



FISCAL 2022

FOURTH QUARTER & FULL YEAR FINANCIAL RESULTS

June 23, 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.

FY22 Q4 Highlights

Quarterly Performance

Sales of \$289 Million, Including \$7M in Cost Recovery
North American and European Auto Headwinds
COVID-19 Lockdowns in China

Business Activity

Material Cost Inflation and Unfavorable Product Mix
Program Awards over \$100 Million
EV Programs ~90% of Awards



Electric Vehicle Activity

17% of Q4 Consolidated Sales
Impacted by China COVID-19 Lockdowns
Expecting 20% in FY23

Balance Sheet & Cash Flow

Continued Debt Reduction
Free Cash Flow of \$34 Million
\$100 Million Share Buyback Authorization Increase

FY22 Q4 Select Business Awards

Electric Vehicles



- Battery Busbar Assembly for European Auto OEM
- Battery Busbar Assembly for U.S Auto OEM
- Stop Lamp Assembly for U.S Auto OEM
- Battery Current Sensor for U.S Auto OEM
- Puddle Lamp Assembly for U.S Auto OEM
- Side Repeater Assembly for U.S. Auto OEM
- Overhead Console Assembly for Asian Auto OEM
- Brake Switch Assembly for Asian Auto OEM
- Brake Switch Assembly for Asian Auto OEM

} \$90M*

Other



- Torque Sensor for Asian e-Bike Powertrain OEM
- Vehicle Control Module for U.S. Motor Sports OEM
- Busbar Assembly for a U.S. Data Center Supplier

} \$10M*

FY22 Highlights

Full Year Performance

Record Sales of \$1,164 Million
Included \$22 Million in Cost Recovery

Business Activity

Supply Chain and Market Disruptions
Program Awards of over \$290 Million



Electric Vehicle Activity

Record EV Application Sales
17% of FY22 Consolidated Sales

Balance Sheet & Cash Flow

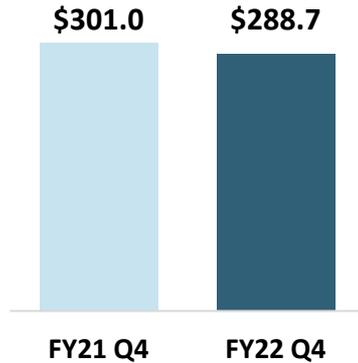
Lowest Debt Level Since Grakon Acquisition
Purchased \$64 Million of Methode Shares

3-year Organic Sales CAGR Target of 6% Announced

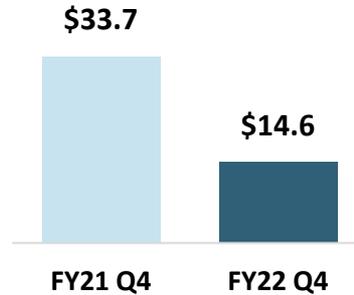
Financial Results

FY22 Q4 Financial Highlights

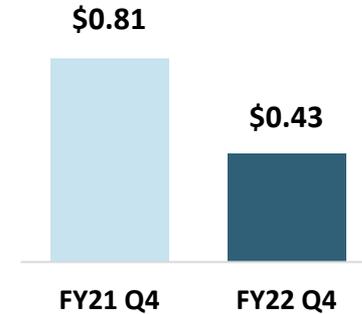
Net Sales (\$M)



Income from Operations (\$M)



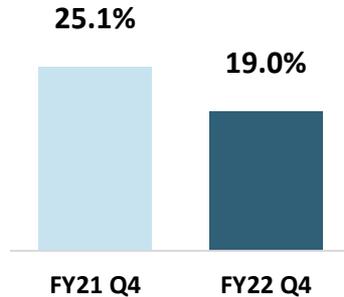
Diluted Earnings per Share (\$)



FY22 Q4 Financial Results

Gross Margin %

- Industrial segment significantly impacted by China lockdown and supply disruptions
- Lower product sales volume
- Unfavorable product mix
- Spot buy and premium freight cost recovery

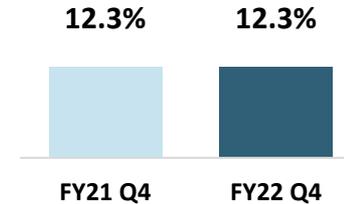


Selling & Administrative %

- Higher professional fees

Partially offset by:

- Lower performance-based cash compensation expense



FY22 Q4 Financial Results

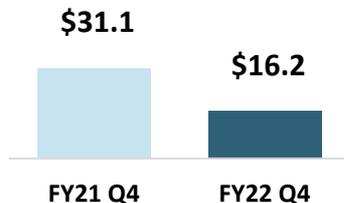
Net Income

(\$M)

- Lower gross profit

Partially offset by:

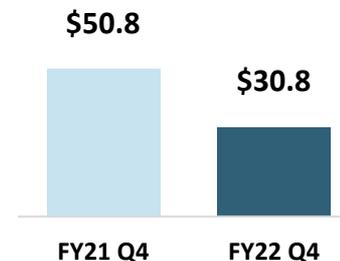
- Lower tax expense
- Lower selling & administrative expense



EBITDA*

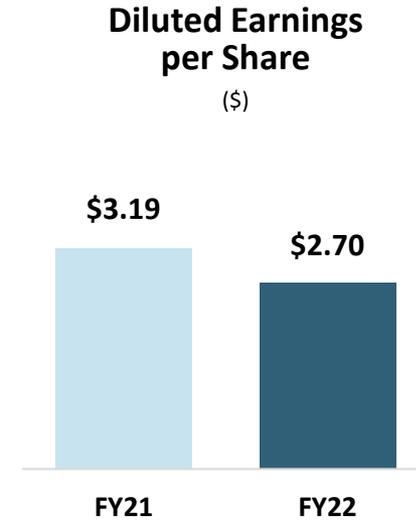
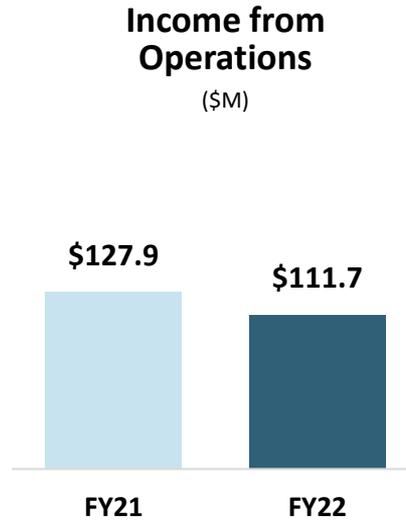
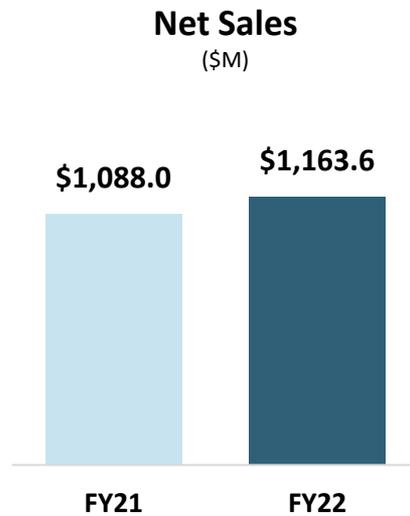
(\$M)

- Lower income from operations
- Lower other income

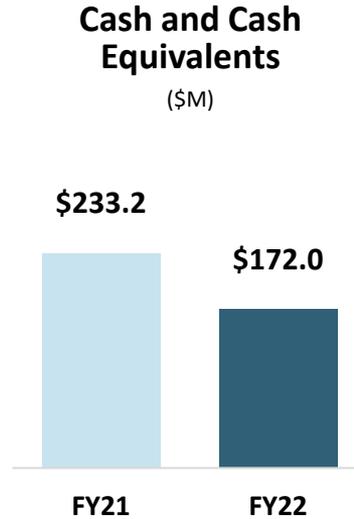
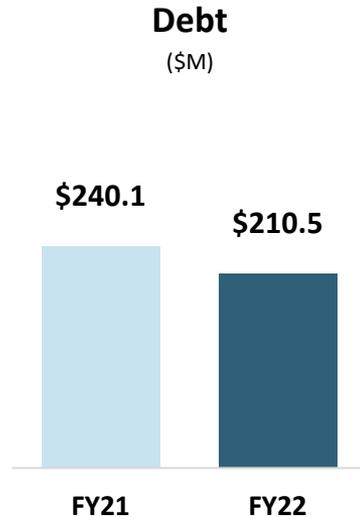


* See Appendix for reconciliation to GAAP

FY22 Financial Highlights



FY22 Year-end Balance Sheet

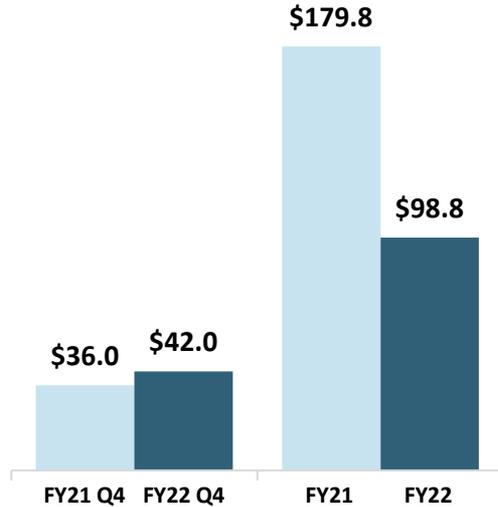


* See Appendix for reconciliation to GAAP

FY22 Free Cash Flow

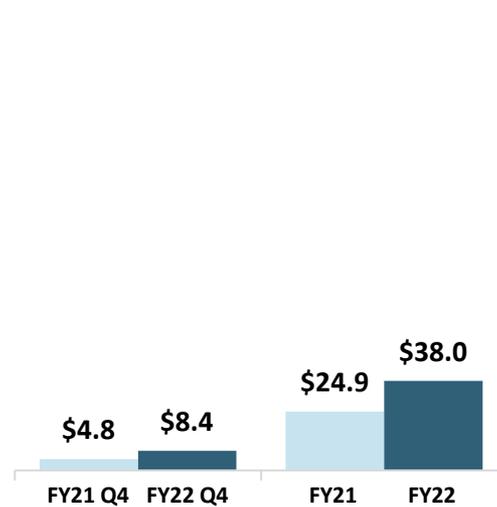
Net Cash Provided by Operating Activities

(\$M)



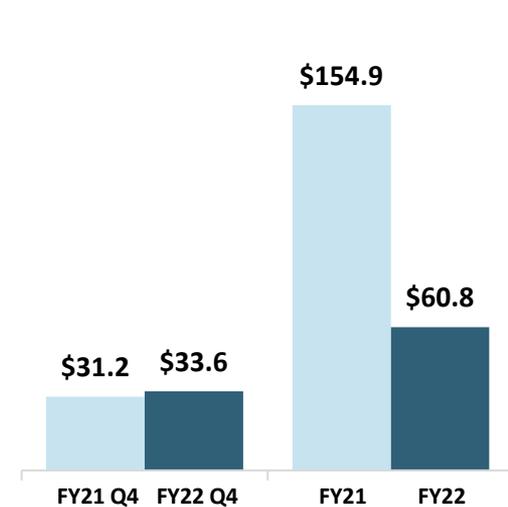
Capital Expenditure

(\$M)



Free Cash Flow*

(\$M)



* See Appendix for reconciliation to GAAP

FY23 Guidance and 3-Year Sales Target

Fiscal 2023 Full Year

- Net sales of **\$1,160 - \$1,210** million
- Diluted earnings per share of **\$2.70 - \$3.10**
- Expecting soft earnings in first quarter with EPS improving as the fiscal year progresses

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, the conflict in Ukraine, 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)

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>	
	<u>April 30,</u> <u>2022</u>	<u>May 1, 2021</u>	<u>April 30,</u> <u>2022</u>	<u>May 1, 2021</u>
EBITDA:				
Net income	\$ 16.2	\$ 31.1	\$ 102.2	\$ 122.3
Income tax expense	1.0	5.5	16.3	12.6
Interest expense, net	0.6	0.9	3.5	5.2
Amortization of intangibles	4.7	4.8	19.1	19.3
Depreciation	8.3	8.5	33.5	32.2
EBITDA	\$ 30.8	\$ 50.8	\$ 174.6	\$ 191.6

	<u>Three Months Ended</u>		<u>Fiscal Year Ended</u>	
	<u>April 30,</u> <u>2022</u>	<u>May 1, 2021</u>	<u>April 30,</u> <u>2022</u>	<u>May 1, 2021</u>
Free Cash Flow:				
Net cash provided by operating activities	\$ 42.0	\$ 36.0	\$ 98.8	\$ 179.8
Purchases of property, plant and equipment	(8.4)	(4.8)	(38.0)	(24.9)
Free cash flow	\$ 33.6	\$ 31.2	\$ 60.8	\$ 154.9

	<u>April 30, 2022</u>	<u>May 1, 2021</u>
Net Debt:		
Short-term debt	\$ 13.0	\$ 14.9
Long-term debt	197.5	225.2
Total debt	210.5	240.1
Less: cash and cash equivalents	(172.0)	(233.2)
Net debt	\$ 38.5	\$ 6.9