



FISCAL 2023

THIRD QUARTER FINANCIAL RESULTS

March 9, 2023

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 Q3 Highlights

Quarterly Performance

Sales of \$280M

Sales Up 3.8% Excluding FX and Cost Recovery

Industrial Segment Power Solutions Driving Growth

Business Activity

Ongoing Material Cost Inflation

Program Awards of ~\$30M

Announced Nordic Lights Tender Offer



Electric Vehicle Activity

Reached a Record 24% of Consolidated Sales

Expecting 21% for Total FY23

\$120M+ EV Program Awards YTD

Balance Sheet & Cash Flow

Continued Debt Reduction

Purchased \$8M of Shares

Free Cash Flow of \$43M

FY23 Q3 Select Business Awards

FY23 Q3 Electric Vehicle Awards

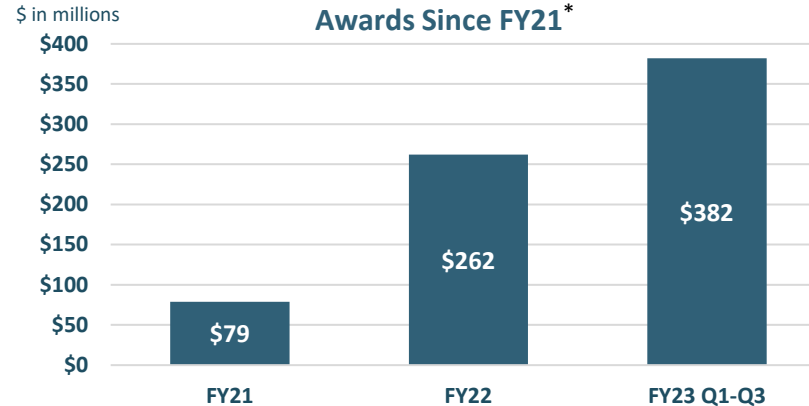


- Ambient Lighting for European Auto OEM
- Busbar Assembly for Asian Auto OEM
- Busbar Assembly for Asian Auto OEM
- Interconnect Board Assembly for Asian Auto OEM
- HVAC Control Panel for Asian Auto OEM



\$21M*

Cumulative Electric Vehicle Awards Since FY21*



Nordic Lights Tender Offer Summary

Overview

- ❖ On February 28, 2023, announced offer to the shareholders of Nordic Lights to tender all their shares
- ❖ The Board of Directors of Nordic Lights agreed to recommend that the shareholders of Nordic Lights accept the offer
- ❖ > 56.5% of shareholders have already undertaken to accept the offer

Rationale

- ❖ Nordic Lights aligns well with Methode's inorganic growth framework given its focus on engineered solutions for OEMs, its industrial and non-auto transportation market exposure, and its customer and geographic diversity
- ❖ Methode considers Nordic Lights to be highly complementary to its own existing LED lighting solutions business
- ❖ Methode will add greater scale to Nordic Lights' business and reduce its reliance on the construction and mining markets
- ❖ Nordic Lights will be able to leverage the Methode brand and cross-sell products to the broader Methode customer base

Offer Price

- ❖ The offer price is EUR 6.30 in cash for each share in Nordic Lights
- ❖ The total equity value of the offer is EUR 132.0 million

Key Terms and Dates

- ❖ The completion of the offer is subject to certain conditions, including, among others:
 - approvals by all necessary regulatory authorities have been received
 - offeror has achieved acceptances in respect of more than 90% of the shares and votes in Nordic Lights
- ❖ The offer period is expected to commence on or about March 15, 2023, and to expire on or about April 14, 2023
- ❖ The offer is currently expected to be completed during the second quarter of calendar 2023

FY23 Q3 Summary

Highlights

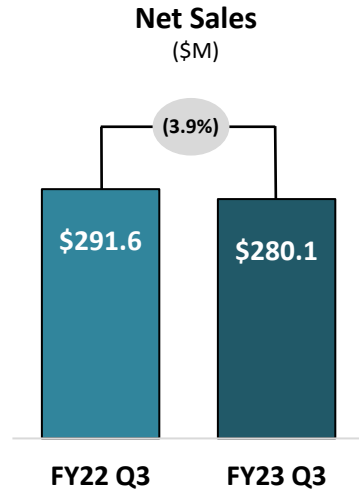
- Solid Sales Driven by Industrial Segment
- Record Quarter for EV Sales
- Strong Free Cash Flow
- Exciting Acquisition Opportunity with Nordic Lights

3-Year Sales Target

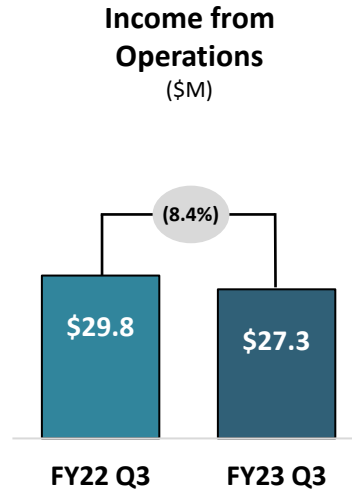
- Reaffirmed Organic Sales CAGR of 6%
- Path to Target Will Not Be Linear
- Multiple Years of Strong Awards Support Target
- Significant Investments in Fiscal 2024 to Support the Launch of Over 20 New Programs
- Program Launch Timing and Market Headwinds in Data Centers and Commercial Vehicles Driving Flat Organic Growth in Fiscal 2024

Financial Results

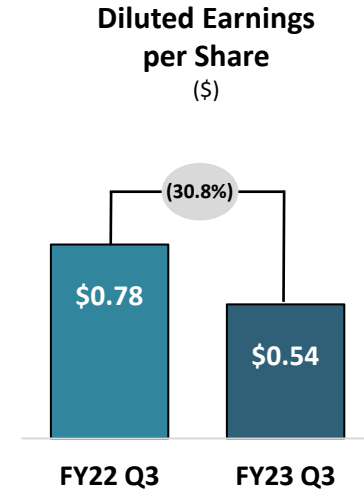
FY23 Q3 Income Statement



- Unfavorable Foreign Currency
- North American Auto Program Roll-off
- + Power Products for EV and Data Centers



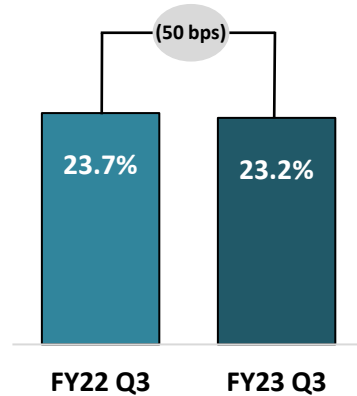
- Unfavorable Foreign Currency
- Material Cost Inflation
- + Lower Selling & Administrative



- Higher Other Expense
- Higher Effective Tax Rate
- Unfavorable Foreign Currency
- + Lower Diluted Share Count

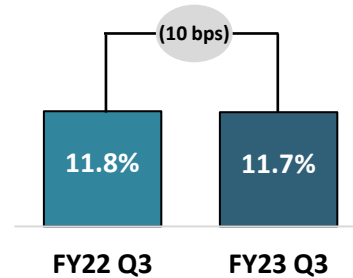
FY23 Q3 Margins and Ratios

Gross Margin
(% of Sales)



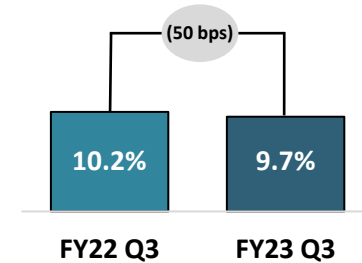
- Higher Material Costs
- Higher Manufacturing Costs
- + Lower Restructuring Expense

Selling & Administrative
(% of Sales)



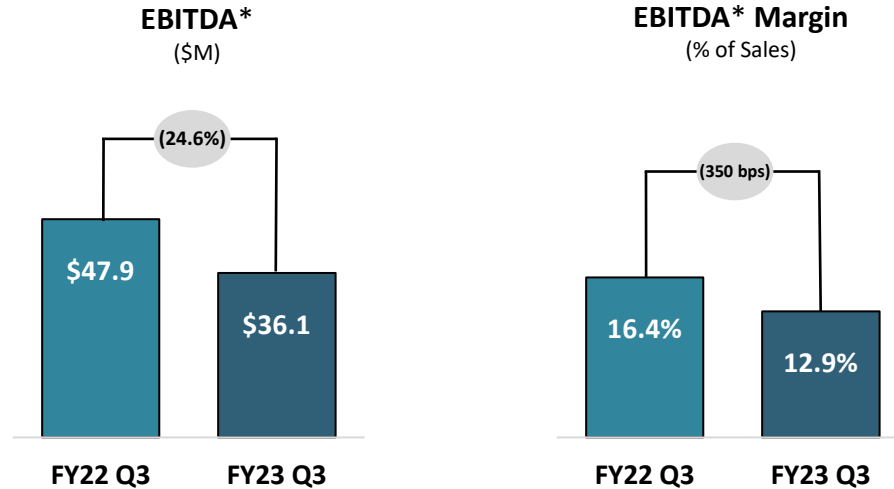
- + Lower Annual Incentive Expense
- + Lower Restructuring Expense
- Higher Salary Expense

Operating Income Margin
(% of Sales)



- Material Cost Inflation
- Unfavorable Foreign Currency
- + Lower Selling & Administrative Expense

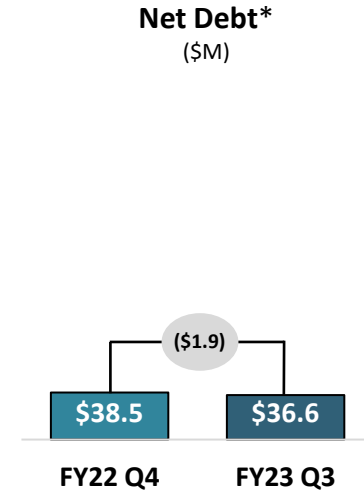
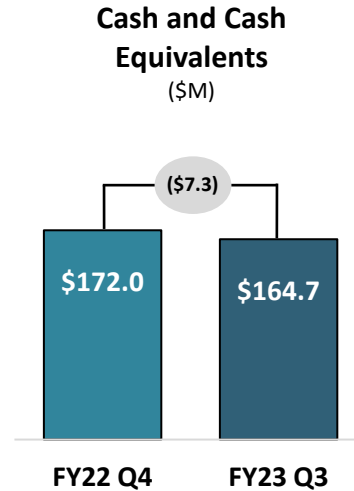
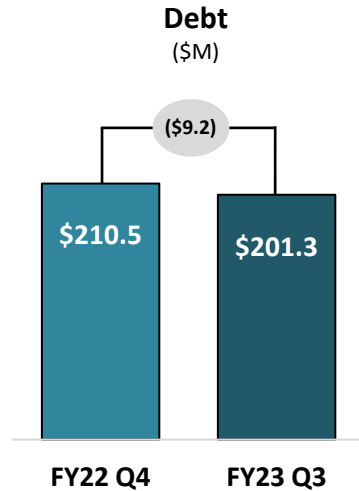
FY23 Q3 EBITDA



- Higher Other Expense
- Lower Sales Volume
- Higher Manufacturing Costs
- Unfavorable Foreign Currency

* See Appendix for reconciliation to GAAP

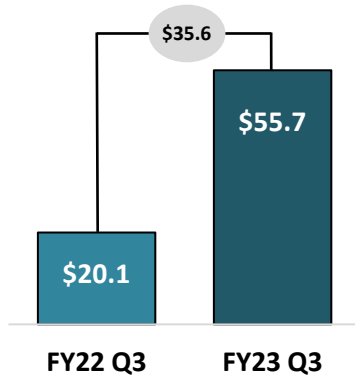
FY23 Q3 Balance Sheet



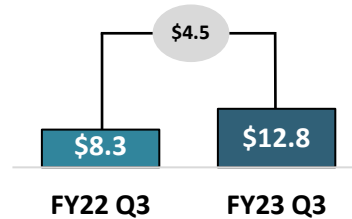
* See Appendix for reconciliation to GAAP

FY23 Q3 Free Cash Flow

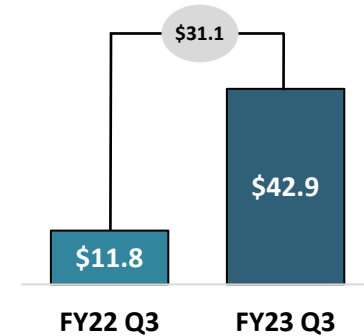
Net Cash Provided by Operating Activities
(\$M)



Capital Expenditure
(\$M)



Free Cash Flow*
(\$M)



* See Appendix for reconciliation to GAAP

Guidance

Fiscal 2023 Full Year Guidance Updated

- Net sales range of **\$1,155 - \$1,180** million, revised from the prior \$1,170 - \$1,200 million
- Diluted earnings per share range of **\$2.50 - \$2.60**, revised from the prior \$2.70 - \$2.90

Fiscal 2023 Guidance Assumptions

- **Does not include acquisition costs**
- Income Tax Rate at 16% - 17% with no discrete tax benefits or expenses
- CapEx of \$40 - \$45 million
- Depreciation and Amortization of \$50 - \$55 million

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

3-Year Sales Target

- Three-year organic sales compounded annual growth rate target of **6% (does not include Nordic Lights)**
- Base year for this target is Fiscal 2022. The target excludes any impact from acquisitions, divestitures, or foreign currency
- **Due to the expected weakness in data centers and commercial vehicles and the timing of an auto program roll-off, organic sales growth in Fiscal 2024 is expected to be flat with Fiscal 2023. Organic growth is then expected to accelerate and reach the targeted 3-year rate in Fiscal 2025**



Thank You

Appendix



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

	Three Months Ended		Nine Months Ended	
	January 28, 2023	January 29, 2022	January 28, 2023	January 29, 2022
EBITDA:				
Net income	\$ 19.9	\$ 29.4	\$ 69.0	\$ 86.0
Income tax expense	3.1	4.1	13.3	15.3
Interest expense, net	0.8	0.7	1.3	2.9
Amortization of intangibles	4.7	4.8	14.1	14.4
Depreciation	7.6	8.9	22.7	25.2
EBITDA	\$ 36.1	\$ 47.9	\$ 120.4	\$ 143.8

	Three Months Ended		Nine Months Ended	
	January 28, 2023	January 29, 2022	January 28, 2023	January 29, 2022
Free Cash Flow:				
Net cash provided by operating activities	\$ 55.7	\$ 20.1	\$ 83.8	\$ 56.8
Purchases of property, plant and equipment	(12.8)	(8.3)	(30.8)	(29.6)
Free cash flow	\$ 42.9	\$ 11.8	\$ 53.0	\$ 27.2

	January 28, 2023	April 30, 2022
Net Debt:		
Short-term debt	\$ 0.5	\$ 13.0
Long-term debt	200.8	197.5
Total debt	201.3	210.5
Less: cash and cash equivalents	(164.7)	(172.0)
Net debt	\$ 36.6	\$ 38.5