FISCAL 2023
FIRST QUARTER FINANCIAL RESULTS

September 1, 2022

Forward-Looking Statements



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

Non-GAAP Financial Measures



To supplement the company's financial statements presented in accordance with generally accepted accounting principles in the United States (“GAAP”), Methode uses certain non-GAAP financial measures, such as EBITDA, Net Debt, and Free Cash Flow. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this presentation can be found in the appendix. Management believes EBITDA is useful to investors as it is a measure that is commonly used by other companies in our industry and provides a comparison for investors to the company’s performance versus its competitors. Management believes Net Debt is a meaningful measure to investors because management assesses the company’s leverage position after considering available cash that could be used to repay outstanding debt. Management believes Free Cash Flow is a meaningful measure to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures, which are both necessary to maintain the company’s asset base and which are expected to generate future cash flows from operations. Methode's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

FY23 Q1 Highlights

Quarterly Performance

Sales of $282M, Including $11M in Cost Recovery

Auto Market Headwinds in Asia and Europe

Record Industrial Segment Sales of $92M

Business Activity

Ongoing Material Cost Inflation

Program Awards of Over $90M

Award Activity in Multiple Applications

Electric Vehicle Activity

17% of Q1 Consolidated Sales

Impacted by China Lockdowns

Still Expecting 20% in FY23

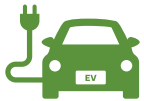
Balance Sheet & Cash Flow

Positive Free Cash Flow

Purchased $12M of Methode Shares

Continued Debt Reduction

FY23 Q1 Select Business Awards



Electric Vehicles

- Battery Busbar Assembly for U.S. Truck OEM
- Battery Busbar Assembly for U.S. Auto OEM
- Park Lock Actuator Assembly for U.S. Auto OEM
- Terminal Block Assembly for U.S. Auto OEM

$39M*



Non-EV Automotive

- Overhead Console Assembly for European Auto OEM
- Lead Frame Assembly for European Powertrain OEM
- E-Shifter Assembly for European Auto OEM
- Indicator Lamp Assembly for Asian Auto OEM

$32M*



Other

- Headlight Assembly for U.S. Motor Sports OEM
- Torque Sensor for European e-Bike Powertrain OEM
- Busbar Assembly for U.S. Defense OEM
- Busbar Assembly for U.S. Defense Supplier

$19M*

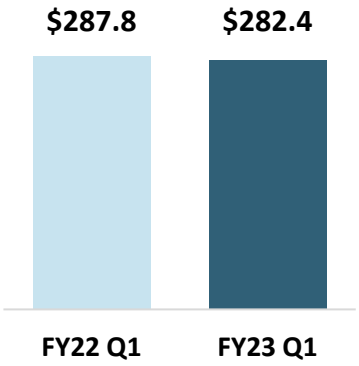
Over $90M in Awards in Multiple Applications

**Expected annual sales at full production*

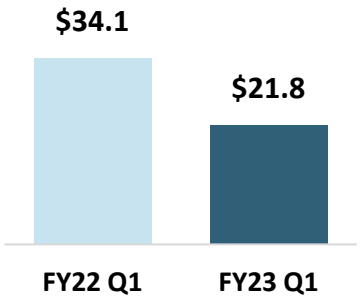
Financial Results

FY23 Q1 Financial Highlights

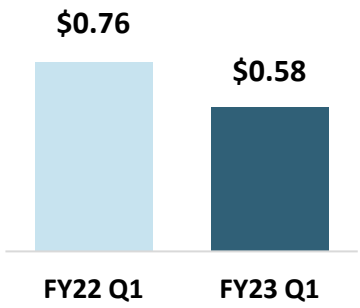
Net Sales
($M)



Income from Operations
($M)



Diluted Earnings per Share
($)

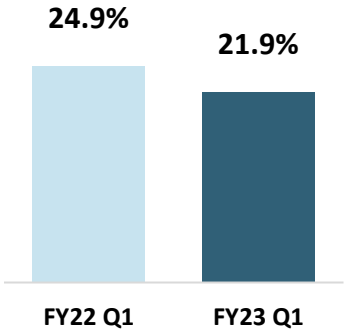


Income Impacted by Material Cost Inflation and Market Disruptions

FY23 Q1 Financial Results

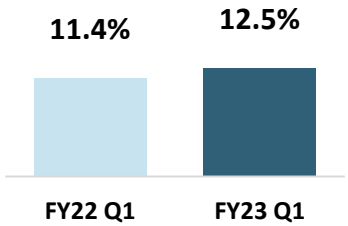
Gross Margin %

- Higher material costs
- Lower product sales volume
- Cost recovery sales at 0% margin



Selling & Administrative %

- Higher salary expense
- Higher other general administrative expense
- Higher travel expense



Cost Mitigation and Recovery Efforts Ongoing

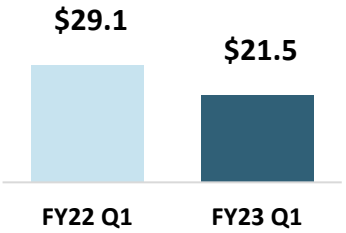
FY23 Q1 Financial Results

Net Income
($M)

- Lower gross profit
- Higher selling & administrative expense

Partially offset by:

- Higher other income
- Lower tax expense
- Lower net interest expense

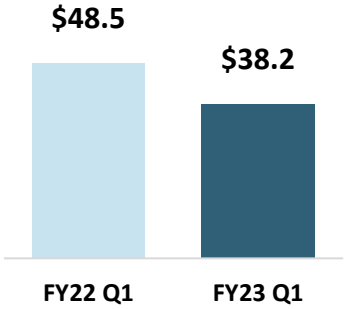


EBITDA*
($M)

- Lower income from operations

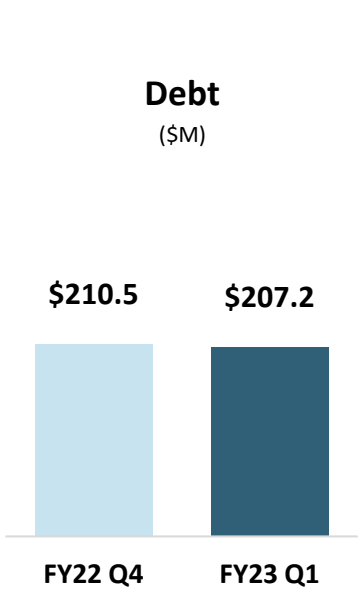
Partially offset by:

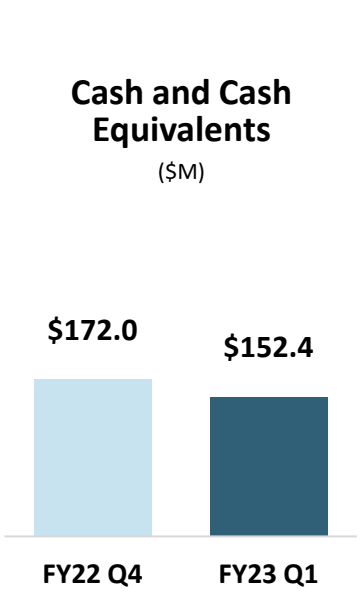
- Higher other income

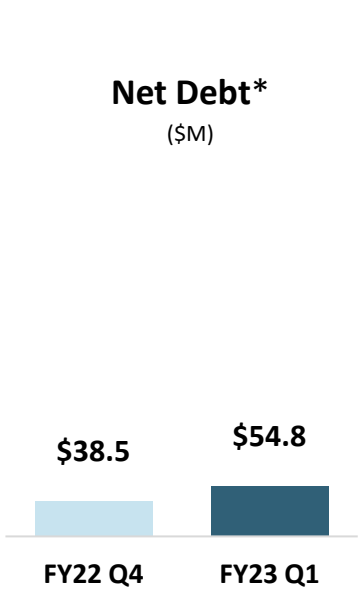


** See Appendix for reconciliation to GAAP*

FY23 Q1 Balance Sheet





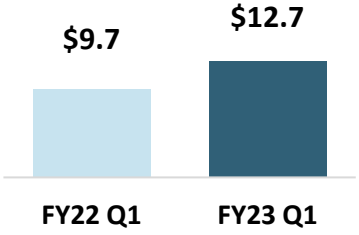


** See Appendix for reconciliation to GAAP*

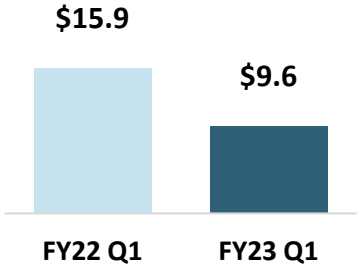
Q1 Share Buyback of 317,635 Shares for $11.9M

FY23 Q1 Free Cash Flow

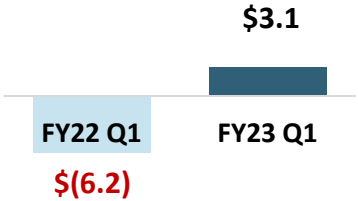
Net Cash Provided by Operating Activities
($M)



Capital Expenditure
($M)



Free Cash Flow*
($M)



** See Appendix for reconciliation to GAAP*

Positive Free Cash Flow Despite Higher Working Capital Investment

FY23 Guidance

Fiscal 2023 Full Year Confirmed

- Net sales of **$1,160 - $1,210** million
- Diluted earnings per share of **$2.70 - $3.10**

This guidance is subject to change due to a variety of factors including the impact from the COVID-19 pandemic, the ongoing semiconductor shortages, other supply chain disruptions, inflation, economic instability in Europe, and both short and long-term supply chain rationalization and restructuring efforts.

Full Year Guidance Assumes:

- Income Tax Rate at 16% - 18% with no discrete tax benefits or expenses
- CapEx of $40 - $50 million
- Depreciation and Amortization of $54 - $58 million

3-Year Sales Target

- Three-year organic sales compounded annual growth rate target of **6%**
- Base year for this target is Fiscal 2022. The target excludes any impact from foreign currency, acquisitions, or divestitures.

Thank You

Appendix

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

	Three Months Ended	
	July 30, 2022	July 31, 2021
EBITDA:		
Net income	$ 21.5	$ 29.1
Income tax expense	4.4	5.7
Interest expense, net	—	1.1
Amortization of intangibles	4.7	4.8
Depreciation	7.6	7.8
EBITDA	$ 38.2	$ 48.5

	Three Months Ended	
	July 30, 2022	July 31, 2021
Free Cash Flow:		
Net cash provided by operating activities	$ 12.7	$ 9.7
Purchases of property, plant and equipment	(9.6)	(15.9)
Free cash flow	$ 3.1	$ (6.2)

	July 30, 2022	April 30, 2022
Net Debt:		
Short-term debt	$ 13.0	$ 13.0
Long-term debt	194.2	197.5
Total debt	207.2	210.5
Less: cash and cash equivalents	(152.4)	(172.0)
Net debt	$ 54.8	$ 38.5