EnerSys

# Investor Presentation

SEPTEMBER 18, 2023

# 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, 2023, which was filed with the U.S. Securities and Exchange Commission.

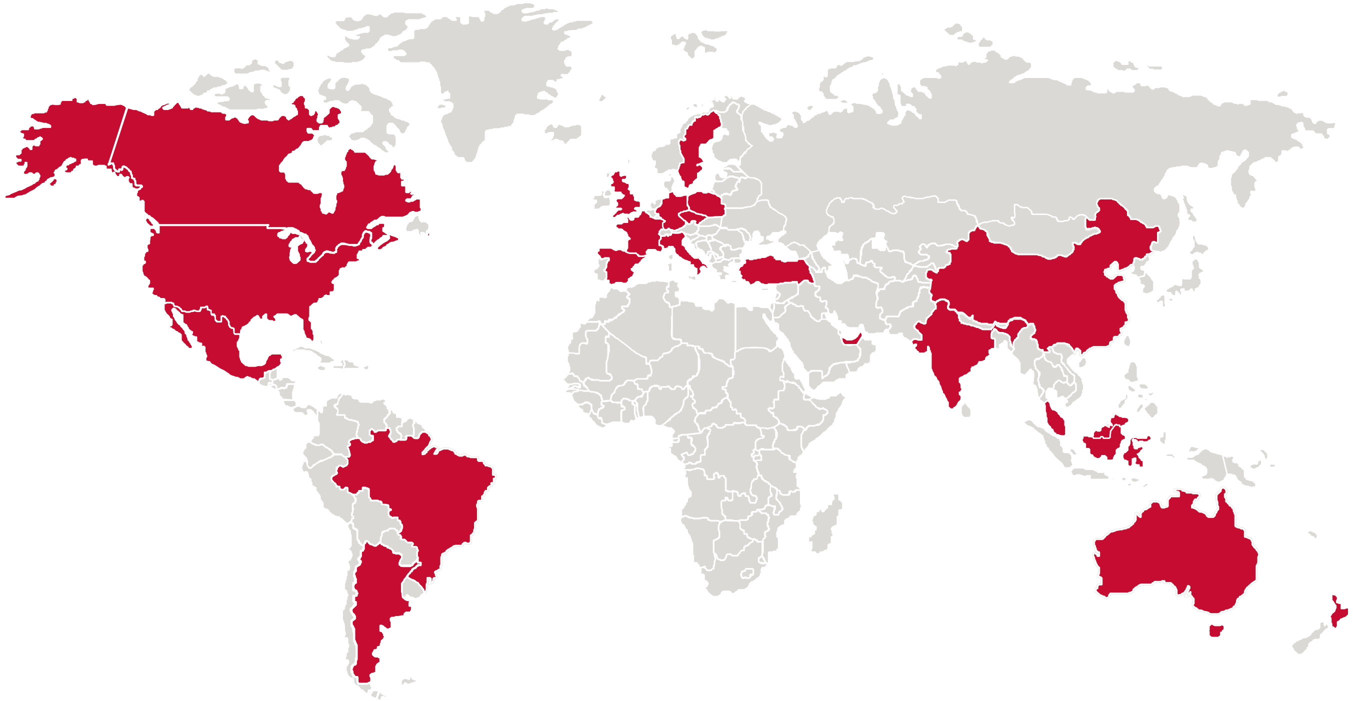
In addition, we will also be presenting certain non-GAAP financial measures. For an explanation of the differences between the comparable GAAP financial information and the non-GAAP information, please see our company's Form 8-K which includes our press release dated August 9, 2023, which is located on our website at www.enersys.com.

# EnerSys at a Glance

## FY 2023 KEY STATISTICS[1]

| $4.3B | $322M | $388M | $5.34 | 10K+ |
|---|---|---|---|---|
| Market Cap[2] | Adj. Operating Earnings[3] | Adj. EBITDA[3] | Adj. Diluted EPS[3] | Customers |

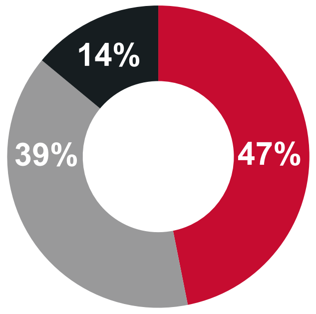
## GLOBAL FACILITY BASE[4]



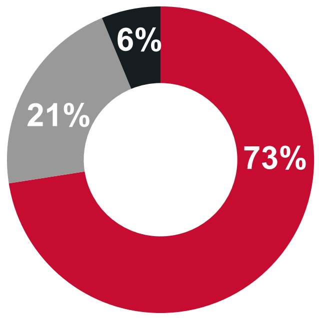
## FY 2023 NET SALES

**$3.7B**

Business Segments




Geography




- Energy Systems
- Motive Power
- Specialty

- Americas
- EMEA
- Asia

[1] FY 2023, year end March 31, 2023
[2] Market-Cap as of June 9, 2023
[3] Non-GAAP financial measure. Includes $17M IRA benefit. Please refer to appendix for reconciliation
[4] Represents geographies with EnerSys manufacturing and distribution centers

# Well-Positioned for Long-Term Profitable Growth

1 Provider of **highly differentiated energy solutions** with full suite of technologies for diverse end markets

2 Strategically aligned with megatrends in **large and growing markets**

3 **Resilient business model** positioned for strong cash flow generation, profitable growth, and margin expansion

4 Strong, flexible balance sheet with **clear capital allocation priorities** for accelerated earnings growth

5 Energized **leadership team focused on execution** and **continuous value creation** for all stakeholders

*September 2023*

# Executing Our Strategic Vision | Significantly Transformed Portfolio

**2016**

Primarily traditional flooded lead-acid battery company

Limited scale with narrow set of end markets

- Established vision-driven culture
- Built teams to execute

- Innovated foundational modular platforms
  - Energy Storage
  - Power Electronics
  - Software

- Integrated Alpha and NorthStar acquisitions
- Deepened capabilities

- Developed EOS
- Reinforced continuous improvement mindset

- Improved new product development time
- Expanded product lines and end markets

**TODAY**

Innovating, Optimizing, and Accelerating integrated energy solutions offerings

Enhancing modular technology for additional scalability

Providing tailored energy solutions to critical end markets

Compounding growth through differentiated end-to-end solutions

**Putting the "Sys" in EnerSys**

*September 2023*



EOS: EnerSys Operating System

# Business Segments

## ENERGY SYSTEMS

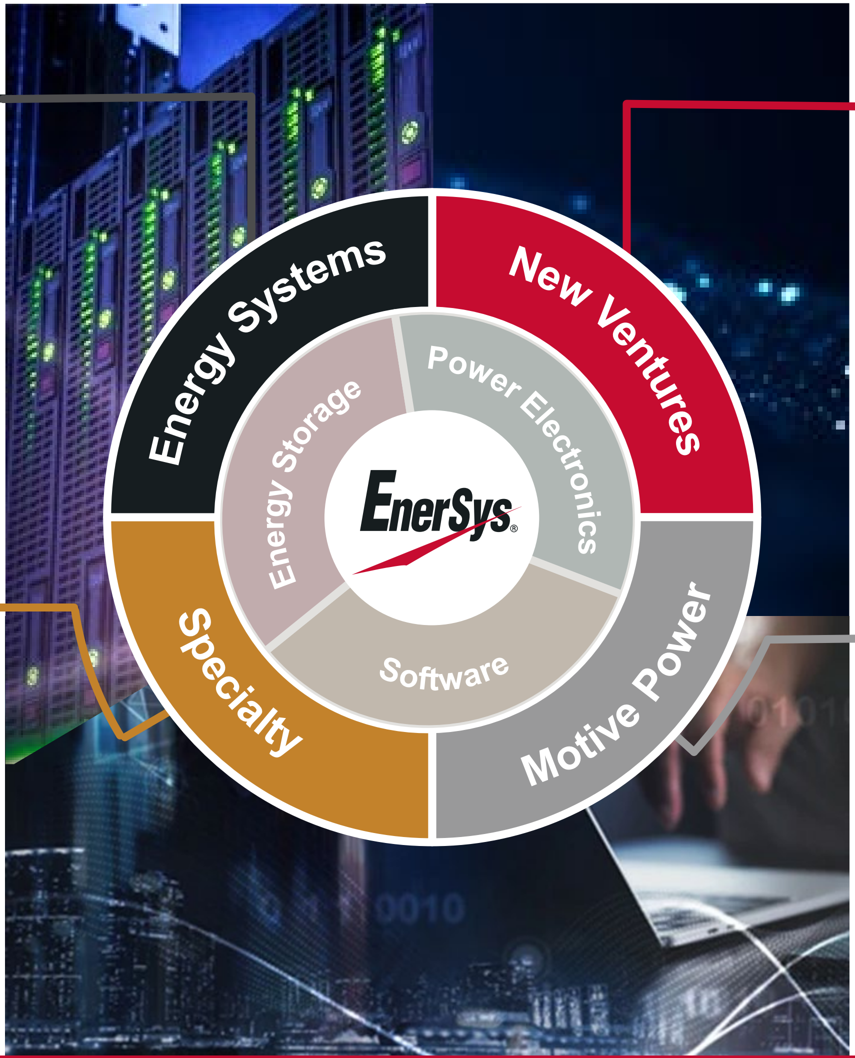
Power conversion, power distribution, and energy storage solutions

- Communication Networks
- Data Centers
- Industrial Power, Utilities, and Renewable Energy

## SPECIALTY

Energy solutions for large over-the-road trucks, aerospace and defense, and premium automotive applications

- Transportation
- Aerospace and Defense




## NEW VENTURES

Energy storage and management systems for demand charge reduction, utility back-up power, and dynamic fast charging

## MOTIVE POWER

Power batteries and chargers for electric forklift trucks and other industrial electric powered vehicles

- Logistics and Warehousing

**Premium Energy Solutions Powering 6 Diverse End Markets**

# Foundational Core Modular Platforms

## ENERGY STORAGE

### Lithium-ion

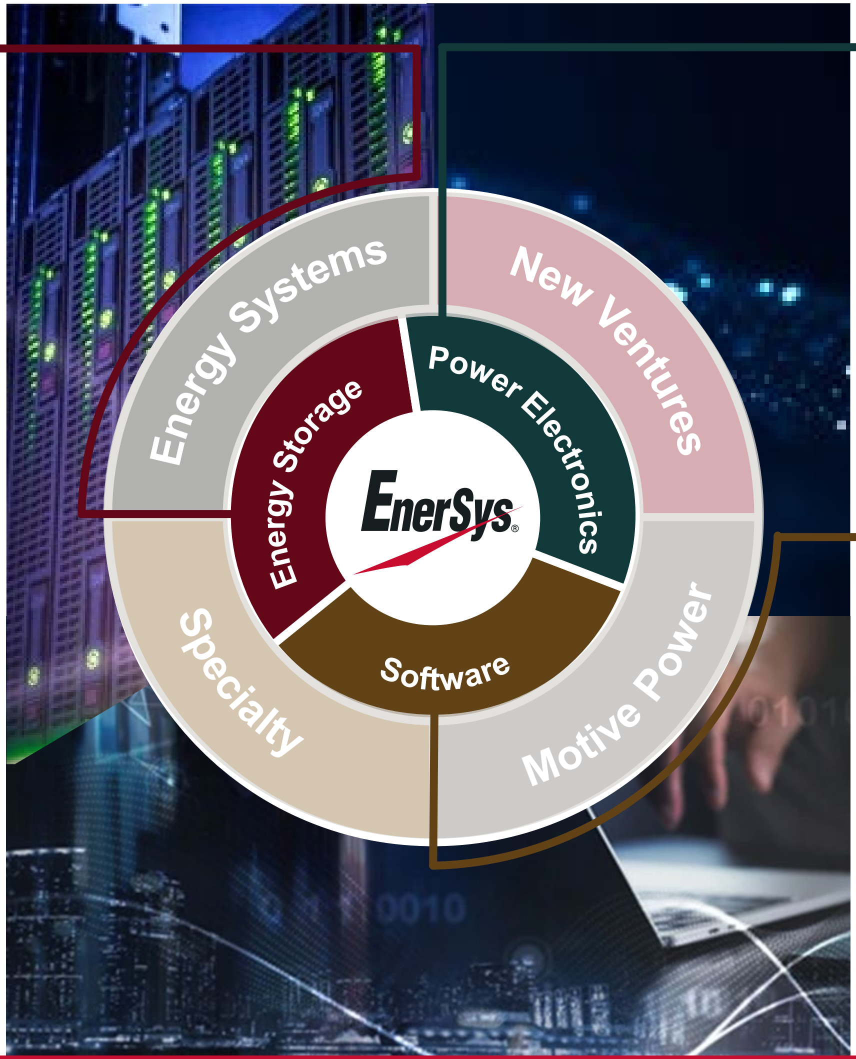
- Maintenance-free
- Longer cycle life
- Fastest charge rate
- Innovative safety technology
- High power density / heavy duty applications

### TPPL

- Maintenance-free
- Light / medium applications

### Flooded

- Industrial / harsh environment applications




## POWER ELECTRONICS

- Advanced, high-efficiency power conversion
- High voltage power transfer with power line communication for 5G small cells
- Wireless power transfer for automated warehouses
- Fast chargers for EVs

## SOFTWARE

- Edge computing
- Efficient data collection to the cloud
- Asset management software
- App support to manage health of assets
- Fleet management with automated service notifications
- Smart batteries
- AI / Machine Learning

**Differentiated Platforms with Enhanced Vertical Capabilities and Tailored Solutions**




TPPL: Thin Plate Pure Lead

# Our Sustainability Journey

**2H 2020** – Established full-time Sustainability Team; joined external sustainability initiatives

**1H 2021** – Formed ESG and DEI Steering Committees

**July 2021** – Launched inaugural diversity engagement survey

**August 2021** – Published initial sustainability update

**December 2021** – Published supplemental environmental data

**April 2022** – Published inaugural GRI and SASB-aligned Sustainability Report

**August 2022** – Announced Scope 1 and Scope 2 carbon neutrality goals; submitted CDP disclosure

**December 2022** – Published first TCFD report

**December 2022** – Named One of Newsweek's "Americas' Most Responsible Companies"

**May 2023** – Published 2022 Sustainability Update

**August 2023** – Scope 3 Inventory Published

**2024** – Target date for climate goal detail road map

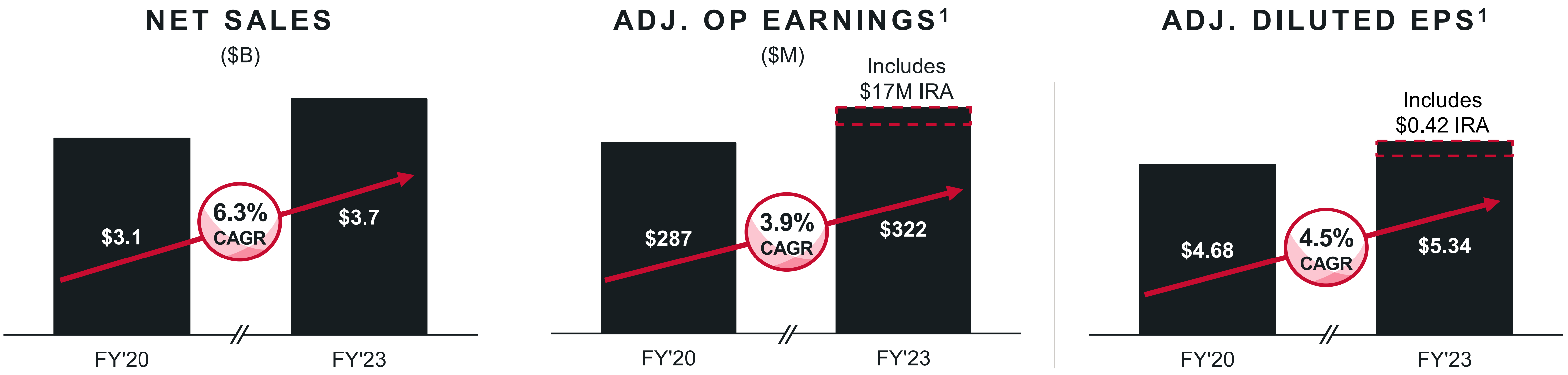
**2025** – Target date for 2021 diversity and employer recognition goals

**2030** – Target date for energy and water intensity reduction goals

2020 2021 2022 2023 2024 2025 2030

**Our Board and Management Continue to Oversee and Prioritize the Evolution of our Sustainability Journey**

# FY’20 to FY’23 Financial Performance




## KEY DRIVERS

- Robust demand from growing markets, richer product mix, and price / cost recapture (~$450M of 0-margin cost recapture)
- $475M from TPPL expansion from FY’20 to FY’23

- Shifting to higher margin, maintenance-free, and technology-rich solutions
- Reducing costs via EOS and footprint optimization
- Capitalizing on OpEx leverage from disciplined spend
- Offsetting margin pressures from supply chain, inflation, and price / cost recapture lag

- FY’23 earnings muted by FX / interest expense
- ~$220M in net share repurchases since 2020
- Stable tax rate ~18%

**Significant Progress on Initiatives Positions Us Well to Accelerate Profitable Growth**

TPPL: Thin Plate Pure Lead; NPI: New Product Introductions; EOS: EnerSys Operating System
[1] Non-GAAP financial measure. Please refer to appendix for reconciliation

# Disciplined Capital Allocation Strategy

| PRIORITIES | | FY'20 – FY'23 ($M, cumulative) |
|---|---|---|
| 1 Invest in Organic Growth (CapEx) | | ~$330 |
| 2 Strategic M&A | | ~$180 |
| 3 Net Leverage[1] | | 1.7x – 2.5x |
| 4 Return of Capital | *Dividends*<br>*Buybacks* | ~$110<br>~$220 |

## FUTURE PRIORITIES

- Continue TPPL capacity investments & end-to-end solutions
- Optimize EOS to drive additional operational efficiencies

- Accelerate domestic-sourced lithium strategy
- Innovate with incremental systems solutions
- Execute opportunistic tuck-in acquisitions

- Target low end of 2x – 3x long-term net leverage range

- Committed to competitive dividend yield
- $186M outstanding repurchase authorization
- Offset share dilution

**Investments Support Significant Shareholder Value Creation**




TPPL: Thin Plate Pure Lead; EOS: EnerSys Operating System
[1] Non-GAAP financial measure. Please refer to appendix for reconciliation; Net leverage = Net Debt / Adj. EBITDA (per credit agreement)

# Clear Path to Achieving FY'27 Targets

| | NET SALES | ADJ. OPERATING MARGIN[1] | ADJ. EBITDA[1] | ADJ. EPS[1] |
|---|---|---|---|---|
| **FY'23 Baseline** | **6.3%** FY'20-23 CAGR | **8.7%** | **$388M** | **$5.34** |
| **FY'27 Targets** | **8% - 10%** FY'23-27E CAGR | **14% - 16%** | **$850M - $950M** | **$11.00 - $13.00** + reinvestment of capital for additional shareholder value creation |

- Megatrends accelerate established positions in high growth end-markets
- FC&S supports energy transition
- Mix shifts to higher margin technology-rich products
- EOS drives continuous operational efficiencies, productivity, and waste reduction
- OpEx leverage enables margin expansion
- IRA benefit accelerates domestic lithium strategy, enabling FC&S, and maintenance-free initiatives

**Industry-Leading Core Technologies Critical to Energy Transformation and U.S. Independence Combined with Deep Customer Relationships Drive Long-Term Success**




FC&S: Fast Charge & Storage; EOS: EnerSys Operating System; IRA: Inflation Reduction Act
[1] Non-GAAP financial measure. Please refer to appendix for reconciliation. EnerSys does not provide a quantitative reconciliation for forward-looking metrics. Please see appendix for our statement on reconciliations of GAAP to non-GAAP financial measures.

# Strong Q1'24 Performance

| $909M | $107M | $122M | $1.89 | $59M |
|---|---|---|---|---|
| Net Sales | Adj. Op. Earnings[1] | Adj. EBITDA[1] | Adj. EPS[1] | Free Cash Flow[1] |
| +1% Y/Y | +65% Y/Y<br>Adj. Op. Earnings[1] Margin of 11.8% | +43% Y/Y<br>Adj. EBITDA[1] Margin of 13.4% | +64% Y/Y | +$154M Y/Y |

**Delivered Solid Operational Results**

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $19M of IRA tax credit recorded in Cost of Goods Sold (COGS)

# Balance Sheet, Cash Flow and Leverage

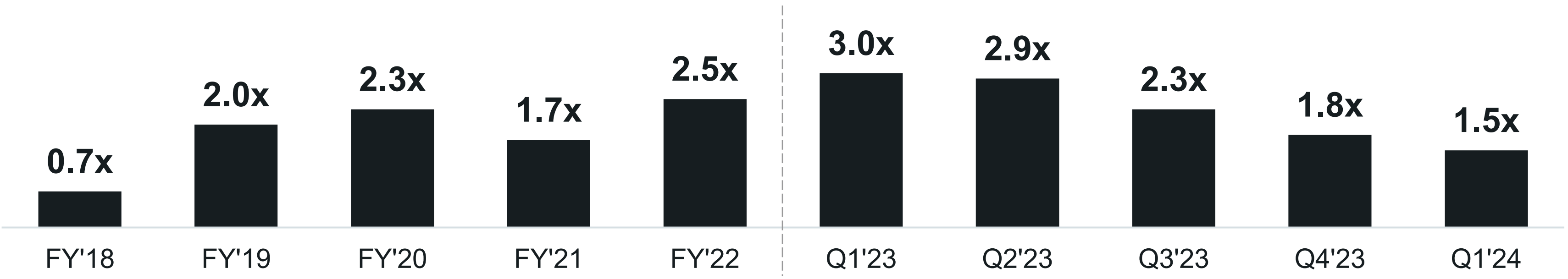
## SELECTED BALANCE SHEET METRICS[1]

| ($M) | FY'23 | Q1'24 |
|---|---|---|
| Cash and Cash Equivalents | $347 | $258 |
| Net Debt[3] | $736 | $690 |
| Net Leverage Ratio[3] | 1.8x | 1.5x |
| Primary Operating Capital[4] | $1,057 | $1,033 |

## SELECTED QUARTERLY CASH FLOW METRICS[2]

| ($M) | Q1'23 | Q1'24 |
|---|---|---|
| Cash Flow from Operations | ($72) | $75 |
| CapEx | ($23) | ($16) |
| Free Cash Flow[4] | ($95) | $59 |

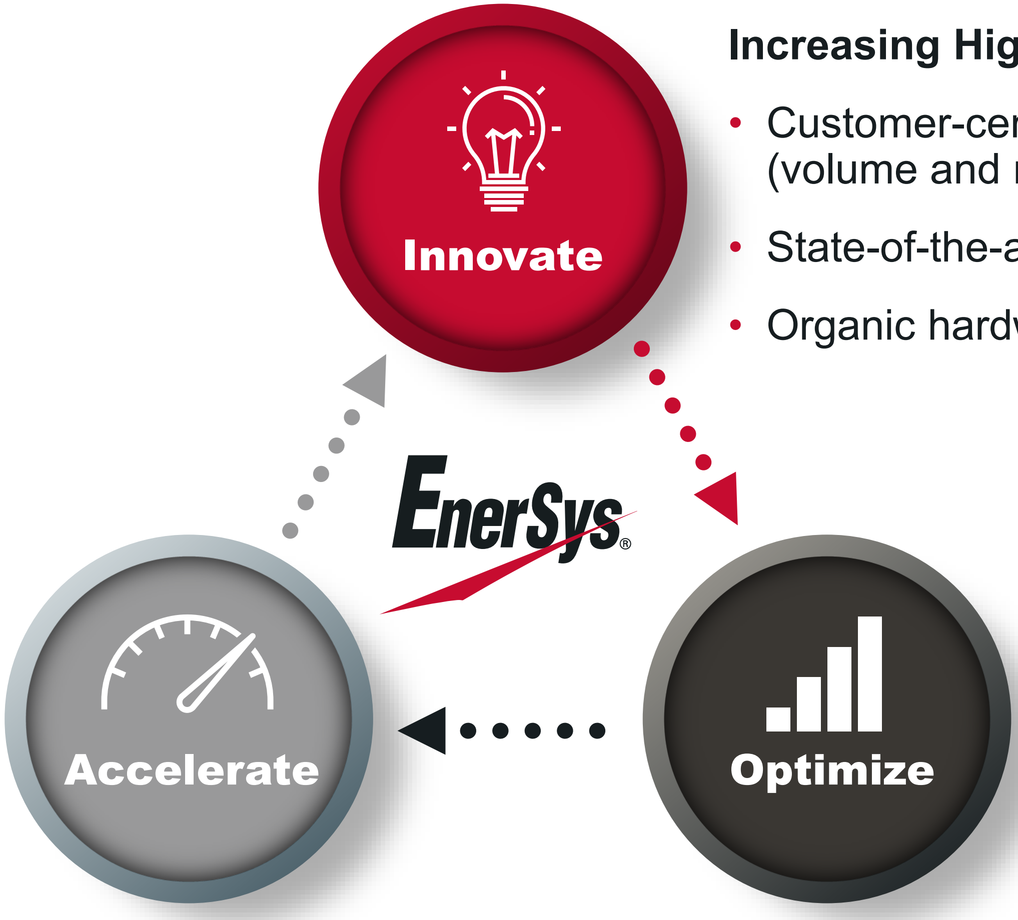
## NET LEVERAGE RATIO[3]




**Significant Free Cash Flow Generation and Healthy Balance Sheet**

1) Balances as of periods ending March 31, 2023 and July 2, 2023
2) Quarters ending July 3, 2022 and July 2, 2023
3) Net Debt equals total debt less cash and cash equivalents. Net leverage ratio = Net Debt / Adj. EBITDA (per credit agreement). Please refer to appendix for reconciliations.
4) Primary Operating Capital (POC) was formerly referred to as Primary Working Capital (PWC) and is a non-GAAP measure. Free Cash Flow is a non-GAAP measure. Please refer to appendix for reconciliations.

# Strategic Priorities Driving Long Term Growth




**Increasing Higher Value Solutions**

- Customer-centric NPIs (volume and mix)
- State-of-the-art technology
- Organic hardware and software

**Compounding Value Creation**

- Fast Charge and Storage (FC&S)
- Scalable projects across Energy Systems, Motive Power, and Specialty
- IRA reinforces strategy focused on high volumetric energy dense solutions (100+ Wh/L)

**Expanding Margins**

- Operational excellence to maximize fixed asset base
- Maintenance-free solutions
- Aftermarket opportunities

**Clear and Consistent Strategy with Sustainable Competitive Advantages**

NPI: New Product Introductions; IRA: Inflation Reduction Act

# Compelling Investment Thesis

1

Transformed company delivering innovative solutions and defining the future of energy transition

2

Strategically positioned in expanding markets driven by global megatrends

3

Invigorated leadership team executing a clear strategy for accelerated earnings growth

**Playing a Critical Role in Accelerating Energy Transition**

# Q&A

# Non-GAAP Reconciliations

# Reconciliations of GAAP to Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles, ("GAAP"). EnerSys' management uses the non-GAAP financial measures “adjusted Net earnings”, “adjusted Diluted EPS”, “adjusted operating earnings”, “adjusted EBITDA”, "adjusted EBITDA per credit agreement", "net debt", "net leverage ratio", “net sales at constant currency”, and "net sales growth rate at constant currency” as applicable, in their analysis of the Company's performance. Adjusted Net earnings and adjusted operating earnings measure, as used by EnerSys in past quarters and years, adjusts Net earnings and operating earnings determined in accordance with GAAP to reflect changes in financial results associated with the Company's restructuring initiatives and other highlighted charges and income items. Adjusted EBITDA is a key performance measure that our management uses to assess our operating performance. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we use this measure as an overall assessment of our performance, to evaluate the effectiveness of our business strategies and for business planning purposes. We calculate Adjusted EBITDA as net income before interest income, interest expense, other (income) expense net, provision (benefit) for income taxes, depreciation and amortization, further adjusted to exclude restructuring and exit activities, impairment of goodwill, indefinite-lived intangibles and other assets, acquisition activities and those charges and credits that are not directly related to operating unit performance. EBITDA is calculated as net income before interest income, interest expense, other (income) expense net, provision (benefit) for income taxes, depreciation and amortization. We define non-GAAP adjusted EBITDA per credit agreement as net earnings determined in accordance with GAAP for interest, taxes, depreciation and amortization, and certain charges or credits as permitted by our credit agreements, that were recorded during the periods presented. We define non-GAAP net debt as total debt, finance lease obligations and letters of credit, net of all cash and cash equivalents, as defined in the Third Amended Credit Facility on the balance sheet as of the end of the most recent fiscal quarter. We define non-GAAP net leverage ratio as non-GAAP net debt divided by last twelve months non-GAAP adjusted EBITDA per credit agreement. We define non-GAAP free cash flow as net cash provided by or used in operating activities less capital expenditures. Free cash flow is used by investors, financial analysts, rating agencies and management to help evaluate the Company’s ability to generate cash to pursue incremental opportunities aimed toward enhancing shareholder value. We define non-GAAP constant currency net sales as total net sales excluding the effect of foreign exchange rate movements, and we use it to determine the constant currency growth rate on a year-on-year basis. Non-GAAP constant currency revenues are calculated by translating current period revenues using the prior comparative periods’ actual exchange rates, rather than the actual exchange rates in effect during the current period. Constant currency net sales growth rate is calculated by determining the difference between current period non-GAAP constant currency net sales and current period reported net sales divided by prior period as reported net sales. Management believes the presentation of these financial measures reflecting these non-GAAP adjustments provides important supplemental information in evaluating the operating results of the Company as distinct from results that include items that are not indicative of ongoing operating results and overall business performance; in particular, those charges that the Company incurs as a result of restructuring activities, impairment of goodwill and indefinite-lived intangibles and other assets, acquisition activities and those charges and credits that are not directly related to operating unit performance, such as significant legal proceedings, amortization of Alpha and NorthStar related intangible assets and tax valuation allowance changes, including those related to the AHV (Old-Age and Survivors Insurance) Financing (TRAF) in Switzerland. Because these charges are not incurred as a result of ongoing operations, or are incurred as a result of a potential or previous acquisition, they are not as helpful a measure of the performance of our underlying business, particularly in light of their unpredictable nature and are difficult to forecast. Although we exclude the amortization of purchased intangibles from these non-GAAP financial measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.

Income tax effects of non-GAAP adjustments are calculated using the applicable statutory tax rate for the jurisdictions in which the charges (benefits) are incurred, while taking into consideration any valuation allowances. For those items which are non-taxable, the tax expense (benefit) is calculated at 0%.

EnerSys does not provide a quantitative reconciliation of the company’s projected range for fiscal 2027 adjusted operating earnings, adjusted EBITDA, or adjusted diluted earnings per share to operating earnings, EBITDA, or diluted earnings per share, respectively, which are the most directly comparable GAAP measures, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. EnerSys' adjusted measures exclude certain items, including but not limited to certain non-cash, large and/or unpredictable charges and benefits, charges from restructuring and exit activities, impairment of goodwill and indefinite-lived intangibles, acquisition and disposition activities, legal judgments, settlements, or other matters, and tax positions, that are inherently uncertain and difficult to predict, can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. Due to the uncertainty of the occurrence or timing of these future excluded items, management cannot accurately forecast many of these items for internal use and therefore cannot create a quantitative reconciliation without unreasonable efforts.

These non-GAAP disclosures have limitations as an analytical tool, should not be viewed as a substitute for operating earnings, Net earnings or net income determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Management believes that this non-GAAP supplemental information will be helpful in understanding the Company's ongoing operating results. This supplemental presentation should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to Net earnings determined in accordance with GAAP.

# Non-GAAP Reconciliation

## Q1'24 & Q1'23 ADJUSTED OPERATING EARNINGS

**Business Segment Operating Results**

| | Quarter ended ($ millions) | | | | |
|---|---|---|---|---|---|
| | July 2, 2023 | | | | |
| | Energy Systems | Motive Power | Specialty | Corporate and other | Total |
| **Net Sales** | $ 424.6 | $ 350.8 | $ 133.2 | $ — | $ 908.6 |
| | | | | | |
| **Operating Earnings** | $ 22.2 | $ 48.2 | $ 1.6 | $ 17.4 | $ 89.4 |
| Inventory adjustment relating to exit activities | — | — | 3.1 | — | $ 3.1 |
| Restructuring and other exit charges | 0.5 | 1.5 | 4.3 | — | 6.3 |
| Amortization of intangible assets | 6.2 | 0.1 | 0.7 | — | 7.0 |
| Other | 0.8 | 0.5 | 0.1 | — | 1.4 |
| **Adjusted Operating Earnings** | $ 29.7 | $ 50.3 | $ 9.8 | $ 17.4 | $ 107.2 |

| | Quarter ended ($ millions) | | | | |
|---|---|---|---|---|---|
| | July 3, 2022 | | | | |
| | Energy Systems | Motive Power | Specialty | Corporate and other | Total |
| **Net Sales** | $ 408.6 | $ 367.9 | $ 122.5 | $ — | $ 899.0 |
| | | | | | |
| **Operating Earnings** | $ 7.5 | $ 34.1 | $ 8.5 | $ — | $ 50.1 |
| Restructuring and other exit charges | 0.2 | 8.1 | — | — | 8.3 |
| Amortization of intangible assets | 6.0 | — | 0.4 | — | 6.4 |
| **Adjusted Operating Earnings** | $ 13.7 | $ 42.2 | $ 8.9 | $ — | $ 64.8 |

| **Increase (Decrease) as a % from prior year quarter** | Energy Systems | Motive Power | Specialty | Corporate and other | Total |
|---|---|---|---|---|---|
| Net Sales | 3.9 % | (4.6)% | 8.7 % | NM | 1.1 % |
| Operating Earnings | NM | 41.3 | (81.0) | NM | 78.4 |
| Adjusted Operating Earnings | NM | 19.1 | 9.9 | NM | 65.4 |

NM = Not Meaningful

# Non-GAAP Reconciliation

## Q1’24 & Q1’23 ADJUSTED EBITDA

| | Quarter ended ($ millions) | |
|---|---|---|
| | July 2, 2023 | July 3, 2022 |
| Net Earnings | $ 66.8 | $ 31.0 |
| Depreciation | 15.6 | 15.5 |
| Amortization | 7.1 | 8.1 |
| Interest | 15.2 | 11.6 |
| Income Taxes | 6.7 | 5.8 |
| EBITDA | 111.4 | 72.0 |
| Non-GAAP adjustments | 10.8 | 13.5 |
| Adjusted EBITDA | $ 122.2 | $ 85.5 |

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

| | Quarter ended ($ millions) | |
|---|---|---|
| | July 2, 2023 | July 3, 2022 |
| Inventory adjustment relating to exit activities | $ 3.1 | $ 0.0 |
| Restructuring and other exit charges | 6.3 | 8.3 |
| Other | 1.4 | — |
| Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations | — | 5.2 |
| Non-GAAP adjustments | $ 10.8 | $ 13.5 |

# Non-GAAP Reconciliation

## Q1'24 & Q1'23 ADJUSTED DILUTED EPS

| | Quarter ended (in millions, except share and per share amounts) | | | |
|---|---|---|---|---|
| | July 2, 2023 | | July 3, 2022 | |
| **Net earnings reconciliation** | | | | |
| As reported Net Earnings | $ 66.8 | | $ 31.0 | |
| Non-GAAP adjustments: | | | | |
| Inventory adjustment relating to exit activities | 3.1 | (1) | — | (1) |
| Restructuring and other exit charges | 6.3 | (2) | 8.3 | (2) |
| Amortization of identified intangible assets | 7.0 | (3) | 6.4 | (3) |
| Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations | — | | 5.2 | |
| Other | 1.4 | (4) | — | (4) |
| Income tax effect of above non-GAAP adjustments | (6.0) | | (3.4) | |
| **Non-GAAP adjusted Net earnings** | $ 78.6 | | $ 47.5 | |
| | | | | |
| **Outstanding shares used in per share calculations** | | | | |
| Basic | 40,937,334 | | 40,786,336 | |
| Diluted | 41,698,324 | | 41,352,646 | |
| **Non-GAAP adjusted Net earnings per share:** | | | | |
| Basic | $ 1.92 | | $ 1.16 | |
| Diluted | $ 1.89 | | $ 1.15 | |
| | | | | |
| **Reported Net earnings (Loss) per share:** | | | | |
| Basic | $ 1.63 | | $ 0.76 | |
| Diluted | $ 1.60 | | $ 0.75 | |
| **Dividends per common share** | $ 0.175 | | $ 0.175 | |

# Non-GAAP Reconciliation

## Q1'24 & Q1'23 ADJUSTED DILUTED EPS (CONTINUED)

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

| | Quarter ended ($ millions) | |
|---|---|---|
| | **July 2, 2023** | **July 3, 2022** |
| | Pre-tax | Pre-tax |
| (1) Inventory adjustment relating to exit activities - Motive Power | 3.1 | — |
| (2) Restructuring and other exit charges - Energy Systems | 0.5 | 0.2 |
| (2) Restructuring and other exit charges - Motive Power | 1.5 | 8.1 |
| (2) Restructuring and other exit charges - Specialty | 4.3 | — |
| (3) Amortization of identified intangible assets - Energy Systems | 6.2 | 6.0 |
| (3) Amortization of identified intangible assets - Motive | 0.1 | — |
| (3) Amortization of identified intangible assets acquisitions - Specialty | 0.7 | 0.4 |
| (4) Other - Energy Systems | 0.8 | — |
| (4) Other - Motive | 0.5 | — |
| (4) Other - Specialty | 0.1 | — |
| Total Non-GAAP adjustments | $ 17.8 | $ 14.7 |

# Non-GAAP Reconciliation

## LEVERAGE RATIO BY YEAR

| | Fiscal year ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| *(in millions, except ratios)* | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net earnings as reported | $175.8 | $143.9 | $143.3 | $137.1 | $160.5 | $119.8 |
| Add back: | | | | | | |
| Depreciation and amortization | 91.2 | 95.9 | 94.1 | 87.3 | 63.3 | 54.3 |
| Interest expense | 59.5 | 37.8 | 38.5 | 43.7 | 30.9 | 25.0 |
| Income tax expense | 34.8 | 30.0 | 26.8 | 9.9 | 21.6 | 118.5 |
| EBITDA (non GAAP) | $361.3 | $307.5 | $302.7 | $278.0 | $276.3 | $317.6 |
| Adjustments per credit agreement definitions(1) | 51.7 | 51.5 | 56.3 | 123.6 | 139.0 | 23.2 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $413.0 | $359.1 | $359.0 | $401.6 | $415.3 | $340.8 |
| Total net debt(2) | $736.0 | $905.9 | $615.0 | $905.6 | $835.8 | $234.7 |
| Leverage ratios: | | | | | | |
| Total net debt/credit adjusted EBITDA ratio | 1.8 X | 2.5 X | 1.7 X | 2.3 X | 2.0 X | 0.7 X |

(1) 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 2023, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $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

| | Last twelve months ($ millions) | | | | |
|---|---|---|---|---|---|
| *(in millions, except ratios)* | **July 2, 2023** | **March 31, 2023** | **January 1, 2023** | **October 2, 2022** | **July 3, 2022** |
| Net earnings as reported | $211.6 | $175.8 | $137.9 | $129.8 | $131.0 |
| Add back: | | | | | |
| Depreciation and amortization | 90.2 | 91.2 | 92.6 | 92.1 | 95.1 |
| Interest expense | 63.3 | 59.5 | 53.9 | 43.7 | 40.2 |
| Income tax expense | 35.7 | 34.8 | 35.8 | 31.3 | 27.4 |
| EBITDA (non GAAP) | $400.8 | $361.3 | $320.2 | $296.9 | $293.7 |
| Adjustments per credit agreement definitions(1) | 50.1 | 51.7 | 59.8 | 62.3 | 53.8 |
| Adjusted EBITDA (non-GAAP) per credit agreement(1) | $450.9 | $413.0 | $380.0 | $359.2 | $347.5 |
| Total net debt(2) | $690.1 | $736.0 | $858.9 | $1,045.5 | $1,048.8 |
| Leverage ratios: | | | | | |
| Total net debt/credit adjusted EBITDA ratio | 1.5 X | 1.8 X | 2.3 X | 2.9 X | 3.0 X |

(1) The $50.1 million adjustment to EBITDA in the last twelve months ending July 2, 2023 primarily related to $29 million of non-cash stock compensation, $15.2 million of restructuring and other exit charges, impairment of indefinitelived intangibles and other current assets of $4.5 million, and $1.4 million for swap termination fees. 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 $59.8 million adjustment to EBITDA in LTM fiscal Q3 2023 primarily related to $27.2 million of non-cash stock compensation, $29.1 million of restructuring and other exit charges, impairment of indefinite-lived intangibles of $2.1 million and swap termination fee of $1.4M. The $62.3 million adjustment to EBITDA in the last twelve months ending October 2, 2022 primarily related to $26.6 million of non-cash stock compensation, $33.1 million of restructuring and other exit charges, indefinite-lived intangibles of $1.2 million and $1.4 million for swap termination fees. The $53.8 million adjustment to EBITDA in the last twelve months ending July 3, 2022 primarily related to $26.5 million of non-cash stock compensation, $21.7 million of restructuring and other exit charges, indefinite-lived intangibles of $1.3 million.

(2) Debt includes finance lease obligations and letters of credit and is net of all cash and cash equivalents, as defined in the Fourth Amended Credit Facility. last twelve months ending July 2, 2023 and July 3, 2022, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $258.3 million, and $383.2 million, respectively. In Q4 fiscal 2023, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $346.7 million. In Q3 fiscal 2023, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $298.1 million. In Q2 fiscal 2023, the amounts deducted in the calculations of net debt were all cash and cash equivalents of $294.4 million.

# Non-GAAP Reconciliation

## FREE CASH FLOW

| | Quarter Ended | |
|---|---|---|
| | July 2, 2023 | July 3, 2022 |
| Net cash provided by (used in) operating activities | 74,946 | (71,891) |
| Less Capital Expenditures | (16,093) | (23,014) |
| Free Cash Flow | $ 58,853 | $ (94,905) |

| | Fiscal year ended March 31, | | | |
|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 |
| Net cash provided by (used in) operating activities | $279.9 | ($65.6) | $358.4 | $253.4 |
| Less Capital Expenditures | (88.8) | (74.0) | (70.0) | (101.4) |
| Free Cash Flow | $191.1 | ($139.6) | $288.4 | $152.0 |

# Non-GAAP Reconciliation

## PRIMARY OPERATING CAPITAL

***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 $1,032.6 million (yielding a primary operating capital percentage of 28.4%) at July 2, 2023, $1,057.0 million (yielding a primary operating capital percentage of 26.7%) at March 31, 2023 and $1,131.5 million at July 3, 2022 (yielding a primary operating capital percentage of 31.5%). The primary operating capital percentage of 28.4% at July 2, 2023 worsened by 170 basis points compared to March 31, 2023 and improved 310 basis points compared to July 3, 2022. The increase in primary operating capital percentage at July 2, 2023 compared to March 31, 2023 was primarily due to a reduction in sales compared to the fourth fiscal quarter of the prior fiscal year. The decrease in primary operating capital percentage at July 2, 2023 compared to July 3, 2022 was primarily from the sale of $150.0 million in accounts receivables through a Receivables Purchase Agreement (RPA) entered into during the third quarter of fiscal 2023.

Primary operating capital and primary operating capital percentages at July 2, 2023, March 31, 2023 and July 3, 2022 are computed as follows:

| *($ in Millions)* | July 2, 2023 | March 31, 2023 | July 3, 2022 |
|---|---|---|---|
| Accounts receivable, net | $ 566.5 | $ 637.8 | $ 697.1 |
| Inventory, net | 809.4 | 797.8 | 777.7 |
| Accounts payable | (343.3) | (378.6) | (343.3) |
| Total primary operating capital | $ 1,032.6 | $ 1,057.0 | $ 1,131.5 |
| Trailing 3 months net sales | $ 908.6 | $ 989.9 | $ 899.0 |
| Trailing 3 months net sales annualized | $ 3,634.4 | $ 3,959.6 | $ 3,595.9 |
| | | | |
| Primary operating capital as a % of annualized net sales | 28.4 % | 26.7 % | 31.5 % |

# Non-GAAP Reconciliation

## FY'23 & FY'22 ADJUSTED OPERATING EARNINGS

Twelve months ended ($ millions)

| | March 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Energy Systems | Motive Power | Specialty | IRA Tax Credits | Total |
| **Net Sales** | $ 1,738.1 | $ 1,451.3 | $ 519.1 | $ — | $ 3,708.5 |
| **Operating Earnings** | $ 60.8 | $ 165.2 | $ 35.0 | $ 17.3 | $ 278.3 |
| Inventory adjustment relating to exit activities | (0.2) | 0.8 | — | — | 0.6 |
| Restructuring and other exit charges | 1.5 | 12.8 | 2.1 | — | 16.4 |
| Impairment of indefinite-lived intangibles | 0.1 | — | 0.4 | — | 0.5 |
| Loss on assets held for sale | — | — | — | — | — |
| Amortization of identified intangible assets from recent acquisitions | 23.4 | — | 1.7 | — | 25.1 |
| Other | 0.6 | 0.6 | 0.1 | — | 1.3 |
| Acquisition activity expense | — | — | — | — | — |
| **Adjusted Operating Earnings** | $ 86.2 | $ 179.4 | $ 39.3 | $ 17.3 | $ 322.2 |

Twelve months ended ($ millions)

| | March 31, 2022 | | | |
|---|---|---|---|---|
| | Energy Systems | Motive Power | Specialty | Total |
| **Net Sales** | $ 1,536.6 | $ 1,361.2 | $ 459.5 | $ 3,357.3 |
| **Operating Earnings** | $ 15.1 | $ 146.5 | $ 44.6 | $ 206.2 |
| Inventory adjustment relating to exit activities | 0.2 | 2.4 | — | 2.6 |
| Restructuring and other exit charges | 2.8 | 17.1 | (1.1) | 18.8 |
| Impairment of indefinite-lived intangibles | 0.5 | 0.7 | — | 1.2 |
| Loss on assets held for sale | — | 3.0 | — | 3.0 |
| Amortization of identified intangible assets from recent acquisitions | 23.6 | — | 1.8 | 25.4 |
| Other | 5.1 | 1.0 | 0.3 | 6.4 |
| **Adjusted Operating Earnings** | $ 47.3 | $ 170.7 | $ 45.6 | $ 263.6 |

# Non-GAAP Reconciliation

## FY'20 ADJ. OPERATING EARNINGS

| | Twelve months ended ($ millions) | | | |
|---|---|---|---|---|
| | March 31, 2020 | | | |
| | Energy Systems | Motive Power | Specialty | Total |
| **Net Sales** | $1,357.3 | $1,348.2 | $382.3 | $3,087.8 |
| | | | | |
| **Operating Earnings** | $31.0 | $124.7 | $34.5 | $190.2 |
| Inventory step up to fair value relating to recent acquisitions | 0.3 | — | 1.6 | 1.9 |
| Restructuring and other exit charges | 7.3 | 2 | 6 | 15.3 |
| Fixed asset write-off relating to exit activities and other | 0.1 | 5.4 | — | 5.5 |
| Impairment of goodwill | 27.9 | 11.8 | — | 39.7 |
| Impairment of indefinite-lived intangibles | 1.3 | 2.8 | 0.4 | 4.5 |
| Amortization of identified intangible assets from recent acquisitions | 22.2 | — | 0.9 | 23.1 |
| ERP system implementation and other | 3.1 | 2.1 | 0.1 | 5.3 |
| Acquisition activity expense | 1.1 | — | 0.7 | 1.8 |
| **Adjusted Operating Earnings** | $94.3 | $148.8 | $44.2 | $287.3 |

# Non-GAAP Reconciliation

## FY'23 & FY'22 ADJUSTED EBITDA

| | Twelve months ended ($ millions) March 31, 2023 | Twelve months ended ($ millions) March 31, 2022 |
|---|---|---|
| Net Earnings | $ 175.8 | $ 143.9 |
| Depreciation | 60.4 | 62.6 |
| Amortization | 30.8 | 33.2 |
| Interest | 59.5 | 37.8 |
| Income Taxes | 34.8 | 30.0 |
| EBITDA | 361.3 | 307.5 |
| Non-GAAP adjustments | 26.2 | 32.0 |
| Adjusted EBITDA | $ 387.5 | $ 339.5 |

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

| | Twelve months ended ($ millions) March 31, 2023 | Twelve months ended ($ millions) March 31, 2022 |
|---|---|---|
| Inventory adjustment relating to exit activities | $ 0.6 | $ 2.6 |
| Restructuring and other exit charges | 16.4 | 18.8 |
| Impairment of indefinite-lived intangibles | 0.5 | 1.2 |
| Loss on assets held for sale | — | 3.0 |
| Other | 2.2 | 6.4 |
| Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations | 4.5 | — |
| Asset Securitization Transaction Fees | 0.6 | — |
| Cost of funding to terminate net investment hedges | 1.4 | — |
| Non-GAAP adjustments | $ 26.2 | $ 32.0 |

# Non-GAAP Reconciliation

## FY'23 & FY'22 ADJUSTED DILUTED EPS

| | Twelve months ended (in millions, except share and per share amounts) March 31, 2023 | | Twelve months ended (in millions, except share and per share amounts) March 31, 2022 | |
|---|---|---|---|---|
| **Net Earnings reconciliation** | | | | |
| As reported Net Earnings | $ 175.8 | | $ 143.9 | |
| Non-GAAP adjustments: | | | | |
| Inventory adjustment relating to exit activities | 0.6 | (1) | 2.6 | (1) |
| Restructuring and other exit charges | 16.4 | (2) | 18.8 | (2) |
| Impairment of indefinite-lived intangibles | 0.5 | (3) | 1.2 | (3) |
| Loss on assets held for sale | — | (4) | 3.0 | (4) |
| Amortization of identified intangible assets from recent acquisitions | 25.1 | (5) | 25.4 | (5) |
| Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations | 4.5 | | — | |
| Asset Securitization Transaction Fees | 0.6 | | | |
| Cost of funding to terminate net investment hedges | 1.4 | | — | |
| Financing fees related to debt modification | 1.2 | | — | |
| Other | 2.2 | | 6.4 | |
| Income tax effect of above non-GAAP adjustments | (7.5) | | (10.3) | |
| **Non-GAAP adjusted Net Earnings** | $ 220.8 | | $ 191.0 | |
| | | | | |
| **Outstanding shares used in per share calculations** | | | | |
| Basic | 40,809,235 | | 42,106,337 | |
| Diluted | 41,326,755 | | 42,783,373 | |
| **Non-GAAP adjusted Net Earnings per share:** | | | | |
| Basic | $ 5.41 | | $ 4.54 | |
| Diluted | $ 5.34 | | $ 4.47 | |
| | | | | |
| **Reported Net Earnings (Loss) per share:** | | | | |
| Basic | $ 4.31 | | $ 3.42 | |
| Diluted | $ 4.25 | | $ 3.36 | |
| **Dividends per common share** | $ 0.70 | | $ 0.70 | |

# Non-GAAP Reconciliation

## FY'23 & FY'22 ADJUSTED DILUTED EPS (CONTINUED)

| | Twelve months ended ($ millions) | |
|---|---|---|
| | March 31, 2023 | March 31, 2022 |
| | Pre-tax | Pre-tax |
| (1) Inventory adjustment relating to exit activities - Energy Systems | $ (0.2) | $ 0.2 |
| (1) Inventory adjustment relating to exit activities - Motive Power | 0.8 | 2.4 |
| (2) Restructuring and other exit charges - Energy Systems | 1.5 | 2.8 |
| (2) Restructuring and other exit charges - Motive Power | 12.8 | 17.1 |
| (2) Restructuring and other exit charges - Specialty | 2.1 | (1.1) |
| (3) Impairment of indefinite-lived intangibles - Energy Systems | 0.1 | 0.5 |
| (3) Impairment of indefinite-lived intangibles - Specialty | 0.4 | 0.7 |
| (4) Loss on assets held for sale - Motive | — | 3.0 |
| (5) Amortization of identified intangible assets from recent acquisitions - Energy Systems | 23.4 | 23.6 |
| (5) Amortization of identified intangible assets from recent acquisitions - Specialty | 1.7 | 1.8 |
| Total Non-GAAP adjustments | $ 42.6 | $ 51.0 |

# Non-GAAP Reconciliation

## FY'20 ADJ. DILUTED EPS

| *(in millions, except share and per share amounts)* | Twelve months ended March 31, 2020 | |
|---|---|---|
| **Net Earnings reconciliation** | | |
| As reported Net Earnings | $137.1 | |
| Non-GAAP adjustments: | | |
| Inventory step up to fair value relating to recent acquisitions | 1.9 | (1) |
| Restructuring and other exit charges | 20.8 | (2) |
| Impairment of goodwill and indefinite-lived intangibles | 44.2 | (3) |
| Amortization of identified intangible assets from recent acquisitions | 23.1 | (4) |
| ERP system implementation and other | 5.3 | (5) |
| Acquisition activity expense | 1.8 | (6) |
| Purchase accounting related tax | — | |
| Income tax effect of above non-GAAP adjustments | (12.6) | |
| Swiss Tax Reform | (21.0) | |
| **Non-GAAP adjusted Net Earnings** | $200.6 | |
| | | |
| **Outstanding shares used in per share calculations** | | |
| Basic | 42,411,834 | |
| Diluted | 42,896,775 | |
| | | |
| **Non-GAAP adjusted Net Earnings per share:** | | |
| Basic | $4.73 | |
| Diluted | $4.68 | |
| | | |
| **Reported Net Earnings per share:** | | |
| Basic | $3.23 | |
| Diluted | $3.20 | |
| **Dividends per common share** | $0.70 | |

The following table provides the line of business allocation of the non-GAAP adjustments shown in the reconciliation above:

| | Twelve months ended March 31, 2020 |
|---|---|
| | Pre-tax |
| (1) Inventory step up to fair value relating to recent acquisitions - Energy Systems | $0.3 |
| (1) Inventory step up to fair value relating to recent acquisitions - Specialty | 1.6 |
| (2) Restructuring charges - Energy Systems | 7.3 |
| (2) Restructuring and other exit charges - Motive Power | 2 |
| (2) Restructuring and other exit charges - Specialty | 6 |
| (2) Fixed asset write-off relating to exit activities and other - Energy Systems | 0.1 |
| (2) Fixed asset write-off relating to exit activities and other - Motive Power | 5.4 |
| (3) Impairment of goodwill - Energy Systems | 27.9 |
| (3) Impairment of goodwill - Motive | 11.8 |
| (3) Impairment of indefinite-lived intangibles - Energy Systems | 1.3 |
| (3) Impairment of indefinite-lived intangibles - Motive | 2.8 |
| (3) Impairment of indefinite-lived intangibles - Specialty | 0.4 |
| (4) Amortization of identified intangible assets from recent acquisitions - Energy Systems | 22.2 |
| (4) Amortization of identified intangible assets from recent acquisitions - Specialty | 0.9 |
| (5) ERP system implementation and other - Energy Systems | 3.1 |
| (5) ERP system implementation and other - Motive Power | 2.1 |
| (5) ERP system implementation and other - Specialty | 0.1 |
| (6) Acquisition activity expense - Energy Systems | 1.1 |
| (6) Acquisition activity expense - Specialty | 0.7 |
| Total Non-GAAP adjustments | $97.1 |

# Thank you.

For more information visit us at www.enersys.com

**EnerSys Global Headquarters**
2366 Bernville Road
Reading, PA 19605 | USA
Tel. +1-610-208-1991
+1-800-538-3627
Fax +1-610-372-8613

**EnerSys EMEA**
EH Europe GmbH
Baarerstrasse 18
6300 Zug
Switzerland

**EnerSys Asia**
152 Beach Road
Gateway East Building #11- 08
Singapore
189721
Tel: +65 6416-4800

September 2023