



Third Quarter Fiscal 2022 Webcast

August 23, 2022

Ascend

STRATEGY



NBS NEXT



OWNER MINDSET



WINNING TEAMS

Safe Harbor Statement

Under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by terminology such as “may,” “will,” “should,” “could,” “expects,” “anticipates,” “believes,” “projects,” “forecasts,” “outlook,” “guidance,” “continue,” “target,” or the negative of these terms or comparable terminology. These statements reflect management’s current expectations and involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, U.S. and international economic conditions; financial and market conditions; currency exchange rates and devaluations; possible acquisitions, including the Company’s ability to successfully integrate acquisitions; the Company’s ability to successfully divest or dispose of businesses that are deemed not to fit with its strategic plan; the effects of changes in U.S. trade policy and trade agreements; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, including the conflict between Russia and Ukraine, acts of terror, natural disasters and pandemics, including the coronavirus (COVID-19) pandemic and the other factors discussed in Item 1A (Risk Factors) in the Company’s most recently filed Annual Report on Form 10-K and in its Forms 10-Q filed with the Securities and Exchange Commission, which should be reviewed carefully. The Company undertakes no obligation to update or revise any forward-looking statement in this press release.

Agenda

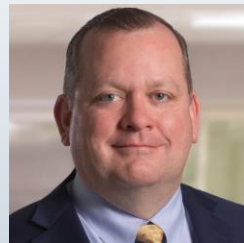
3Q Fiscal 2022 Webcast – August 23, 2022

- Third Quarter Highlights
- Sales Performance and Earnings Review
- Cash Flow and Balance Sheet
- Enterprise Performance Update, including CyberOptics acquisition
- Confirming Fiscal 2022 Full-Year Guidance
- Q&A



Sundaram Nagarajan

President and
Chief Executive Officer



Joseph Kelley

Executive Vice President,
Chief Financial Officer



Lara Mahoney

Vice President,
Investor Relations

3Q 2022 Highlights

Strong execution with NBS Next driving record results

- 1 Record sales performance from strong demand
- 2 Steady deployment of the NBS Next growth framework
- 3 Dedicated employees driving results

Total Company – 3Q 2022



Quarterly Sales Results

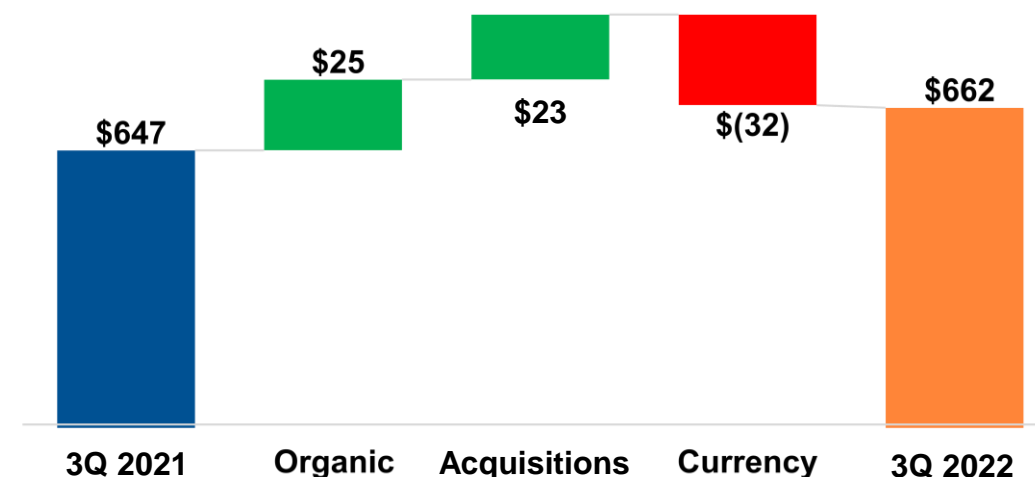
- Reported sales increased 2%
- Constant currency sales increased 7%, driven by 4% organic growth plus the acquisition impact
- Record sales of \$662 million driven by strong demand across most end markets, particularly in electronics and medical; despite currency headwinds

Operating Profit

- Operating profit of \$188 million, 28% of sales
- Organic sales volume leverage was offset by unfavorable currency impacts
- Earnings growth of 3%
- EBITDA margin of 32%

5 Numbers reflect adjusted operating profit – see reconciliation in appendix

3Q 2022 Sales Bridge



	3Q 2021	3Q 2022	Δ
Sales	\$646.9	\$662.1	2%
Operating Profit*	\$188.3	\$188.3	
EBITDA*	\$215.2	\$213.2	(1)%
EPS Adjusted*	\$2.42	\$2.49	3%

*Non-GAAP number - See appendix for reconciliation. In millions except for per share data.

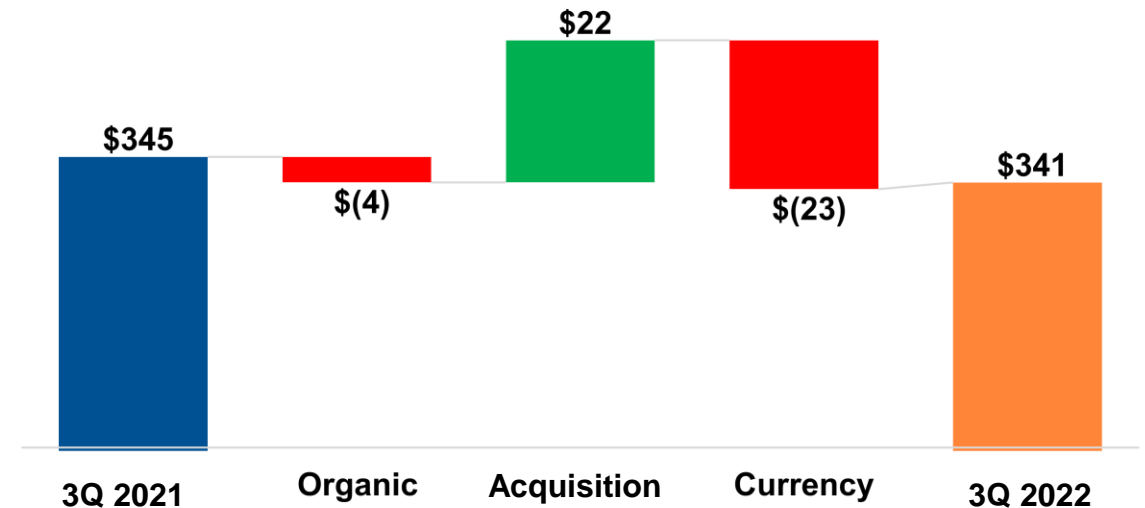
Sales

- 1% sales decrease. By comparison, IPS had record sales in 3Q21 driven by \$20 million in orders pulled forward from the fourth quarter
- Constant currency sales increased 5% driven by acquisition impact of 7%

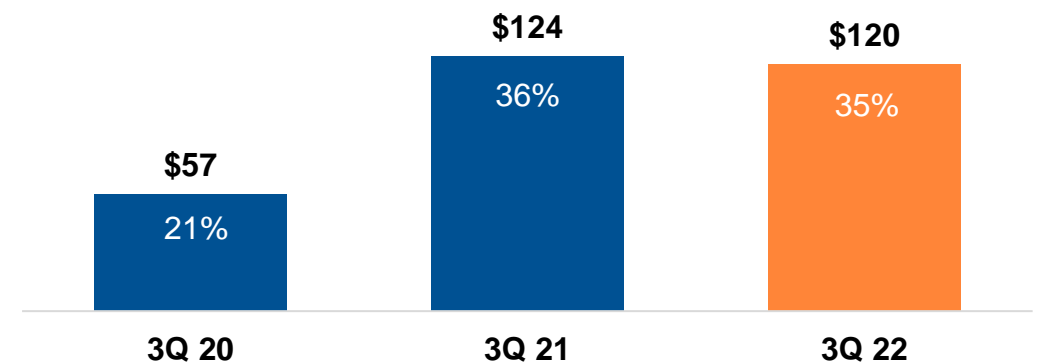
Operating Profit

- Operating profit declined 3% to \$120 million, or 35% of sales
- Benefits of volume growth offset by unfavorable currency impacts

3Q 2022 IPS Sales Bridge



Operating Profit and Margin



Sales

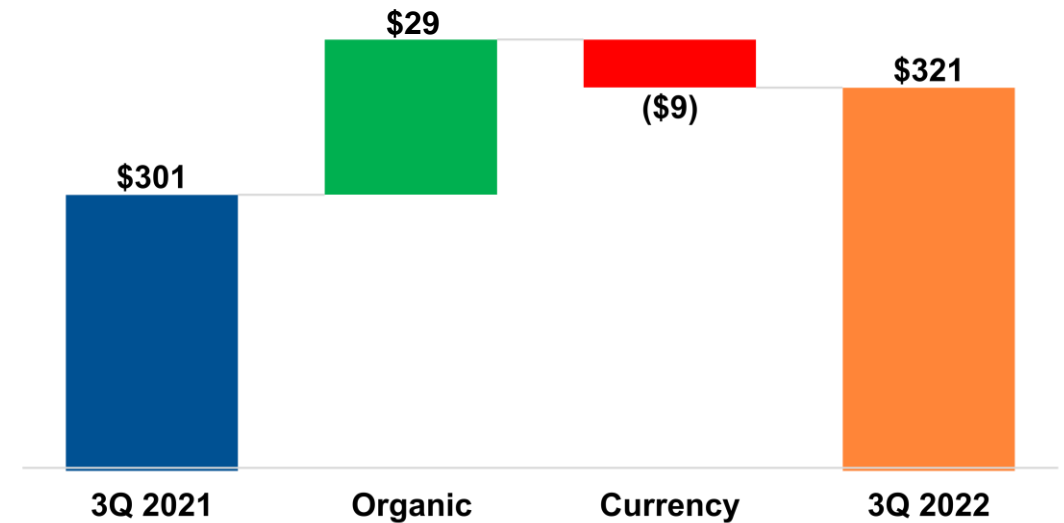
- Sales increased 7% to \$321 million, which beat the 2Q22 quarterly revenue record
- 10% organic growth; (3)% unfavorable currency impact
- Growth driven by robust demand in all product lines, particularly electronics dispense and biopharma fluid components

Operating Profit

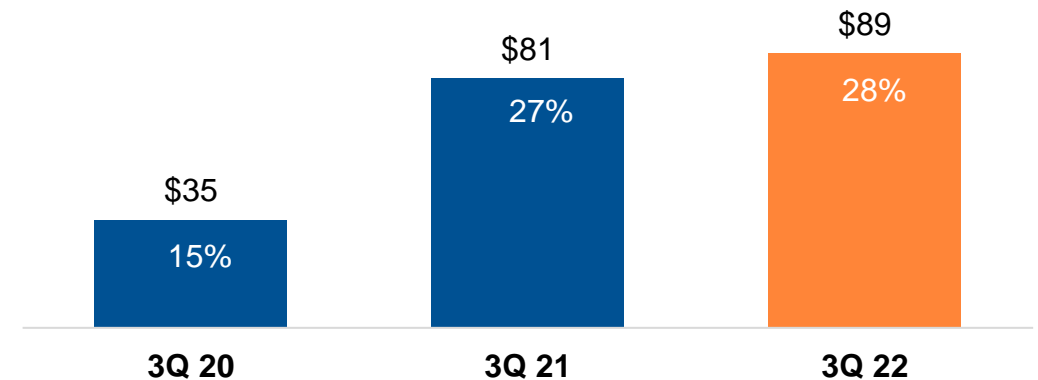
- Operating profit increased 10% compared to the prior year and was 28% of sales
- Driven by sales volume leverage, offset by currency and inflationary pressures
- 40%+ incremental operating profit margins supported by NBS Next deployment

7 Numbers reflect adjusted operating profit – see reconciliation in appendix

3Q 2022 ATS Sales Bridge



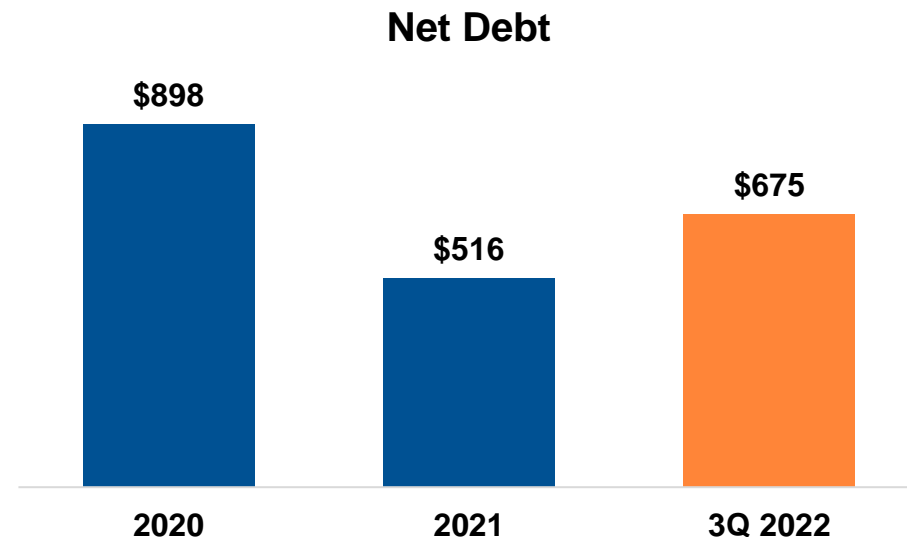
Operating Profit and Margin



Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

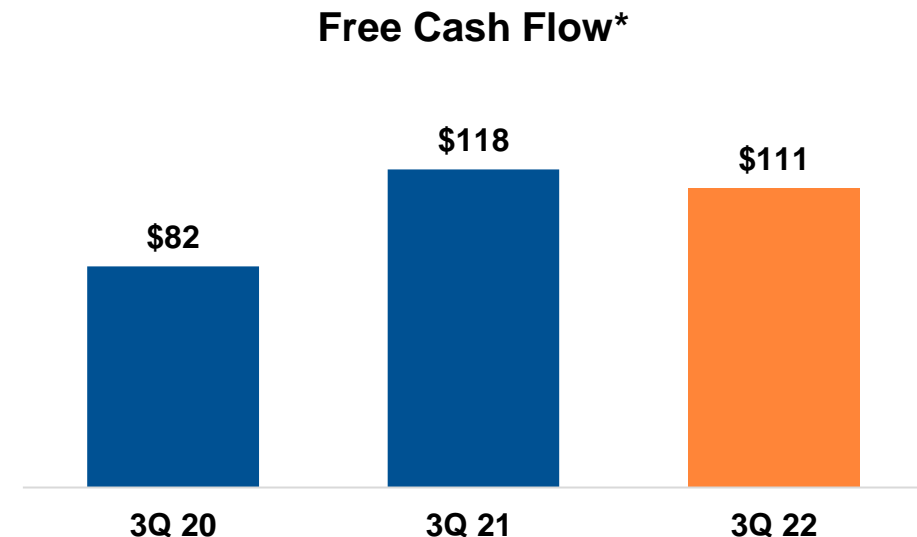
Net Debt

- Cash totaled \$129 million
- Net debt was \$675 million
- 0.9X leverage ratio based on trailing 12-month EBITDA*



Free Cash Flow

- 78% conversion on net income
- Board approved 27% increase in annual dividend
- \$230 million invested in opportunistic share repurchases year to date



New Segment Reporting Structure

Effective August 1, new reporting structure highlights areas of growth focus



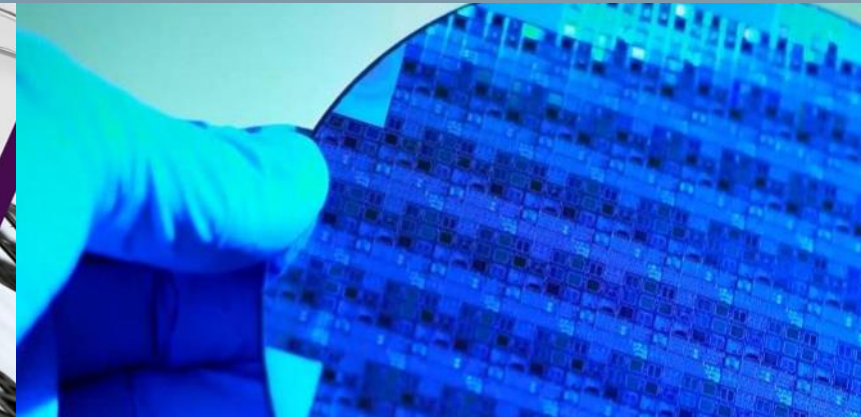
Industrial Precision Solutions

- Proprietary dispensing and processing technology for adhesives, coatings, paints, finishes, sealants and other materials across diverse end markets
- **Led by Jeffrey Pembroke**



Medical and Fluid Solutions

- Fluid management solutions for medical, high-tech industrial, and other diverse end markets.
- **Led by Stephen Lovass**



Advanced Technology Solutions

- Precisely controlled dispensing, surface treatment and test and inspection for electronics applications
- **Led by Srin Subramanian**

ACQUISITION FEATURES:

- Strategic fit for test and inspection division, which includes x-ray, acoustic and optical applications
- Expands Nordson's optical portfolio into sensor technology

CORE TECHNOLOGIES:

- **Precision 3D optical sensors and systems** for semiconductor and PCBA inspection

Key differentiator = ability to suppress multiple reflections, an inherent issue in optical sensing → significantly higher speed, resolution, accuracy, precision

- **WaferSense Wireless sensors** for semiconductor manufacturing equipment health & process monitoring/calibration

Systems

Metrology and Inspection Systems for Wafer-Level and Advanced Packaging (incorporating MRS Sensor)



Sensors

Ultra high-resolution 3D optical sensor (MRS)



Wireless semiconductor measurement device



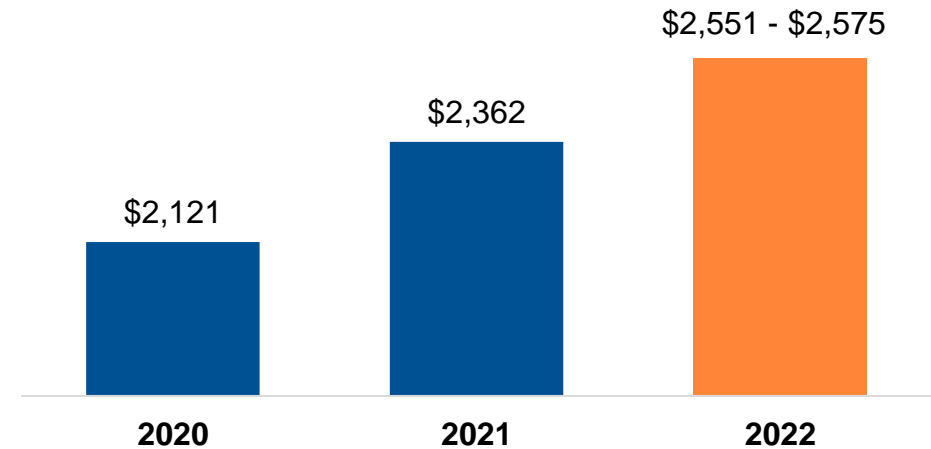
Full-Year Fiscal 2022 Guidance



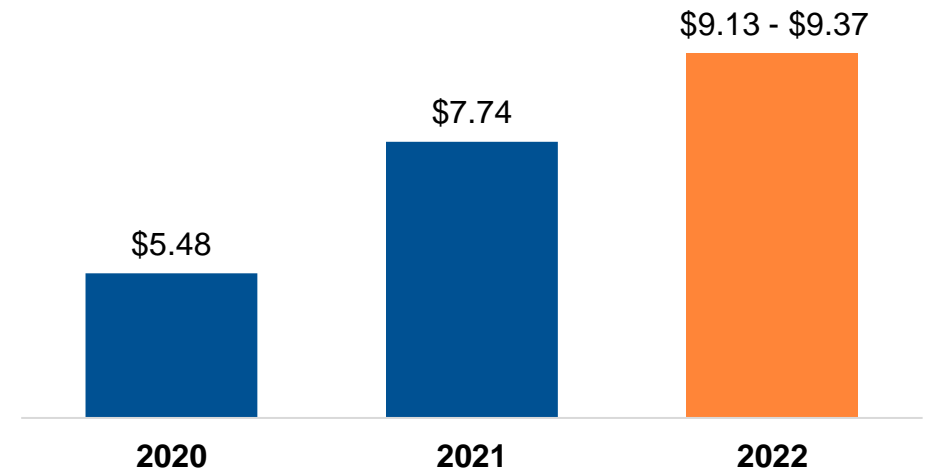
Full-Year Growth from Record 2021

- Fiscal 2022 sales growth of ~8-9%
- Adjusted earnings growth to ~18-21%.
- Midpoint of guidance implies 4Q 2022 sales growth of 10% and earnings growth of 20% compared to prior year
- Strong sales and earnings growth against record year is evidence of diversification of the business, precision technologies, customer-centric model, NBS Next growth framework and dedicated employees

Full-Year Sales Guidance



Full-Year Adjusted EPS Guidance





Questions?

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WINNING TEAMS

Reconciliation of Non-GAAP Measures

Adjusted Operating Profit and EBITDA (Dollars in thousands)



NORDSON CORPORATION
RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED OPERATING PROFIT AND EBITDA (Unaudited)
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
SALES BY SEGMENT				
Industrial precision solutions	\$ 341,215	\$ 345,449	\$ 981,582	\$ 932,640
Advanced technology solutions	320,913	301,409	925,115	830,322
Total sales	<u>\$ 662,128</u>	<u>\$ 646,858</u>	<u>\$1,906,697</u>	<u>\$1,762,962</u>
OPERATING PROFIT				
Industrial precision solutions	\$ 119,706	\$ 123,829	\$ 324,089	\$ 311,515
Advanced technology solutions	86,258	80,769	261,043	204,556
Corporate	(21,046)	(16,322)	(60,381)	(52,379)
Total operating profit	<u>\$ 184,918</u>	<u>\$ 188,276</u>	<u>\$ 524,751</u>	<u>\$ 463,692</u>
OPERATING PROFIT ADJUSTMENTS ⁽¹⁾				
Industrial precision solutions	\$ —	\$ —	\$ 1,563	\$ —
Advanced technology solutions	2,498	—	2,498	—
Corporate	897	—	897	—
Total adjustments	<u>\$ 3,395</u>	<u>\$ —</u>	<u>\$ 4,958</u>	<u>\$ —</u>
ADJUSTED OPERATING PROFIT (NON-GAAP) ⁽²⁾				
		% of Sales		% of Sales
Industrial precision solutions	\$ 119,706	35%	\$ 123,829	36%
Advanced technology solutions	88,756	28%	80,769	27%
Corporate	(20,149)		(16,322)	
Total operating profit - adjusted	<u>\$ 188,313</u>	<u>28%</u>	<u>\$ 188,276</u>	<u>29%</u>
		% of Sales		% of Sales
Industrial precision solutions	\$ 325,652	33%	\$ 311,515	33%
Advanced technology solutions	263,541	28%	204,556	25%
Corporate	(59,484)		(52,379)	
Total operating profit - adjusted	<u>\$ 529,709</u>	<u>28%</u>	<u>\$ 463,692</u>	<u>26%</u>
DEPRECIATION & AMORTIZATION				
Industrial precision solutions	\$ 6,347	\$ 5,964	\$ 20,705	\$ 19,414
Advanced technology solutions	17,216	18,474	48,851	51,439
Corporate	1,324	2,460	5,686	7,380
Total depreciation & amortization	<u>\$ 24,887</u>	<u>\$ 26,898</u>	<u>\$ 75,242</u>	<u>\$ 78,233</u>
EBITDA (NON-GAAP) ⁽²⁾				
Industrial precision solutions	\$ 126,053	37%	\$ 129,793	38%
Advanced technology solutions	105,972	33%	99,243	33%
Corporate	(18,825)		(13,862)	
Total EBITDA	<u>\$ 213,200</u>	<u>32%</u>	<u>\$ 215,174</u>	<u>33%</u>

⁽¹⁾ Represents severance and non-cash inventory charges associated with the NDC acquisition.

⁽²⁾ Adjusted operating profit and EBITDA are non-GAAP measures used by management to evaluate the Company's ongoing operations. Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance and non-cash inventory charges associated with acquisitions or facility closures. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

The Company also uses the non-GAAP financial measure "constant currency" sales or sales "on a constant currency basis" to show changes in our revenue without giving effect to period-to-period currency fluctuations. Constant currency is defined as sales growth excluding the impacts of changes in foreign currencies. We express period over period revenue variances that are calculated in constant currency as a percentage. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any benefit.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)



NORDSON CORPORATION
RECONCILIATION OF NON-GAAP MEASURES - PROFITABILITY (Unaudited)
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
GAAP AS REPORTED				
Operating profit	\$ 184,918	\$ 188,276	\$ 524,751	\$ 463,692
Other / interest expense - net	(4,413)	(7,879)	(53,012)	(29,625)
Net income	141,811	142,182	371,854	343,908
Diluted earnings per share	\$ 2.45	\$ 2.42	\$ 6.37	\$ 5.86
Shares outstanding - diluted	57,969	58,735	58,392	58,714
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	\$ —	\$ —	\$ 1,563	\$ —
Severance and other	\$ 3,395	\$ —	\$ 3,395	\$ —
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	\$ —	\$ —	\$ 41,221	\$ —
Total adjustments	\$ 3,395	\$ —	\$ 46,179	\$ —
Adjustments net of tax	\$ 2,667	\$ —	\$ 36,401	\$ —
EPS effect of adjustments	\$ 0.04	\$ —	\$ 0.62	\$ —
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit ⁽¹⁾	\$ 188,313	\$ 188,276	\$ 529,709	\$ 463,692
Operating profit % of sales	28.4 %	29.1 %	27.8 %	26.3 %
Net income ⁽²⁾	\$ 144,478	\$ 142,182	\$ 408,255	\$ 343,908
Diluted earnings per share ⁽³⁾	\$ 2.49	\$ 2.42	\$ 6.99	\$ 5.86

⁽¹⁾ Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance, non-cash inventory charges related to the NDC acquisition, and facility closures. Adjusted operating profit as a percentage of sales is defined as adjusted operating profit divided by sales.

⁽²⁾ Adjusted net income is defined as net income plus tax effected adjustments and other discrete tax items.

⁽³⁾ Adjusted earnings per share is defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

Management uses these non-GAAP measures internally to make strategic decisions, forecast future results, and evaluate the Company's current performance. Given management's use of these non-GAAP measures, the Company believes these measures are important to investors in understanding the Company's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in the Company's core business across different time periods. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures to other companies' non-GAAP financial measures, even if they have similar names. Amounts may not add due to rounding.