Q1 FY'26 Earnings

AUGUST 6, 2025

Forward Looking Statements

As a reminder, we will be presenting certain forward-looking statements on this call that are based on Management's current expectations and views regarding future events and operating performance and are subject to uncertainties and changes in circumstances. Our actual results may differ materially from the forward-looking statements for a number of reasons. Our forward-looking statements are applicable only as of the date of this presentation. For a list of the factors which could affect our future results, including our earnings estimates, see forward-looking statements included in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, and the "Caution Concerning Forward-Looking Statements" section of our press release and 8-K dated August 6, 2025, which was filed with the U.S. Securities and Exchange Commission.

In addition, we will also be presenting certain non-GAAP financial measures. For an explanation of the differences between the comparable GAAP financial information and the non-GAAP information, please see our company's Form 8-K which includes our press release dated August 6, 2025, which is located on our website at www.enersys.com.

Q1 FY’26 Overview

SHAWN O'CONNELL

PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Q1’26 Call Highlights

- Introducing EnerGize, our strategic framework to transform and grow our company
- Q1’26 net sales +5% Y/Y and adjusted EPS[1] ex 45X benefits (6%) on FX pressure
- Managing tariff uncertainty well and benefiting from the strength of diverse end markets
- Returned $159M to shareholders through buybacks and dividends; increased buyback authorization by $1B, to be executed over 5 years
- Q2 guidance[2] reflects sales flat Y/Y, with adjusted EPS[3] +8% ex 45X

[1] Non-GAAP measure. Please refer to appendix for reconciliation. Includes IRC 45X tax credit recorded in Cost of Sales (COS): $38M in Q1’26 and $33M in Q1’25
[2] Q2’26 guidance assumes tariff rates as of August 6, 2025.
[3] EnerSys does not provide a quantitative reconciliation for forward-looking statements. Please see our latest Form 8-K which includes our press release dated August 6, 2025, for more details.

Introducing EnerGize
Strategic Framework to Transform and Grow

OPTIMIZE
Our Core

1

- Restructuring for operational efficiency and effectiveness
  - Streamlining organization
  - 11% workforce reduction; $80M[1] annualized savings
- Establishing Centers of Excellence (CoEs)
  - Faster decision making, unique expertise, reduced complexities

INVIGORATE
Our Operating Model

2

- Enhancing strategic planning processes and operational excellence metrics
- Emphasizing accountability
- Bringing new products to market faster
- Driving more focus with capital allocation choices

ACCELERATE
Our Growth

3

- Leveraging leading market positions to grow in current and adjacent end-markets
- Accelerating new product solutions our customers want (e.g., BESS, predictive analytics, services)
- Taking disciplined approach to capital allocation

Designed to Deliver Higher Organic Growth, Margins, and Returns

[1] $80M annualized savings beginning in FY'26; $30M - $35M expected starting H2 FY'26

Optimizing our Core: Centers of Excellence

DELIVERING VALUE TO CUSTOMERS

Lead Acid CoE

- Drives global operational consistency across all our lead acid and TPPL plants
- Improves productivity and enhances delivery reliability to our customers
- Optimizes our more stable, capital-intensive lead acid manufacturing through standard work, plant performance, and balanced production

Power Electronics CoE

- Manages contract manufacturing, assembly operations, strategic sourcing and supply chain management in one cohesive, highly skilled structure
- Accelerates speed to market leveraging strong external partnerships across the org
- Optimizes nimbleness and working capital requirements of the highly technical, asset light portion of our company

Lithium-Ion CoE

- Accelerates innovation and improves execution, leveraging deep expertise across LoBs
- Ensures new product introductions meet our customers' needs
- Secures our position as a market leader

Building an Engine for Growth

Accelerate Growth: Advancing Core Growth Vectors

STRATEGIC BOLT-ON ACQUISITION

- Combined with Bren-Tronics, offers a fully integrated portfolio designed to meet the evolving demands of modern military operations
- Specializes in cost-effective, technology-driven lithium-ion based hybrid power / energy storage systems and communications solutions for the defense industry
- Leverages our leading position as a power solution provider for the defense sector
- Enhances talent and skills to benefit our Lithium CoE and BESS product development capabilities

Broadens Portfolio and Accelerates Product Roadmap for Lithium Technology in Defense

Q1'26 Performance

ADJUSTED EPS EX 45X $1.11 DOWN(6%) Y/Y ON FX PRESSURE

$893M	$114M	$123M	$2.08	($32M)
Net Sales	Adj Op Earnings[1,2]	Adj EBITDA[1,2]	Adj EPS[1,2]	Free Cash Flow[1,3]
+5% Y/Y	+8% Y/Y	+2% Y/Y	+5% Y/Y	($6M) Y/Y
	+4% Y/Y ex 45X	*(4%) Y/Y ex 45X*	*(6%) Y/Y ex 45X*	

Gross Margin of 28.4% +40bps Y/Y; ex 45X Gross Margin of 24.1%, flat Y/Y

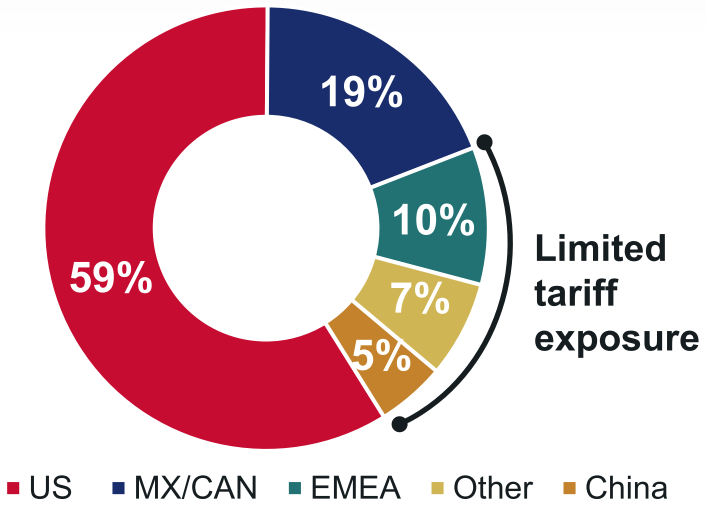
[1] Non-GAAP measure. Please refer to appendix for reconciliation.
[2] Includes $38M of IRC 45X tax credit recorded in Cost of Sales (COS) in Q1'26 and $33M in Q1'25
[3] Q1 is typically a seasonally low cash flow quarter for ENS

Tariff Landscape & Mitigation

TARIFF EXPOSURE[1]

- ~$94M current direct tariff exposure
- ~65% global revenue is in the US
- US supply sourced from:
  - 78% US or USMCA compliant
  - 22% limited tariff exposure
    - EMEA exposure primarily EU and UK
    - Other exposure primarily Southeast Asia

ORIGIN OF US SUPPLY SOURCES



MITIGATION & ACTIONS

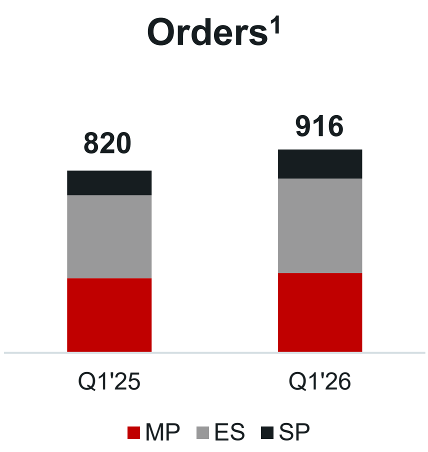
- Dedicated Tariff Task Force in place
- Proactively assessing and mitigating:
  - Direct tariff and inflation pressures
  - Market dynamics, including headwinds and opportunities
- Actioning supply chain and pricing mitigations
- Structural buffers in place from our longstanding practices
  - Producing in region for region
  - Onshoring from China
  - Dual sourcing
  - Footprint rationalization

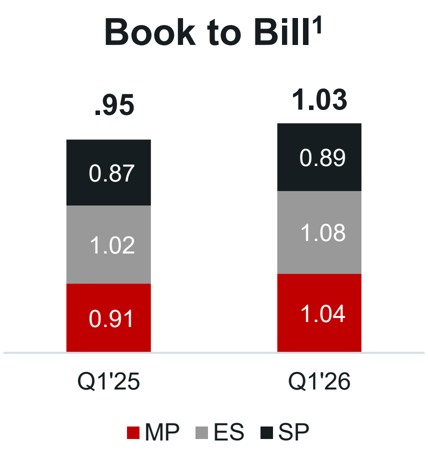
Committed to Fully Mitigating Financial Impact of Tariffs

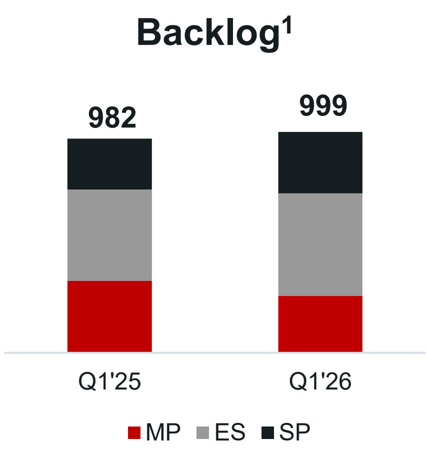
[1] Tariff exposure as of August 6, 2025. Annualized amount for FY'26.

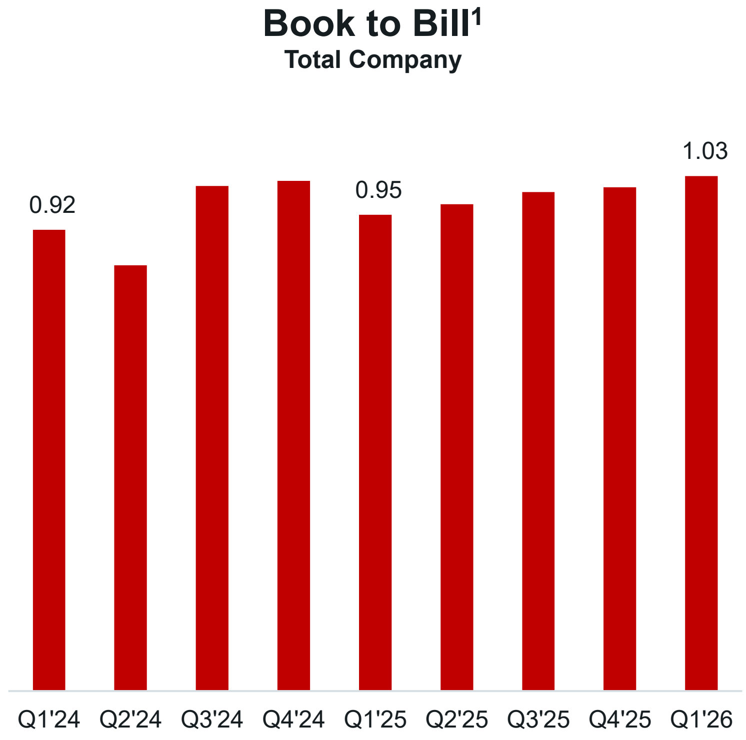
Demand Trends

ORDER PATTERNS INDICATIVE OF ONGOING STEADY GROWTH









- Q1’26 orders +12% Y/Y with strength across all LOBs
- Q1’26 book to bill highest level in 3 years
  - MP 1.04; ES 1.08; SP .89 (1.05 excl Trans)
- Q1’26 backlog healthy overall; higher ES & SP offsetting return to pre-COVID ordering patterns in MP

Backlog Moderated but Stable Despite Dynamic Macro Environment

[1] Stated in a constant currency at a static budgeted exchange rate
MP – Motive Power
ES – Energy Systems
SP – Specialty

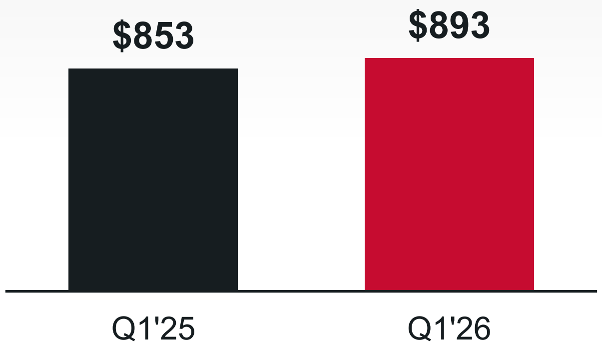
Q1’26 Financial Results
Q2’26 Outlook

ANDI FUNK

EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

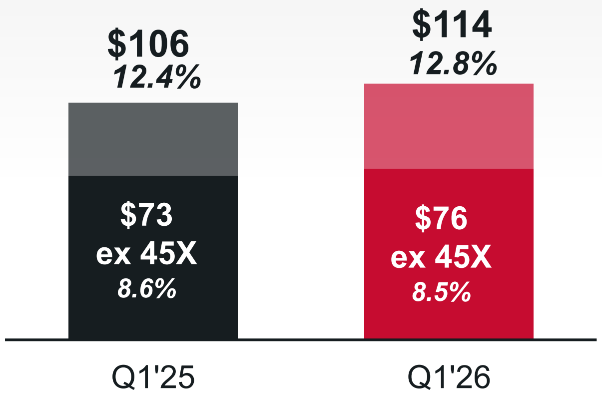
Q1’26 Results

NET SALES

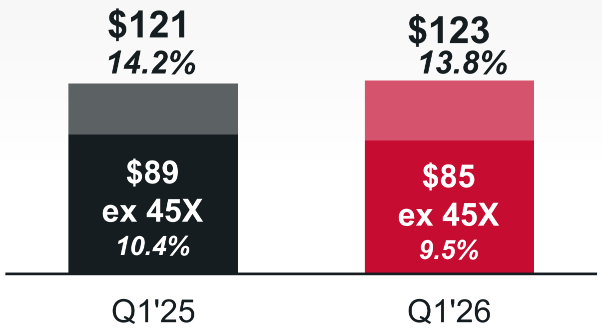


Y/Y %Δ
Volume (1%)
Price/mix +1%
Acquisition +4%
FX +1%
Total +5%

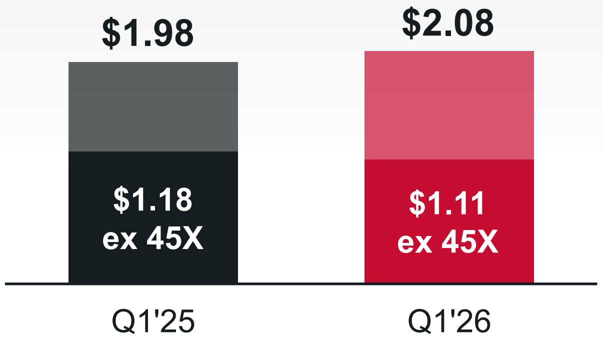
ADJ OP EARNINGS[1] & MARGIN



ADJ EBITDA[1] & MARGIN



ADJ DILUTED EPS[1]



Adjusted Op Earnings ex 45X +4% Y/Y on +5% Net Sales Growth

[1] Non-GAAP measure. Please refer to appendix for reconciliation. Includes IRC 45X tax credit recorded in Cost of Sales (COS): $38M in Q1’26 and $33M in Q1’25

Prior Year 45X | Current Year 45X
Prior Year Base | Current Year Base

($M, except EPS)

Q1’26 Business Segment Financials

($M and Y/Y %)	Net Sales	Adj Op Earnings[1]	Adj OE Margin[1]
Energy Systems	$391 +8% — Volume +5%, Price/mix +2%, FX +1%	$27.4 +44%	7.0% +170 bps
Motive Power	$349 (5%) — Volume (7%), Price/mix flat, FX +2%	$46.7 (17%)	13.4% (190 bps)
Specialty	$149 +18% — Volume (7%), Price/mix flat, Acquisition +24%, FX +1%	$9.6 +97%	6.5% +260 bps
Total[2]	$893 +5% — Volume (1%), Price/mix +1%, Acquisition +4%, FX +1%	$114 +8%	12.8% +40 bps

Energy Systems

- Data Center growth and ongoing recovery in U.S. Communications, partially offset by EMEA weakness
- Realizing benefits of cost optimization actions

Motive Power

- Lower volumes due to tariff uncertainty; lower higher-margin charger sales
- Higher inflationary costs weighed on quarter earnings performance
- Maintenance-free products increased 9%; 27.1% of sales from 23.8% in Q1’25

Specialty

- Outperformance of Bren-Tronics and steady A&D, partially offset by slower Class 8 truck OEM volume recovery

[1] Non-GAAP measure. Please refer to appendix for reconciliation.
[2] Total includes Corporate Other - $4M of Net Sales and $31M for Adjusted Operating Earnings, which includes IRC 45X tax credit recorded in Cost of Sales (COS) of $38M.

Balance Sheet, Cash Flow and Leverage

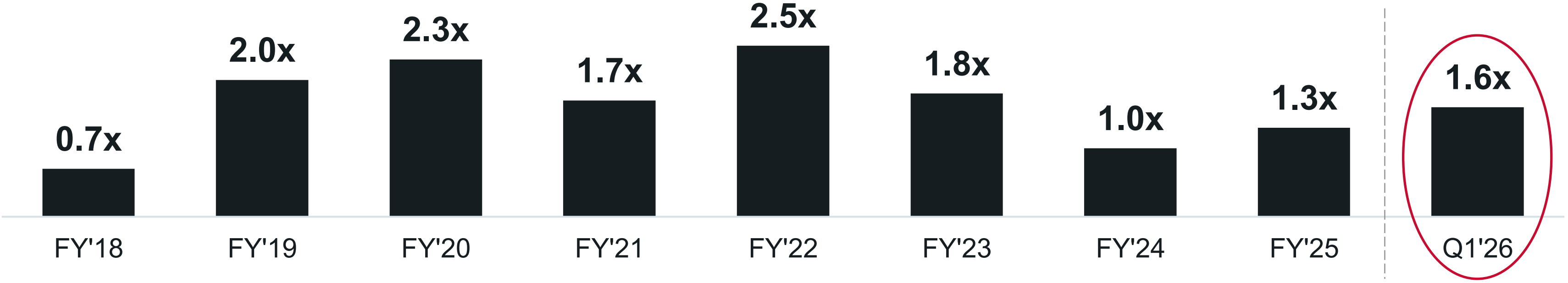
SELECTED BALANCE SHEET METRICS[1]

($M)	Q4'25	Q1'26
Cash and Cash Equivalents	$343	$347
Net Debt[3]	$781	$964
Net Leverage Ratio[3]	1.3x	1.6x
Primary Operating Capital[4]	$932	$993

SELECTED CASH FLOW METRICS[2]

($M)	Q1'25	Q1'26
Cash Flow from Operations	$10	$1
CapEx	($36)	($33)
Free Cash Flow[4]	($26)	($32)

NET LEVERAGE RATIO[3]



Strong Balance Sheet Enabling Disciplined Capital Allocation Strategy

[1] Balances as of periods ending March 31, 2024, and June 29, 2025
[2] Periods ending June 30, 2024, and June 29, 2025
[3] Net Debt includes finance lease obligations and letters of credit, net of cash and cash equivalents. Net leverage ratio = Net Debt / Adj EBITDA (per credit agreement).
[4] Primary Operating Capital (POC) is a key performance indicator. Free Cash Flow is a non-GAAP measure. Please refer to appendix for reconciliations.

Disciplined Capital Allocation Strategy

Priorities		Q1'26	Future Priorities
Invest in Organic Growth (CapEx)		$33M	• Deliver more end-to-end solutions • Enhance disciplined ROIC thresholds • Optimize EOS to drive additional operational efficiencies • Progress domestic-sourced lithium strategy
Strategic M&A		Acquired Rebel Systems	• Focused on opportunities to: ➢ Strengthen customer intimacy ➢ Expand wallet share, leveraging leading positions in growing end markets ➢ Progress transformation journey • Ample dry powder for future opportunistic tuck-in acquisitions
Net Leverage[1]		1.6x EBITDA	• Target below low end of 2x – 3x long-term net leverage range during volatile macro
Return of Capital	*Dividends*	$9.1M	• Committed to competitive dividend that grows with earnings over time (excluding IRC 45X funds) • ~$1.1B outstanding repurchase authorization[2]
	Buybacks	$150M	

Balancing Innovation and Growth Investments while Returning Capital to Shareholders

[1] Non-GAAP financial measure. Please refer to appendix for reconciliation; Net leverage = Net Debt / Adj EBITDA (per credit agreement)
[2] As of August 6, 2025; includes $1 billion from the 2025 stock repurchase authorization as well as $58 million remaining on the 2024 authorization and estimated anti-dilution repurchases

Looking Ahead: Q2'26 Guidance

QUANTIFIED FULL YEAR GUIDANCE PAUSED

Q2'26 GUIDANCE[1]		Y/Y CHANGE (AT MIDPOINT OF GUIDANCE)
Net Sales	**$870M – $910M**	*flat*
IRC 45X Benefit to Cost of Sales	**$35M – $40M**	*+14%*
Adj. EPS[2]	**$2.33 – $2.43**	*+26%*
Adj. EPS[2] ex 45X (base business)	**$1.34 - $1.44**	*+8%*

ASSUMPTIONS

Q2'26

- ES: Strong Data Center demand and steady Communications market recovery
- MP: Demand paced by customer buying decisions amid trade uncertainty, continued maintenance-free conversion
- SP: Robust A&D, offset by Transportation market down cycle

FY'26

- Q1'26 earnings expected to mark low point of year
- Adj OE growth ex 45X to outpace revenue growth
- ES: Robust Data Center and gradual improvements in Communications markets
- MP: Customers resuming normal buying patterns with enthusiasm for maintenance-free offerings and charger solutions
- SP: Accelerating A&D, continued soft Transportation market

Confidently Navigating Macro Dynamics, Committed to Delivering Strong Earnings Performance

[1] Q2'26 guidance assumes tariff rates as of August 6, 2025.
[2] EnerSys does not provide a quantitative reconciliation for forward-looking statements. Please see our latest Form 8-K which includes our press release dated August 6, 2025, for more details.

Q&A

Appendix

Non-GAAP Reconciliations

Non-GAAP Reconciliation

QUARTERLY ADJUSTED OPERATING EARNINGS

($ in millions)	Quarter ended June 29, 2025									
	Energy Systems		Motive Power		Specialty		Corporate Other		Total	
Net Sales	$	391.4	$	349.1	$	148.5	$	4.0	$	893.0
Operating Earnings	$	13.9	$	37.8	$	4.2		30.6	$	86.5
Restructuring and other exit charges		1.1		4.8		—		—		5.9
Amortization		5.9		0.1		2.4		—		8.4
Accelerated Stock Compensation Expense		5.4		3.4		1.4		—		10.2
Other		1.1		0.6		1.6		—		3.3
Adjusted Operating Earnings	$	27.4	$	46.7	$	9.6	$	30.6	$	114.3
Operating Margin		3.6 %		10.8 %		2.8 %		NM		9.7 %
Adjusted Operating Margin		7.0 %		13.4 %		6.5 %		NM		12.8 %

	Quarter ended June 30, 2024									
	Energy Systems		Motive Power		Specialty		Corporate Other		Total	
Net Sales	$	361.0	$	366.2	$	125.7	$	—	$	852.9
Operating Earnings	$	9.0	$	54.4	$	2.1	$	25.8	$	91.3
Restructuring and other exit charges		3.8		1.4		0.7		—		5.9
Amortization		6.0		0.2		0.7		—		6.9
Other		0.2		—		1.4		—		1.6
Adjusted Operating Earnings	$	19.0	$	56.0	$	4.9	$	25.8	$	105.7
Operating Margin		2.5 %		14.9 %		1.7 %		NM		10.7 %
Adjusted Operating Margin		5.3 %		15.3 %		3.9 %		NM		12.4 %

Increase (Decrease) as a % from prior year quarter	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	8.4 %	(4.7)%	18.1 %	NM	4.7 %
Operating Earnings	53.5	(30.6)	104.0	18.4	(5.3)
Adjusted Operating Earnings	43.9	(16.6)	96.7	18.4	8.1

NM = Not Meaningful

Non-GAAP Reconciliation

ADJUSTED EBITDA

($ in millions)	Quarter ended			
	June 29, 2025		June 30, 2024	
Net Earnings		57.5	$	70.1
Depreciation		18.5		16.7
Amortization		8.4		6.9
Interest		11.3		11.0
Income Taxes		8.2		9.2
EBITDA		103.9		113.9
Non-GAAP adjustments		19.4		7.5
Adjusted EBITDA	$	123.3	$	121.4

The following table provides the non-GAAP adjustments shown in the reconciliation above:

($ in millions)	Quarter ended			
	June 29, 2025		June 30, 2024	
Restructuring and other exit charges		5.9		5.9
Accelerated Stock Compensation Expense		10.2		—
Other		3.3		1.6
Non-GAAP adjustments	$	19.4	$	7.5

Non-GAAP Reconciliation

QUARTERLY ADJUSTED DILUTED EPS

(in millions, except share and per share amounts)	Quarter ended					
	June 29, 2025			June 30, 2024		
Net earnings reconciliation						
As reported Net Earnings	$	57.5		$	70.1	
Non-GAAP adjustments:						
Restructuring and other exit charges		5.9	(1)		5.9	(1)
Amortization of identified intangible assets		8.4	(2)		6.9	(2)
Accelerated Stock Compensation Expense		10.2	(3)		—	
Other		3.3	(4)		1.6	(4)
Income tax effect of above non-GAAP adjustments		(3.7)			(3.5)	
Non-GAAP adjusted Net earnings	$	81.6		$	81.0	
Net Earnings without IRC 45X						
As Reported Net Earnings		57.5			70.1	
IRC 45X Benefit		38.1			32.5	
Reported Net Earnings without IRC 45X Benefit	$	19.4		$	37.6	
Non-GAAP adjusted Net Earnings without IRC 45X						
Non-GAAP Adjusted Net Earnings		81.6			81.0	
IRC 45X Benefit		38.1			32.5	
Non-GAAP adjusted Net Earnings without IRC 45X Benefit	$	43.5		$	48.5	

Outstanding shares used in per share calculations				
Basic		38,798,263		40,204,013
Diluted		39,295,773		40,986,116
Reported Net earnings (Loss) per share:				
Basic	$	1.48	$	1.74
Diluted	$	1.46	$	1.71
Dividends per common share	$	0.240	$	0.225
Non-GAAP adjusted Net earnings per share:				
Basic	$	2.10	$	2.01
Diluted	$	2.08	$	1.98
Reported Net Earnings (Loss) per share without IRC 45X benefit				
Basic	$	0.50	$	0.94
Diluted	$	0.49	$	0.92
Non-GAAP adjusted Net Earnings (Loss) per share without IRC 45X benefit				
Basic	$	1.12	$	1.21
Diluted	$	1.11	$	1.18

Non-GAAP Reconciliation

QUARTERLY ADJUSTED DILUTED EPS CONTINUED

The following table provides the line of business allocation of the non-GAAP adjustments of items relating to operating earnings (that are allocated to lines of business) shown in the reconciliation prior:

($ millions)	Quarter ended	
	June 29, 2025	June 30, 2024
	Pre-tax	Pre-tax
(1) Restructuring and other exit charges - Energy Systems	1.1	3.8
(1) Restructuring and other exit charges - Motive Power	4.8	1.4
(1) Restructuring and other exit charges - Specialty	—	0.7
(3) Accelerated stock compensation expense - Energy Systems	5.4	—
(3) Accelerated stock compensation expense - Motive Power	3.4	—
(3) Accelerated stock compensation expense - Specialty	1.4	—
(2) Amortization of identified intangible assets - Energy Systems	5.9	6.0
(2) Amortization of identified intangible assets - Motive Power	0.1	0.2
(2) Amortization of identified intangible assets - Specialty	2.4	0.7
(4) Other - Energy Systems	1.1	0.2
(4) Other - Motive Power	0.6	—
(4) Other - Specialty	1.6	1.4
Total Non-GAAP adjustments	$ 27.8	$ 14.4

Non-GAAP Reconciliation

LEVERAGE RATIO BY YEAR

	Fiscal year ended March 31,							
($ in millions, except ratios)	2025	2024	2023	2022	2021	2020	2019	2018
Net earnings as reported	$363.7	$269.1	$175.8	$143.9	$143.3	$137.1	$160.5	$119.8
Add back:								
Depreciation and amortization	100.9	92.0	91.2	95.9	94.1	87.3	63.3	54.3
Interest expense	51.1	49.9	59.5	37.8	38.5	43.7	30.9	25
Income tax expense	42.8	23.1	34.8	30	26.8	9.9	21.6	118.5
EBITDA (non GAAP)	$558.5	$434.1	$361.3	$307.5	$302.7	$278.0	$276.3	$317.6
Adjustments per credit agreement definitions(1)	56.2	85.8	51.7	51.5	56.3	123.6	139	23.2
Adjusted EBITDA (non-GAAP) per credit agreement(1)	$614.7	$519.9	$413.0	$359.1	$359.0	$401.6	$415.3	$340.8
Total net debt(2)	$781.1	$511.1	$736.0	$905.9	$615.0	$905.6	$835.8	$234.7
Leverage ratios:								
Total net debt/credit adjusted EBITDA ratio	1.3 X	1.0 X	1.8 X	2.5 X	1.7 X	2.3 X	2.0 X	0.7 X

(1) The $56.2 million adjustment to EBITDA in the last twelve months ending March 31, 2025 primarily related to $27.8 million of non-cash stock compensation, $22.0 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $5.5 million. The $85.8 million adjustment to EBITDA in the last twelve months ending March 31, 2024 primarily related to $30.6 million of non-cash stock compensation, $40.7 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $13.6 million. The $51.7 million adjustment to EBITDA in fiscal 2023 primarily related to $26.4 million of non-cash stock compensation, $22.4 million of restructuring and other exit charges, impairment of indefinite-lived intangibles of $0.5 million, and $1.4 million for swap termination fees. The $51.5 million adjustment to EBITDA in fiscal 2022 primarily related to $24.3 million of non-cash stock compensation, $26.0 million of restructuring and other exit charges, indefinite-lived intangibles of $1.2 million. The $56.3 million adjustment to EBITDA in fiscal 2021 primarily related to $19.8 million of non-cash stock compensation, $33.2 million of restructuring and other exit charges, business integration costs of $7.3 million, partially offset by $3.9 million of gain ($4.4 million gain less insurance deductibles) relating to the final settlement of the Richmond, KY fire claim. The $123.6 million adjustment to EBITDA in fiscal 2020 primarily related to impairment of goodwill and other intangible assets of $44.2 million, $20.8 million of non-cash stock compensation, inclusion of $18.5 million of six months of pro forma earnings of NorthStar, $20.8 million of restructuring and other exit charges and $1.9 million of inventory adjustments (fair value step up relating to the NorthStar transaction), $14.3 million for insurance reimbursement for business interruption due to the Richmond, KY fire and other charges of $3.1 million. The $139.0 million adjustment to EBITDA in fiscal 2019 primarily related to the inclusion of $69.3 million of nine months of pro forma earnings of Alpha, $13.6 million for fees and expenses related to the Alpha transaction, $22.6 million of non-cash stock compensation, $23.2 million of non-cash restructuring and other exit charges and $10.3 million of inventory adjustments (including a fair value step up relating to the Alpha transaction of $7.2 million). The $23.2 million adjustment to EBITDA in fiscal 2018 primarily related to $19.5 million of non-cash stock compensation and $3.7 million of non-cash restructuring and other exit charges.

(2) Debt includes finance lease obligations and letters of credit and is net of all U.S. cash and cash equivalents and foreign cash and investments, as defined in the Fourth Amended Credit Facility. In fiscal 2025, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $343.1 million; in fiscal 2024, were 333.3 million, in fiscal 2023, were $347.0 million, in fiscal 2022, were $402.5 million, in fiscal 2021, were $399 million, in fiscal 2020, were $262 million, in fiscal 2019, were $200 million, and in fiscal 2018, were $372 million.

Non-GAAP Reconciliation

LEVERAGE RATIO BY QUARTER

($ in millions, except ratios)	Last twelve months ended June 29, 2025	Last twelve months ended June 30, 2024
Net earnings as reported	$351.1	$272.4
Add back:		
Depreciation and amortization	104.2	92.9
Interest expense	49.5	45.2
Income tax expense	43.8	26.1
EBITDA (non-GAAP)	$548.6	$436.6
Adjustments per credit agreement definitions[1]	67.4	81.5
Adjusted EBITDA (non-GAAP) per credit agreement[1]	$616.0	$518.1
Total net debt[2]	$963.7	$564.8
Leverage ratios:		
Total net debt/credit adjusted EBITDA ratio	1.6 X	1.1 X

1. The $67.4 million adjustment to EBITDA in the last twelve months ending June 29, 2025 primarily related to $38.4 million of non-cash stock compensation, $22.7 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $5.5 million. The $81.5 million adjustment to EBITDA in the last twelve months ending June 30, 2024 primarily related to $29.7 million of non-cash stock compensation, $40.4 million of restructuring and other exit charges, impairment of indefinite-lived intangibles and write-down of other current assets of $10.5 million.
2. Debt includes finance lease obligations and letters of credit and is net of all U.S. cash and cash equivalents and foreign cash and investments, as defined in the Fourth Amended Credit Facility. In the last twelve months ending June 29, 2025 and June 30, 2024, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $346.7 million, and in fiscal 2024, were $344.1 million.

Non-GAAP Reconciliation

FREE CASH FLOW

($ in millions)	Quarter ended	
	June 29, 2025	June 30, 2024
Net cash provided by (used in) operating activities	$ 1.0	$ 10.4
Less Capital Expenditures	(33.0)	(36.1)
Free Cash Flow	(32.1)	(25.7)

($ in millions)	Quarter ended	
	June 29, 2025	June 30, 2024
Net cash provided by (used in) operating activities	$ 1.0	$ 10.4
Net earnings	57.5	70.1
Operating cash flow conversion %	1.7 %	14.8 %
Free cash flow	(32.1)	(25.7)
Net earnings	57.5	70.1
Free cash flow conversion %	(55.8)%	(36.7)%

Non-GAAP Reconciliation

GROSS PROFIT AND GROSS MARGIN EX 45X

($ in millions)	Quarter ended	
	June 29, 2025	June 30, 2024
Gross Profit	$ 253.2	$ 238.4
IRC 45X Benefit	38.1	32.5
Gross Profit ex 45X	215.1	205.9
Gross Margin	28.4 %	28.0 %
IRC 45X Benefit	4.3 %	3.8 %
Gross Margin ex 45X	24.1 %	24.2 %

Key Performance Indicator

PRIMARY OPERATING CAPITAL

As part of managing the performance of our business, we monitor the level of primary operating capital, and its ratio to net sales. We define primary operating capital as accounts receivable, plus inventories, minus accounts payable. The resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary operating capital percentage. We believe these three elements included in primary operating capital are most operationally driven, and this performance measure provides us with information about the asset intensity and operating efficiency of the business on a company-wide basis that management can monitor and analyze trends over time. Primary operating capital was $993.0 million (yielding a primary operating capital percentage of 27.8%) at June 29, 2025, $932.2 million (yielding a primary operating capital percentage of 23.9%) at March 31, 2025 and $866.9 million at June 30, 2024 (yielding a primary operating capital percentage of 25.4%). The primary operating capital percentage of 27.8% at June 29, 2025 increased by 390 basis points compared to March 31, 2025 and increased 240 basis points compared to June 30, 2024. The increase in primary operating capital percentage at June 29, 2025 compared to March 31, 2025 was primarily due to increases to inventory for strategic build up and decreases to accounts payable levels due to timing of payments. The increase in primary operating capital percentage at June 29, 2025 compared to June 30, 2024 was addition of Bren-Tronics balances as well as increases to inventory for strategic build up. Accounts receivable amounts increased comparatively mainly due to longer termed collections from customers compared to the first fiscal quarters of the prior fiscal year.

($ in Millions)	June 29, 2025	March 31, 2025	June 30, 2024
Accounts receivable, net	$566.8	$597.9	$507.9
Inventory, net	789.3	740.0	713.7
Accounts payable	(363.1)	(405.7)	(354.7)
Total primary operating capital	993.0	932.2	866.9
Trailing 3 months net sales	893.0	974.8	852.9
Trailing 3 months net sales annualized	3,572.0	3,899.2	3,411.6
Primary operating capital as a % of annualized net sales	27.8 %	23.9 %	25.4 %

Thank you.

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