (5.5)
Net (loss) income	$ (66.0)	$ 56.5	$ 0.4	$ 0.4	$ 1.1	$ 0.5	$ (7.1)
Diluted (loss) income per share	$ (1.86)	$ 1.59	$ 0.01	$ 0.01	$ 0.03	$ 0.01	$ (0.21)

Reconciliation of Non-GAAP Financial Measures for the Nine Months Ended January 28, 2023

	U.S. GAAP (as reported)	Goodwill impairment	Acquisition costs	Purchase accounting adjustments related to inventory	Restructuring costs	Loss on sale of Dabir assets	Non-U.S. GAAP
Income from operations	$ 81.9	$ —	$ —	$ —	$ 0.6	$ —	$ 82.5
Pre-tax income	$ 82.3	$ —	$ —	$ —	$ 0.6	$ —	$ 82.9
Net income	$ 69.0	$ —	$ —	$ —	$ 0.5	$ —	$ 69.5
Diluted income per share	$ 1.87	$ —	$ —	$ —	$ 0.01	$ —	$ 1.88