



FISCAL 2022

THIRD QUARTER FINANCIAL RESULTS

March 3, 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) Impact from pandemics, such as the COVID-19 pandemic; 2) Dependence on the automotive and commercial vehicle industries; 3) Dependence on our supply chain, including semiconductor suppliers; 4) Dependence on a small number of large customers, including two large automotive customers; 5) Dependence on the availability and price of materials; 6) Failure to attract and retain qualified personnel; 7) Timing, quality and cost of new program launches; 8) Risks related to conducting global operations; 9) Ability to compete effectively; 10) Investment in programs prior to the recognition of revenue; 11) Ability to withstand pricing pressures, including price reductions; 12) Impact from production delays or cancelled orders; 13) Ability to successfully benefit from acquisitions and divestitures; 14) Ability to withstand business interruptions; 15) Breaches to our information technology systems; 16) Ability to keep pace with rapid technological changes; 17) Ability to protect our intellectual property; 18) Costs associated with environmental, health and safety regulations; 19) International trade disputes resulting in tariffs and our ability to mitigate tariffs; 20) Impact from climate change and related regulations; 21) Ability to avoid design or manufacturing defects; 22) Recognition of goodwill and long-lived asset impairment charges; 23) Ability to manage our debt levels and any restrictions thereunder; 24) Currency fluctuations; 25) Income tax rate fluctuations; 26) Judgments related to accounting for tax positions; 27) Adjustments to compensation expense for performance-based awards; 28) Timing and magnitude of costs associated with restructuring activities; and 29) Impact to interest expense from the replacement or modification of LIBOR.

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 Q3 Highlights

Quarterly Performance

Sales of \$292 Million, Including \$9M in Freight Recovery
European Auto Demand Headwind
Strength in Power and Lighting Products

Business Activity

Supply Chain Mitigation and Restructuring Efforts
New Program Awards over \$100 Million
EV Programs ~70% of New Awards



Electric Vehicle Activity

Record EV Application Sales
19% of Q3 Consolidated Sales
Expect High-Teens % in FY22, Up from Mid-Teens

Balance Sheet & Cash Flow

Lowest Debt Level Since Grakon Acquisition
Purchased \$21 Million of Methode Shares
\$71 Million of \$100 Million Authorization Executed

FY22 Q3 Select Business Awards

Electric Vehicles



- Inverter Busbar Assembly for European Auto OEM
- Battery Busbar Assembly for European Auto OEM
- Multi-function Switch Assembly for Asian Auto OEM
- Electronic Parking Brake Switch for European Auto OEM
- Battery Busbar Assembly for European Auto OEM
- Battery Disconnect Unit for U.S. Auto OEM

} \$75M*

Non-EV Automotive



- HVAC Switch Bar for European Auto OEM
- Overhead Console for European Auto OEM
- Electronic Parking Brake Switch for European Auto OEM
- HVAC Switch Bar for European Auto OEM

} \$23M*

Other



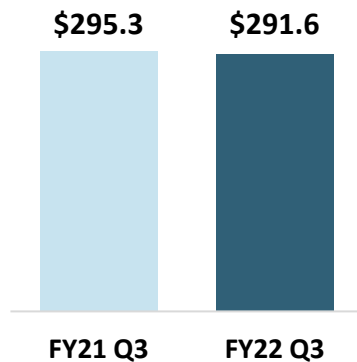
- Forward LED Lighting for U.S. Motor Sports OEM
- Micro DPU for N.A. Telecommunications Supplier

} \$5M*

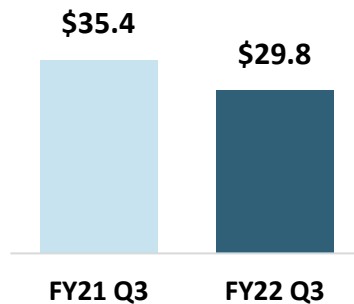
Financial Results

FY22 Q3 Financial Highlights

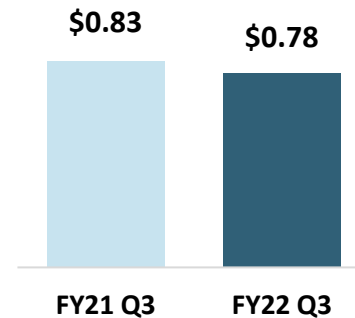
Net Sales (\$M)



Income from Operations (\$M)



Diluted Earnings per Share (\$)



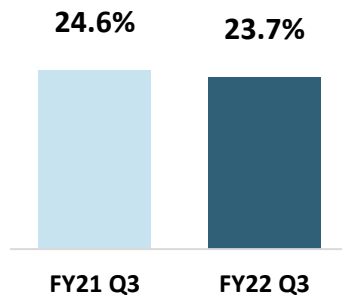
FY22 Q3 Financial Results

Gross Margin %

- Lower product sales volume
- Unfavorable product mix
- Higher restructuring costs

Partially offset by:

- Premium freight cost recovery

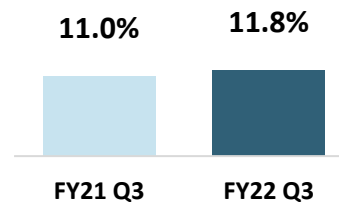


Selling & Administrative %

- Higher restructuring costs
- Higher salary expense

Partially offset by:

- Lower professional fees



FY22 Q3 Financial Results

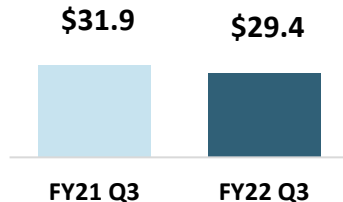
Net Income

(\$M)

- Higher restructuring costs
- Higher cost of products sold
- Higher selling & administrative expense

Partially offset by:

- Premium freight cost recovery
- Higher other income
- Lower tax expense



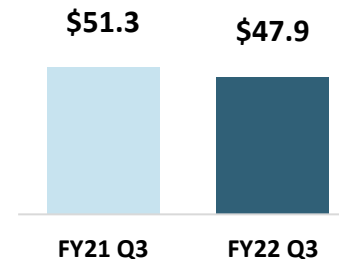
EBITDA*

(\$M)

- Lower income from operations

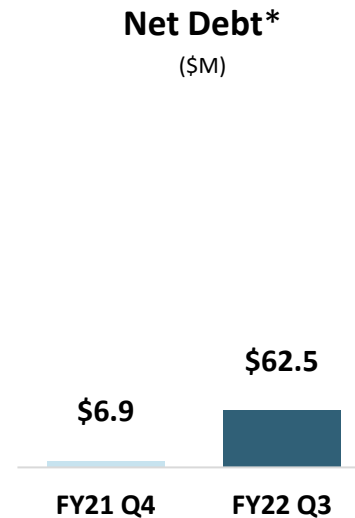
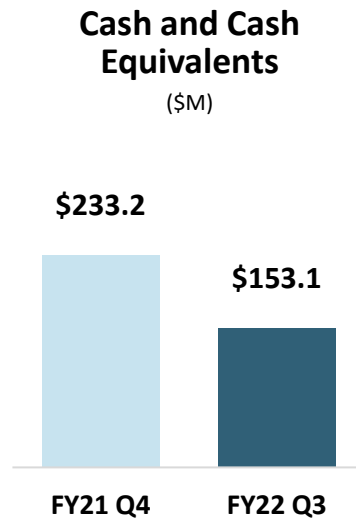
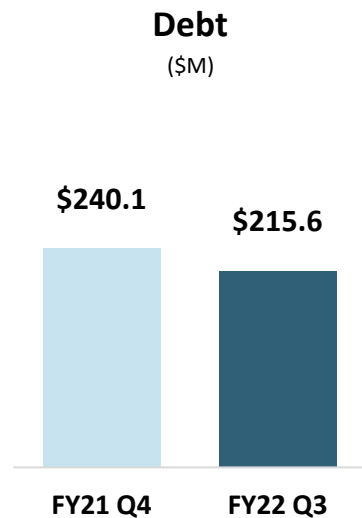
Partially offset by:

- Higher other income



* See Appendix for reconciliation to GAAP

FY22 Q3 Balance Sheet



* See Appendix for reconciliation to GAAP

FY22 Q3 Free Cash Flow

Net Cash Provided by Operating Activities

(\$M)

\$87.1**



FY21 Q3

\$20.1

FY22 Q3

Capital Expenditure

(\$M)

\$4.9



FY21 Q3

\$8.3

FY22 Q3

Free Cash Flow*

(\$M)

\$82.2**



FY21 Q3

\$11.8

FY22 Q3

* See Appendix for reconciliation to GAAP

** Included \$39.1 million from working capital reductions

FY22 Guidance

FY22 Full Year

- Net sales for FY22 of **\$1,160 - \$1,170** million, up from \$1,140 - \$1,160
- Diluted earnings per share for FY22 of **\$3.05 - \$3.15**, narrowed from \$3.00 - \$3.20

The guidance is subject to disruption due to a variety of factors including the impact from the COVID-19 pandemic, the ongoing semiconductor shortage, other supply chain disruptions, and both short and long-term supply chain rationalization and restructuring efforts.

Full Year Guidance Assumes:

- Income Tax Rate at 16% - 17% with no Q4 discrete tax benefits or expenses, prior guidance of 17% - 18%
- CapEx of \$35 - \$40 million, prior guidance of \$45 - \$50 million
- Depreciation and Amortization of \$53 - \$55 million, prior guidance of \$54 - \$57 million
- FY22 Restructuring costs of \$3 - \$4 million



Thank You

Appendix

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

	Three Months Ended		Nine Months Ended	
	January 29, 2022	January 30, 2021	January 29, 2022	January 30, 2021
EBITDA:				
Net income	\$ 29.4	\$ 31.9	\$ 86.0	\$ 91.2
Income tax expense	4.1	4.6	15.3	7.1
Interest expense, net	0.7	1.3	2.9	4.3
Amortization of intangibles	4.8	4.8	14.4	14.5
Depreciation	8.9	8.7	25.2	23.7
EBITDA	<u>\$ 47.9</u>	<u>\$ 51.3</u>	<u>\$ 143.8</u>	<u>\$ 140.8</u>
	Three Months Ended		Nine Months Ended	
	January 29, 2022	January 30, 2021	January 29, 2022	January 30, 2021
Free Cash Flow:				
Net cash provided by operating activities	\$ 20.1	\$ 87.1	\$ 56.8	\$ 143.8
Purchases of property, plant and equipment	(8.3)	(4.9)	(29.6)	(20.1)
Free cash flow	<u>\$ 11.8</u>	<u>\$ 82.2</u>	<u>\$ 27.2</u>	<u>\$ 123.7</u>
	January 29, 2022		May 1, 2021	
Net Debt:				
Short-term debt		\$ 13.2		\$ 14.9
Long-term debt		202.4		225.2
Total debt		215.6		240.1
Less: cash and cash equivalents		(153.1)		(233.2)
Net debt		<u>\$ 62.5</u>		<u>\$ 6.9</u>