



Methode Electronics, Inc.

Earnings Presentation

First Quarter Fiscal 2025

September 5, 2024

Forward-Looking Statements

This presentation 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” 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 the automotive, commercial vehicle, and construction industries;
- Timing, quality and cost of new program launches;
- Changes in electric vehicle (“EV”) demand;
- Investment in programs prior to the recognition of revenue;
- Failure to attract and retain qualified personnel;
- Impact from production delays or cancelled orders;
- Impact from inflation;
- Dependence on the availability and price of materials;
- Dependence on a small number of large customers, including one large automotive customer;
- Dependence on our supply chain;
- Risks related to conducting global operations;
- Effects of potential catastrophic events or other business interruptions;
- Ability to withstand pricing pressures, including price reductions;
- Potential impact of securities class action and other litigation;
- Ability to compete effectively;
- Our lengthy sales cycle;
- Risks relating to our use of requirements contracts;
- Potential work stoppages;
- Ability to successfully benefit from acquisitions and divestitures;
- Ability to manage our debt levels and comply with restrictions and covenants under our credit agreement;
- Interest rate changes and variable rate instruments;
- Timing and magnitude of costs associated with restructuring activities;
- Recognition of goodwill and other intangible asset impairment charges;
- Ability to remediate material weaknesses in our internal control over financial reporting;
- Currency fluctuations;
- Income tax rate fluctuations;
- Judgments related to accounting for tax positions;
- Ability to withstand business interruptions;
- Potential IT security threats or breaches;
- 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; and
- Ability to avoid design or manufacturing defects.

Additional details and factors are discussed under the caption “Risk Factors” in our periodic reports filed with the Securities and Exchange Commission. 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.

Agenda

- **CEO Introduction** – Robert Cherry, VP Investor Relations
- **Key Messages** – Jon DeGaynor, President and CEO
- **Q1 Business Update** – Jon DeGaynor, President and CEO
- **Q1 Financial Update** – David Rawden, Interim CFO
- **Q&A Session** – All

Introduction – Jon DeGaynor, President & CEO



- **35-Year career in engineered-products with diverse experience across operations, technology, and strategy**
- **President and CEO of Stoneridge, Inc. from 2015 to 2023**
- **Proven track record of driving strategic transformations leading to significant growth and shareholder value creation**
- **Other previous experience at SRG Global, Autocam Corporation, and Delphi Corporation**
- **Education:**
 - **MBA from the Wharton School of the University of Pennsylvania**
 - **Bachelor of Science in Mechanical Engineering from the University of Michigan**

Key Messages

-  1 On journey to transform business while positioning it for long-term value creation
-  2 Intense focus on executing over 30 program launches while improving quality and delivery
-  3 Immediate actions being taken to address execution and costs; Strategy will follow thereafter
-  4 Building executive team including new CFO and CPO to support the challenges
-  5 Affirming guidance for flat sales in FY25 followed by profitable organic sales growth in FY26

What Does “Transform” Mean?

**Reset
Performance**



**Build and Grow
Capabilities**



**Shift Our
Culture**



FY25 Q1 Overview



Sales On Track with Expectations; Pre-Tax Loss Better than Expected

Pre-tax loss driven by lower net sales due to program transitions and by program launch costs



EV Activity Rebounded from Q4 with Further Growth Expected

xEV applications represented **18%** of total consolidated net sales; Expect **20%+** for FY25



Market Headwinds in Auto, Commercial Vehicle, & Off-Road Equipment

Key market weakness in auto, commercial vehicles, construction and agriculture



Program Awards Solid for Second Consecutive Quarter

Program awards of over **\$80M**; Award pipeline EV weighted



Acute Focus on Managing Balance Sheet and Cash Flow

Working capital reduced by **\$9M** and net cash from operations improved **\$16M**

Key FY25 Q1 Financial Metrics

| | |
|---------------------------|-----------------|
| Net Sales | \$259M |
| Adj. EBITDA* | \$10M |
| Adj. Pre-Tax Income* | (\$9M) |
| Adjusted EPS* | (\$0.31) |
| Cash and Cash Equivalents | \$111M |
| Total Debt | \$296M |
| Net Debt | \$185M |

FY25 Q1 Select Business Awards

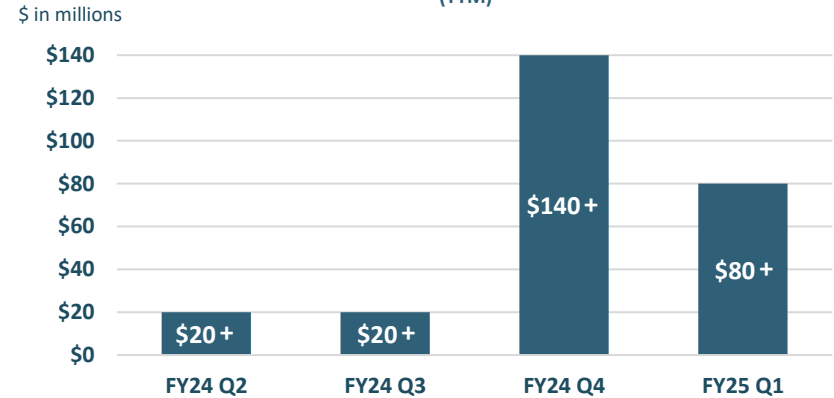


- EV Busbar Assembly for U.S. Auto OEM
- EV Busbar Assembly for U.S. Auto OEM
- Busbar Assembly for U.S. Defense OEM
- Busbar Assembly for U.S. Data Center Supplier



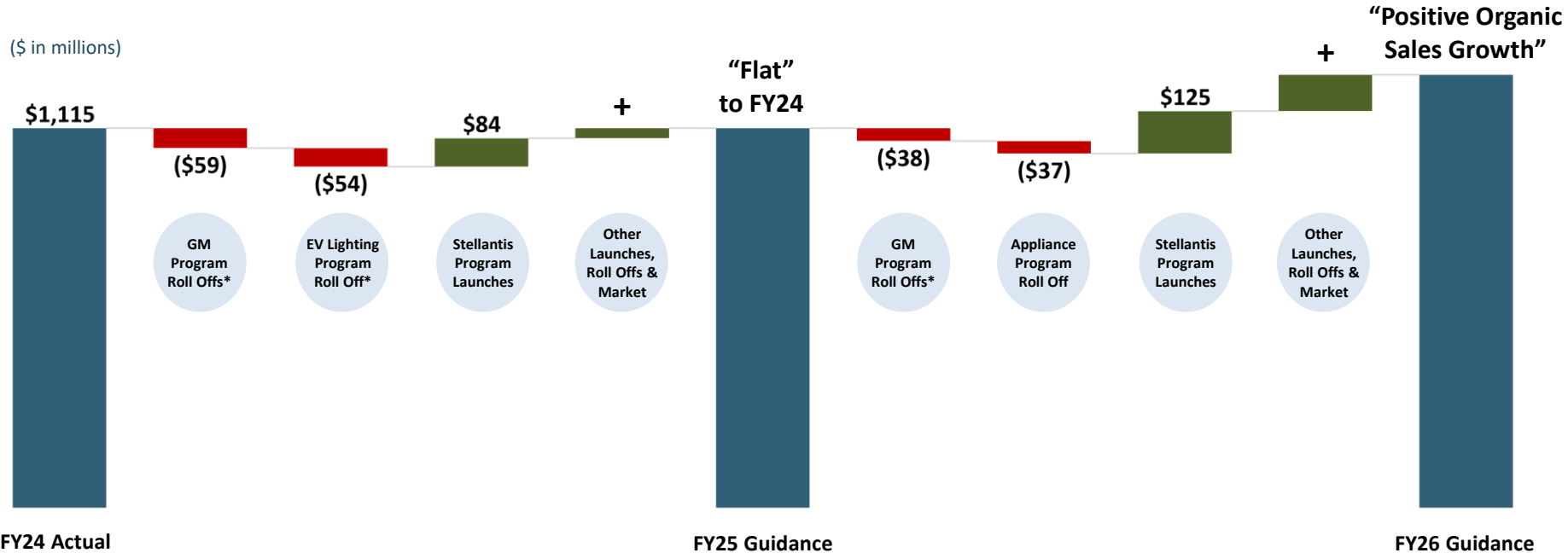
\$77M*

Reported Awards*
(TTM)



FY24 – FY26 Sales Bridge

(\$ in millions)



* Previously disclosed end-of-life program roll offs

Summary

FY25 Q1

- Net Sales On Track with Expectations; Pre-Tax Loss Better than Expected
- EV Activity Rebounded from Q4 – **18%** of Total Sales
- Key Market Headwinds in Auto, Commercial Vehicle and Off-Road Equipment Markets
- Program Awards Solid for Second Consecutive Quarter – Over **\$80M**
- Acute Focus on Balance Sheet & Cash Flow – Working Capital Reduced **\$9M**, Net Cash from Operations Improved **\$16M**

Going Forward

- Beginning journey to transform business while positioning it for long-term value creation
- Focusing intensely on executing over 30 program launches while improving quality and delivery
- Taking immediate actions to address execution and costs; Strategy will follow thereafter
- Building executive team including new CFO and CPO to support the challenges
- **Affirming guidance for flat sales in FY25 followed by profitable organic sales growth in FY26**

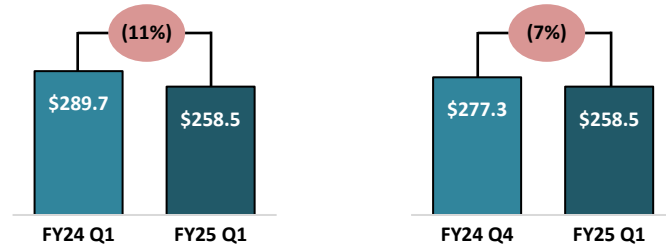
Financial Results

FY25 Q1 Net Sales & Income from Operations

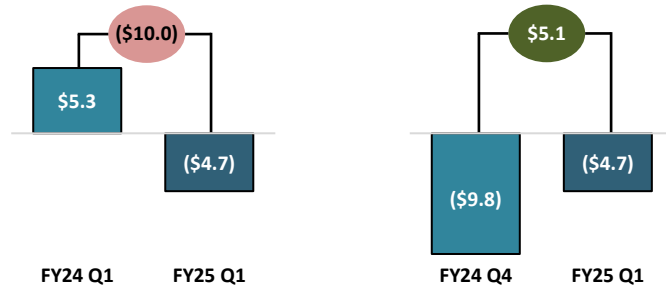
FY24 Q1 v. FY25 Q1

FY24 Q4 v. FY25 Q1

Net Sales (\$M)



Adj. Income/(Loss) from Operations (\$M)*

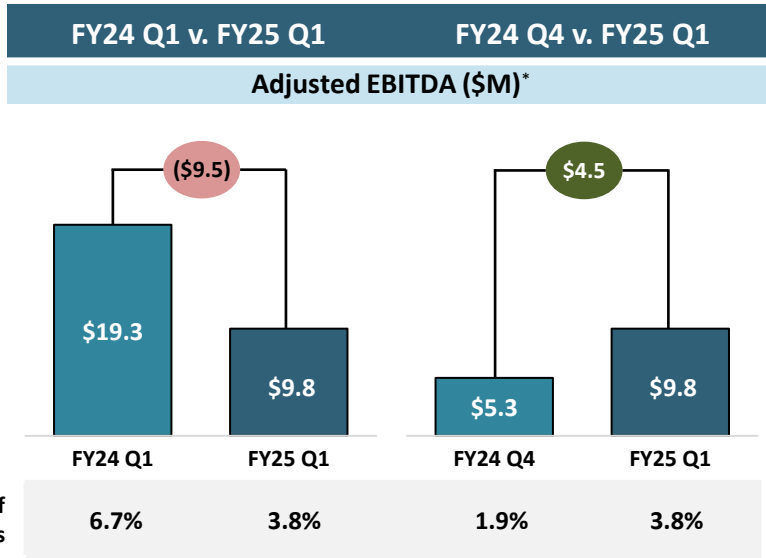


FY25 Q1 Performance

- Full effect from auto program roll-off in Asia
- Lighting market weakness in commercial vehicle and construction/agriculture equipment
- Growth Y/Y in Europe driven by auto program ramp ups

- Lower net sales impacted Y/Y and Q/Q
- Higher costs from ongoing auto program launches
- Discrete legal fee from Hetronic litigation

FY25 Q1 EBITDA



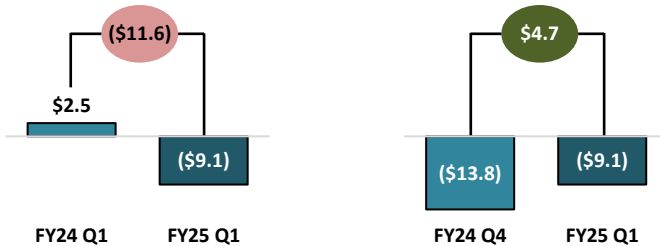
FY25 Q1 Performance

- Lower sales and gross profit drove Y/Y decline
- Improved gross profit despite lower sales drove Q/Q improvement

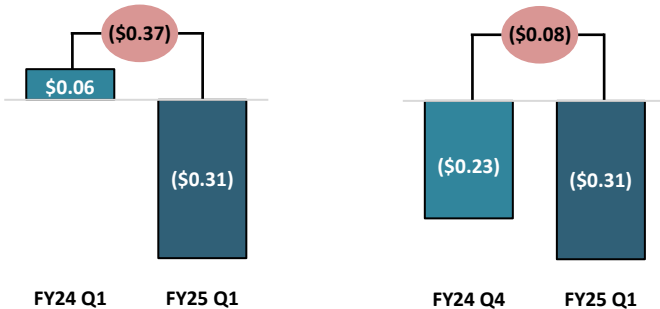
FY25 Q1 Adjusted Pre-Tax Income & Earnings Per Share

FY24 Q1 v. FY25 Q1 FY24 Q4 v. FY25 Q1

Adj. Pre-Tax Income/ Loss (\$M)*



Adjusted Diluted Earnings/(Loss) per Share*

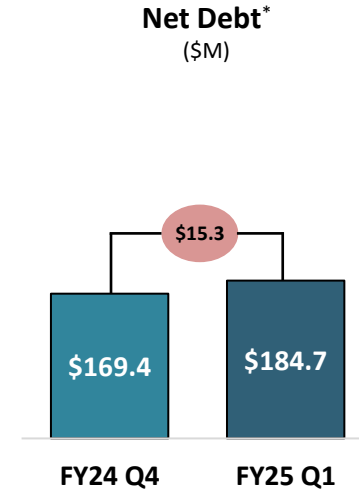
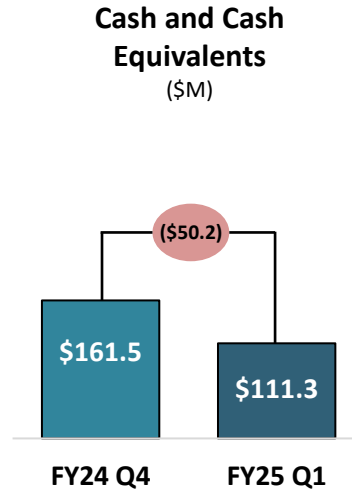


FY25 Q1 Performance

- Lower net sales main driver of Y/Y decline
- Gross profit drove Q/Q improvement
- Exceeded guidance of “similar to” FY24 Q4

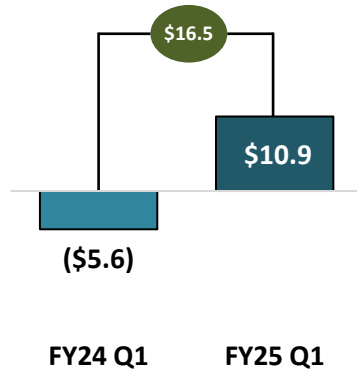
- Lower net sales and higher interest expense impacted Y/Y and Q/Q
- GILTI tax increased total tax expense Y/Y

FY25 Q1 Balance Sheet

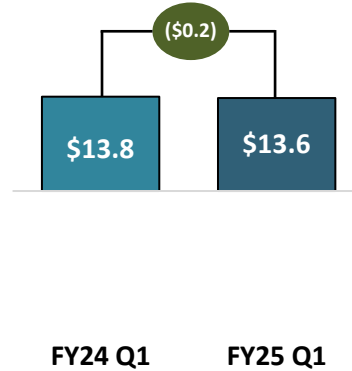


FY25 Q1 Free Cash Flow

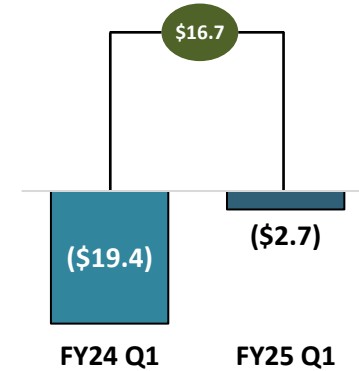
Net Cash Provided by Operating Activities
(\$M)



Capital Expenditure
(\$M)



Free Cash Flow*
(\$M)



Guidance

Fiscal 2025 Full Year Guidance Affirmed

- Net sales to be similar to fiscal 2024
- Adjusted pre-tax income to be approaching breakeven
- Adjusted pre-tax income for the second half of fiscal 2025 is expected to be notably stronger than the first half

Fiscal 2025 Guidance Assumptions

- Depreciation and Amortization of \$60 - \$65 million
- CapEx of \$50 - \$60 million
- Tax Expense of \$9 - \$11 million

Fiscal 2026 Full Year Guidance Affirmed

- Net sales to be greater than fiscal 2025
- Pre-tax income to be positive and notably greater than fiscal 2025

Guidance is subject to change due to a variety of factors including the successful launch of multiple new programs, the ultimate take rates on new EV programs, success and timing of cost recovery actions, inflation, global economic instability, supply chain disruptions, transformation and restructuring efforts, potential impairments and any acquisitions or divestitures.



Thank You

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 July 27, 2024

| | U.S. GAAP (as reported) | Acquisition costs | Purchase accounting adjustments related to inventory | Transformation costs | Partial write-off of unamortized debt issuance costs due to debt capacity reduction | Restructuring costs and asset impairment charges | Valuation allowance on deferred tax assets | Non-U.S. GAAP (adjusted) |
|---------------------------------|----------------------------------|----------------------|--|-------------------------|---|--|--|--------------------------------|
| (Loss) income from operations | \$ (7.5) | \$ — | \$ — | \$ 2.2 | \$ — | \$ 0.6 | \$ — | \$ (4.7) |
| Pre-tax (loss) income | \$ (13.1) | \$ — | \$ — | \$ 2.2 | \$ 1.2 | \$ 0.6 | \$ — | \$ (9.1) |
| Net (loss) income | \$ (18.3) | \$ — | \$ — | \$ 1.7 | \$ 0.9 | \$ 0.5 | \$ 4.3 | \$ (10.9) |
| Diluted (loss) income per share | \$ (0.52) | \$ — | \$ — | \$ 0.05 | \$ 0.03 | \$ 0.01 | \$ 0.12 | \$ (0.31) |

Reconciliation of Non-GAAP Financial Measures for the Three Months Ended July 29, 2023

| | U.S. GAAP (as reported) | Acquisition costs | Purchase accounting adjustments related to inventory | Transformation costs | Partial write-off of unamortized debt issuance costs due to debt capacity reduction | Restructuring costs and asset impairment charges | Valuation allowance on deferred tax assets | Non-U.S. GAAP (adjusted) |
|--------------------------|----------------------------------|----------------------|--|-------------------------|---|--|--|--------------------------------|
| Income from operations | \$ 3.8 | \$ 0.5 | \$ 0.3 | \$ — | \$ — | \$ 0.7 | \$ — | \$ 5.3 |
| Pre-tax income | \$ 1.0 | \$ 0.5 | \$ 0.3 | \$ — | \$ — | \$ 0.7 | \$ — | \$ 2.5 |
| Net income | \$ 0.9 | \$ 0.4 | \$ 0.2 | \$ — | \$ — | \$ 0.5 | \$ — | \$ 2.0 |
| Diluted income per share | \$ 0.02 | \$ 0.01 | \$ 0.01 | \$ — | \$ — | \$ 0.02 | \$ — | \$ 0.06 |

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 April 27, 2024

| | U.S. GAAP (as reported) | Goodwill impairment | Acquisition costs | Purchase accounting adjustments related to inventory | Restructuring costs | Net gain on sale of non-core assets | Taxes and costs related to the reorganization of a foreign subsidiary | Non-U.S. GAAP (adjusted) |
|---------------------------------|----------------------------------|------------------------|----------------------|--|------------------------|--|--|--------------------------------|
| (Loss) income from operations | \$ (61.5) | \$ 49.4 | \$ — | \$ — | \$ 2.3 | \$ — | \$ — | \$ (9.8) |
| Pre-tax (loss) income | \$ (63.1) | \$ 49.4 | \$ — | \$ — | \$ 2.3 | \$ (2.4) | \$ — | \$ (13.8) |
| Net (loss) income | \$ (57.3) | \$ 49.4 | \$ — | \$ — | \$ 1.9 | \$ (1.9) | \$ — | \$ (7.9) |
| Diluted (loss) income per share | \$ (1.63) | \$ 1.40 | \$ — | \$ — | \$ 0.05 | \$ (0.05) | \$ — | \$ (0.23) |

Appendix



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

| | Three Months Ended | |
|--|--------------------|----------------|
| | July 27, 2024 | July 29, 2023 |
| EBITDA: | | |
| Net (loss) income | \$ (18.3) | \$ 0.9 |
| Income tax expense | 5.2 | 0.1 |
| Interest expense, net | 4.8 | 2.8 |
| Amortization of intangibles | 5.9 | 5.7 |
| Depreciation | 8.2 | 8.3 |
| EBITDA | 5.8 | 17.8 |
| Acquisition costs | — | 0.5 |
| Acquisition-related costs - purchase accounting adjustments related to inventory | — | 0.3 |
| Transformation costs | 2.2 | — |
| Partial write-off of unamortized debt issuance costs | 1.2 | — |
| Restructuring and asset impairment charges | 0.6 | 0.7 |
| Adjusted EBITDA | \$ 9.8 | \$ 19.3 |

| | Three Months Ended | |
|--|--------------------|------------------|
| | July 27, 2024 | July 29, 2023 |
| Free Cash Flow: | | |
| Net cash provided by operating activities | \$ 10.9 | \$ (5.6) |
| Purchases of property, plant and equipment | (13.6) | (13.8) |
| Free cash flow | \$ (2.7) | \$ (19.4) |

| | July 27, 2024 | April 27, 2024 |
|---------------------------------|-----------------|-----------------|
| Net Debt: | | |
| Short-term debt | \$ 0.2 | \$ 0.2 |
| Long-term debt | 295.8 | 330.7 |
| Total debt | 296.0 | 330.9 |
| Less: cash and cash equivalents | (111.3) | (161.5) |
| Net debt | \$ 184.7 | \$ 169.4 |

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

| | Three Months Ended | | Fiscal Year Ended | |
|--|--------------------|----------------|-------------------|-----------------|
| | April 27, 2024 | April 29, 2023 | April 27, 2024 | April 29, 2023 |
| EBITDA: | | | | |
| Net (loss) income | \$ (57.3) | \$ 8.1 | \$ (123.3) | \$ 77.1 |
| Income tax (benefit) expense | (5.8) | (0.3) | (4.8) | 13.0 |
| Interest expense, net | 4.5 | 1.4 | 16.7 | 2.7 |
| Amortization of intangibles | 6.0 | 4.7 | 24.0 | 18.8 |
| Depreciation | 8.6 | 8.0 | 33.9 | 30.7 |
| EBITDA | (44.0) | 21.9 | (53.5) | 142.3 |
| Goodwill impairment | 49.4 | — | 105.9 | — |
| Acquisition costs | — | 6.8 | 0.5 | 6.8 |
| Acquisition-related costs - purchase accounting adjustments related to inventory | — | — | 0.5 | — |
| Restructuring and impairment charges | 2.3 | 0.4 | 3.7 | 1.0 |
| Costs related to the reorganization of a foreign subsidiary | — | 2.6 | — | 2.6 |
| Net gain on sale of non-core assets | (2.4) | — | (1.8) | — |
| Adjusted EBITDA | \$ 5.3 | \$ 31.7 | \$ 55.3 | \$ 152.7 |