Q2'24 Earnings

NOVEMBER 8, 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 November 8, 2023, which is located on our website at www.enersys.com.

Q2 FY’24 Overview

DAVE SHAFFER
PRESIDENT AND CEO

EnerSys

Addressing Global Megatrends in Attractive and Diverse End Markets

~$30B+
Serviceable Addressable Market[1]

$3.7B
EnerSys FY'23 Net Sales

Diverse End Markets

- Communication Networks
- Data Centers
- Industrial Power & Utilities
- Logistics & Warehousing
- Transportation
- Aerospace and Defense

Energy Transition
- Modernizing energy grids, storage, and distribution
- Shifting market to EVs

Energy Security
- Increasing resiliency of electrical infrastructure and grid
- Growing need for reliability of mission-critical facilities

Connectivity
- Increasing power consumption
- Continuing to rollout 5G with path for 6G
- Expanding broadband to rural areas

Automation
- Challenging labor market and cost-efficiencies
- Implementing autonomy for scalability

Decarbonization
- Improving energy management and reducing emissions
- Evolving regulatory environment (e.g., Set Rule and IRA)

On Track to 8% - 10% Sales CAGR (FY'23 - FY'27)

[1] SAM includes existing markets we serve, excludes Fast Charge and Storage (FC&S); Source: Third-party research and Company estimates; IRA: Inflation Reduction Act

Strong Q2'24 Performance

$901M	$103M	$116M	$1.84	$91M
Net Sales	Adj Op Earnings[1]	Adj EBITDA[1]	Adj EPS[1]	Free Cash Flow[1]
+0.2% Y/Y	+58% Y/Y	+36% Y/Y	+66% Y/Y	+$106M Y/Y
	Adj Op Earnings[1] Margin of 11.5%	Adj EBITDA[1] Margin of 12.9%		

Delivered Adjusted Gross Profit[1] Margin of 26.6%; up 480 bps Y/Y

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $22M of IRA tax credit recorded in Cost of Goods Sold (COGS)

Q2'24 Executing on our Strategy

Innovate

Increasing Higher Value Solutions

- Launched DPX Distributed Power System featuring new EnShield™ technology at Mobile World Congress
- Alpha® ADOM Outdoor Gateway recognized among the best in industry for its innovative design and value at the 2023 CableTec Expo

Optimize

Expanding Margins

- Adj Gross Profit[1] Margin up 480 bps Y/Y; Adj EBITDA[1] margin up 340 bps Y/Y
- Maintenance-free >20% of Motive Power total revenue
- Optimizing operational efficiencies and executing cost reductions in Energy Systems, completed Sylmar factory consolidation made possible with EOS tools
- Announced exit from residential renewable systems product lines, OutBack and Mojave, and additional footprint optimization with Spokane factory closure

Accelerate

Compounding Value Creation

- Received 50-system order for FC&S from launch customer
- Narrowing site selection on new lithium battery gigafactory in the U.S.
  - IRC 45X benefits to help fund development; exploring additional government funding with intention of staying within 2 - 3x leverage target range and generating accretive ROIC
- Advancing our partnership agreement with Verkor

1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $22M of IRA tax credit recorded in Cost of Goods Sold (COGS)

Fast Charge and Storage Momentum Growing

LAUNCH ORDER RECEIVED

ORDER

- Initial 50 system order
- 15 systems to be deployed midyear 2024
- 4 pedestals per system with parallel charging capability

CUSTOMER

- **Landmark Dividend**, a real estate and infrastructure development and management company

SYSTEM

Battery Energy Storage System (BESS)

Power Conversion System

DC Pedestal

Software

ONLY SYSTEM COMBINING:

- ✓ Energy management with 1.2MWh of energy storage capacity
- ✓ Dynamic fast EV charging, including parallel charging 90kWh per vehicle from single pedestal

Enabling Energy Optimization with Demand Charge Reduction, Utility Back-up Power, and Dynamic EV Fast Charging

Energy Efficiency Initiative of the Year

ENVIRONMENTAL FINANCE'S SUSTAINABLE COMPANY AWARDS

- **EnerSys Operating System (EOS)** recognized as groundbreaking energy efficient business model reducing energy waste
- Since the implementation of EOS in 2017, the EOS program has identified thousands of efficiency opportunities yielding remarkable results across numerous facets of the EnerSys operations

EnerSys® Operating System

EOS LEAN METHOD

Environmental Savings Via

- **Scrap, water, and gas reduction**
- Upgraded LED lighting replacement
- Cardboard reuse and reduction
- CO_2e reductions aligned with climate neutral goals

Creating a Culture of Sustainability, Efficiency, and Continuous Improvement

ANDI FUNK

EVP AND CFO

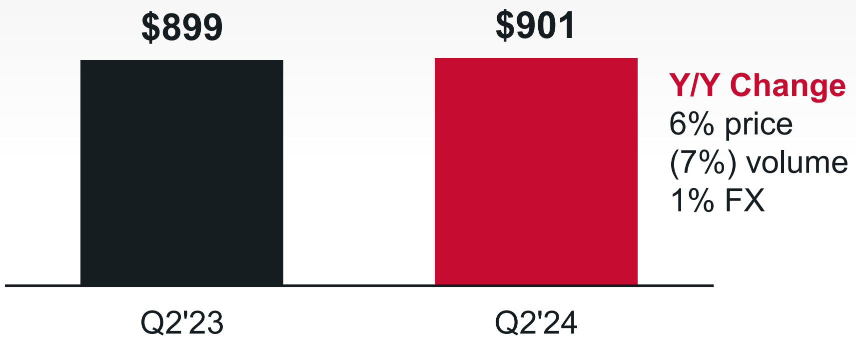
Q2 FY'24 Financial Results and Outlook

EnerSys

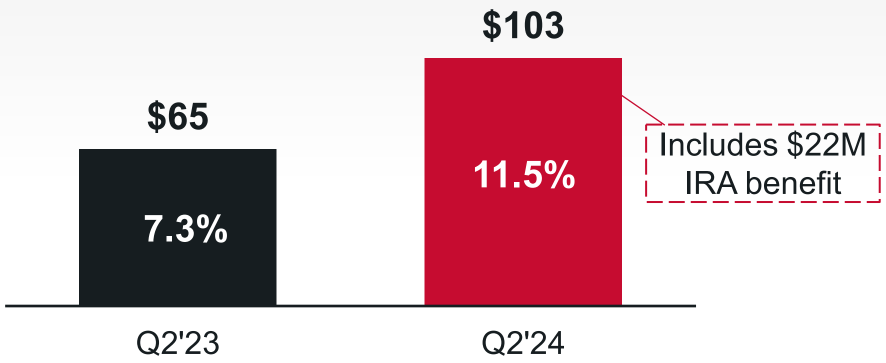
Q2’24 Results

($M, except EPS)

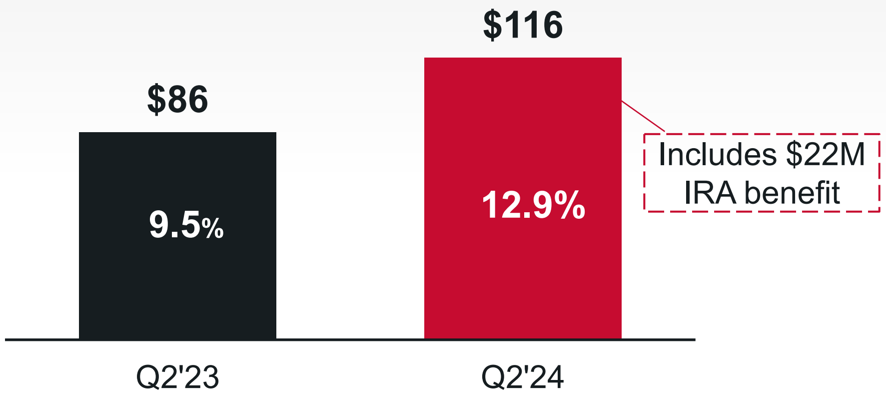
NET SALES



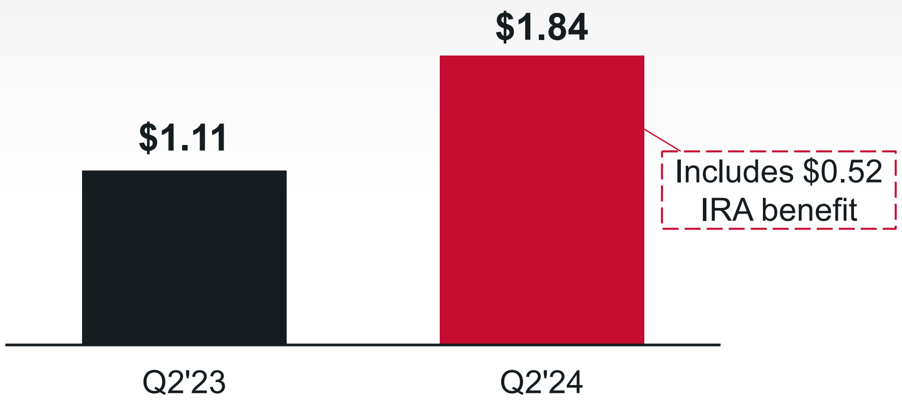
ADJ OPERATING EARNINGS[1] & MARGIN



ADJ EBITDA[1] & MARGIN



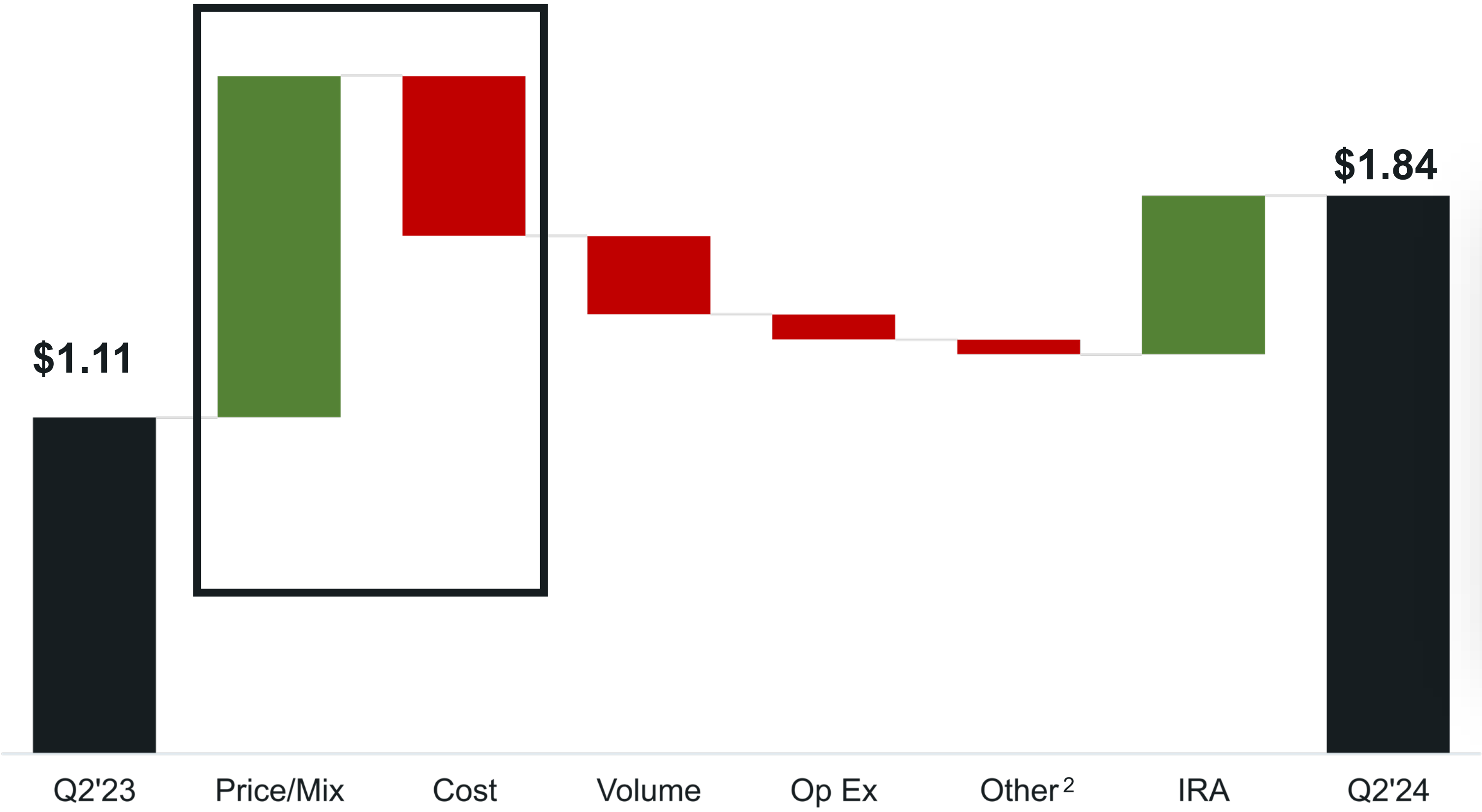
ADJ DILUTED EPS[1]



1) Non-GAAP measure. Please refer to appendix for reconciliation. Includes $22M of IRA tax credit recorded in Cost of Goods Sold (COGS)

Adj EPS[1] Bridge & Adj Op Earnings[1]

Q2'24 YEAR-OVER YEAR



($M)	Net Sales	AOE[1]
Energy Systems	$422.5	$25.6
Motive Power	$355.2	$53.4
Specialty	$123.3	$5.6
Corporate/Other	-	$18.9
Total	**$901.0**	**$103.5**

Sales and Earnings in Line with Expectations on Strong Comps; Holding Price with Customer Value

1) Non-GAAP measure. Please refer to appendix for reconciliation.
2) Other includes Interest, Taxes, Shares, and F/X

Energy Systems Segment Highlights

	Q2’24 ($M)	Y/Y change
Net Sales	$422.5	(3%)
Adj Op Earnings[1]	$25.6	+56%
Adj OE Margin[1]	6.1%	+230 bps

- **Continued price / mix strength**
  - Price / Mix +8% and F/X +1% offset by Volume (12%)
  - Record services revenues in Americas
  - Volume pressured by U.S. Communication Networks CapEx pause and inventory digestion
- **Adj Op Earnings[1] +$9M from prior year**
  - Delivered strong Price / Mix - Cost recapture
  - Announced resi-renewables product exit and footprint rationalization, along with restructuring actions executed in the quarter – combined $18M annual savings to be fully realized in FY’25

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Motive Power Segment Highlights

	Q2’24 ($M)	Y/Y change
Net Sales	$355.2	+5%
Adj Op Earnings[1]	$53.4	+34%
Adj OE Margin[1]	15.0%	+330 bps

- **Net Sales +5% Y/Y**
  - Price / Mix +6% and F/X +2% offset by Volume (3%)
  - Maintenance-free products growth: 21% of segment net sales
  - +1% Q/Q despite seasonally lowest quarter
- **Record Adj Op Earnings[1] and impressive Y/Y Margin improvement**
  - Continued maintenance-free conversion trajectory
  - Delivered strong Price / Mix – Cost recapture
  - Executed cost discipline

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Specialty Segment Highlights

	Q2'24 ($M)	Y/Y change
Net Sales	$123.3	(1%)
Adj Op Earnings[1]	$5.6	(40%)
Adj OE Margin[1]	4.5%	(290 bps)

- **Revenue and Adj Op Earnings[1] temporarily constrained by capacity reallocation and Sylmar closure timing**
  - Price / Mix +2% and F/X +1% offset by Volume (4%)
  - Strong bookings in U.S. Transportation and Aerospace & Defense
  - Elevated material and manufacturing costs related to re-tooling and production transfers during the quarter
  - Exited Q2 with production performance in line with expectations

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Balance Sheet, Cash Flow and Leverage

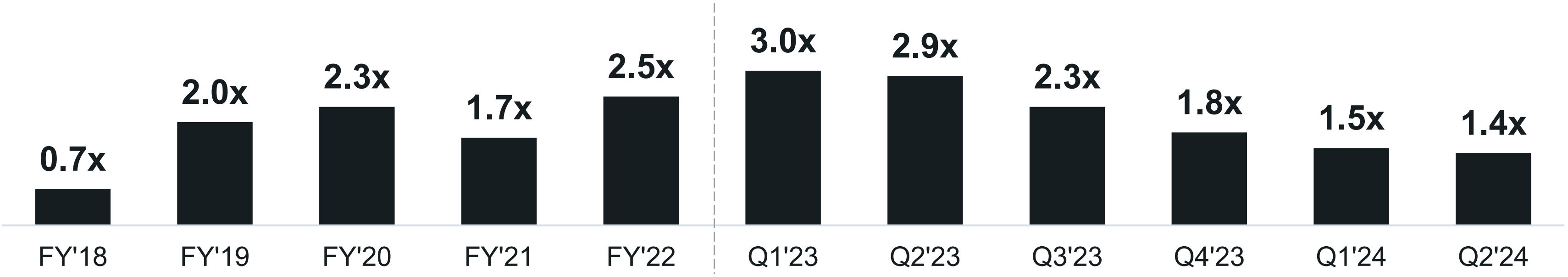
SELECTED BALANCE SHEET METRICS[1]

($M)	FY'23	Q2'24 YTD
Cash and Cash Equivalents	$347	$328
Net Debt[3]	$736	$662
Net Leverage Ratio[3]	1.8x	1.4x
Primary Operating Capital[4]	$1,057	$990

SELECTED QUARTERLY CASH FLOW METRICS[2]

($M)	Q2'23	Q2'24
Cash Flow from Operations	$2	$111
CapEx	($17)	($20)
Free Cash Flow[4]	($15)	$91

NET LEVERAGE RATIO[3]



Significant Free Cash Flow Generation and Healthy Balance Sheet

1) Balances as of periods ending March 31, 2023 and October 1, 2023
2) Quarters ending October 2, 2022 and October 1, 2023
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). 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.

Disciplined Capital Allocation Strategy

Priorities		Q2'24	Future Priorities
Invest in Organic Growth (CapEx)		$20M	• Continue TPPL capacity investments & end-to-end solutions • Optimize EOS to drive additional operational efficiencies
Strategic M&A		Verkor agreement progressing Hired VP, Bus Dev	• Accelerate domestic-sourced lithium strategy • Innovate with incremental systems solutions • Execute opportunistic tuck-in acquisitions
Net Leverage[1]		1.4x EBITDA	• Target low end of 2x – 3x long-term net leverage range
Return of Capital	*Dividends* *Buybacks*	$9M $47M	• Committed to a competitive dividend that grows with earnings over time (excluding IRA funds) • $147M outstanding repurchase authorization

Balance Innovation and Growth Investments with Returning Capital to Shareholders

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)

Looking Ahead: Q3'24 Guidance

	Guidance	Assumptions
Gross Margin *(Q3'24)*	25.0% - 27.0% *Includes 150bps - 250bps from IRC 45X tax credits*	• Benefit from diverse end markets and ability to hold price, tempered by communication networks capex cycle • Continued higher value/margin product sales
Adj Diluted EPS *(Q3'24)*	\$1.80 - \$1.90 *Includes \$0.50 - \$0.60 from IRC 45X tax credits*	• Focused OpEx discipline and footprint optimization opportunities • EOS savings • FX / Interest rates consistent with Q2'24
CapEx *(FY'24)*	\$100M - \$120M	• Continued investments in innovation and Lithium / TPPL capacity expansion • \$4M allocated to execute ESG goals

- ✓ IRA tax credits to be invested in U.S. capacity for high density batteries
- ✓ Continued strong earnings and cash flow
- ✓ Successful history of navigating cycles

Note: EnerSys does not provide a quantitative reconciliation of the company's projected range for adjusted diluted earnings per share. Please see our latest Form 8-K which includes our press release dated November 8, 2023, for more details.

Q&A

Appendix

November 2023

Non-GAAP Reconciliations

November 2023

Non-GAAP Reconciliation

ADJUSTED OPERATING EARNINGS

	Quarter Ended October 1, 2023				
($ in millions)	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	$422.5	$355.2	$123.3	$ —	$901.0
Operating Earnings	$16.8	$49.6	$3.3	$18.9	$88.6
Restructuring and other exit charges	2.2	3.5	1.5	—	7.2
Amortization of intangible assets	6.3	0.2	0.7	—	7.2
Other	0.3	0.1	0.1	—	0.5
Adjusted Operating Earnings	$25.6	$53.4	$5.6	$18.9	$103.5

	Quarter Ended October 2, 2022				
($ in millions)	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	$437.0	$338.0	$124.4	$ —	$899.4
Operating Earnings	$9.8	$35.6	$8.9	$ —	$54.3
Inventory adjustment relating to exit activities	—	1.5	—	—	1.5
Restructuring and other exit charges	0.8	2.5	—	—	3.3
Amortization of intangible assets	5.8	—	0.4	—	6.2
Other	—	0.1	—	—	0.1
Adjusted Operating Earnings	$16.4	$39.7	$9.3	$ —	$65.4

	Increase (Decrease) as a % from prior year quarter				
	Energy Systems	Motive Power	Specialty	Corporate and other	Total
Net Sales	(3.3)%	5.1%	(0.9)%	NM	0.2%
Operating Earnings	72.2%	39.2%	(62.8)%	NM	63.3%
Adjusted Operating Earnings	55.8%	34.4%	(39.9)%	NM	58.1%

NM = Not Meaningful

Non-GAAP Reconciliation

ADJUSTED EBITDA

($ in millions)	Quarter ended October 1, 2023	Quarter ended October 2, 2022
Net Earnings	$65.2	$34.5
Depreciation	15.4	14.8
Amortization	7.2	8.0
Interest	12.2	15.4
Income Taxes	8.2	5.8
EBITDA	108.2	78.5
Non-GAAP adjustments	8.2	7.2
Adjusted EBITDA	$116.4	$85.7

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

($ in millions)	Quarter ended October 1, 2023	Quarter ended October 2, 2022
Restructuring and other exit charges	7.2	4.8
Other	1.0	1.1
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—	(0.1)
Cost of funding to terminate net investment hedges	—	1.4
Non-GAAP adjustments	$8.2	$7.2

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS

($ in millions, except share and per share amounts)	Quarter ended October 1, 2023	Quarter ended October 2, 2022
Net earnings reconciliation		
As reported Net Earnings	$65.2	$34.5
Non-GAAP adjustments:		
Restructuring and other exit charges	7.2 (1)	4.8 (1)
Amortization of identified intangible assets	7.2 (2)	6.2 (2)
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	—	(0.1)
Cost of funding to terminate net investment hedges	—	1.4
Financing fees related to debt modification	—	1.2
Other	1.0	1.1
Income tax effect of above non-GAAP adjustments	(4.1)	(3.5)
Non-GAAP adjusted Net earnings	$76.5	$45.6
Outstanding shares used in per share calculations		
Basic	40,922,959	40,740,989
Diluted	41,684,634	41,167,622
Non-GAAP adjusted Net earnings per share:		
Basic	$1.87	$1.12
Diluted	$1.84	$1.11
Reported Net earnings (Loss) per share:		
Basic	$1.59	$0.85
Diluted	$1.56	$0.84
Dividends per common share	$0.225	$0.175

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 at left:

	Quarter ended October 1, 2023 Pre-tax	Quarter ended October 2, 2022 Pre-tax
(1) Inventory adjustment relating to exit activities - Motive Power	$—	$1.5
(1) Restructuring and other exit charges - Energy Systems	2.2	0.8
(1) Restructuring and other exit charges - Motive Power	3.5	2.5
(1) Restructuring and other exit charges - Specialty	1.5	—
(2) Amortization of identified intangible assets - Energy Systems	6.3	5.8
(2) Amortization of identified intangible assets - Motive	0.2	—
(2) Amortization of identified intangible assets acquisitions - Specialty	0.7	0.4
Total Non-GAAP adjustments	$14.4	$11.0

Non-GAAP Reconciliation

LEVERAGE RATIO BY YEAR

($ in millions, except ratios)	Fiscal year ended March 31, 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	1.8x	2.5x	1.7x	2.3x	2.0x	0.7x

(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

($ in millions, except ratios)	Last twelve months ended October 1, 2023	July 2, 2023	March 31, 2023	January 1, 2023	October 2, 2022
Net earnings as reported	$242.4	$211.6	$175.8	$137.9	$129.9
Add back:					
Depreciation and amortization	90.0	90.2	91.2	92.6	92.0
Interest expense	59.9	63.3	59.5	53.9	46.1
Income tax expense	38.2	35.7	34.8	35.8	28.9
EBITDA (non GAAP)	$430.5	$400.8	$361.3	$320.2	$296.9
Adjustments per credit agreement definitions(1)	48.9	50.1	51.7	59.8	62.3
Adjusted EBITDA (non-GAAP) per credit agreement(1)	$479.4	$450.9	$413.0	$380.0	$359.2
Total net debt(2)	$662.0	$690.1	$736.0	$858.9	$1,045.5
Leverage ratios:					
Total net debt/credit adjusted EBITDA ratio	1.4x	1.5x	1.8x	2.3x	2.9x

(1) The $48.4 million adjustment to EBITDA in the last twelve months ending October 1, 2023 primarily related to $27.6 million of non-cash stock compensation, $17.6 million of restructuring and other exit charges, impairment of indefinite lived intangibles and other current assets of $3.6 million. 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 indefinite lived 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 $26.7 million of non-cash stock compensation, $28.0 million of discontinuing operations, $4.0 million of restructuring and other exit charges, $1.4 million related to termination of a swap agreement, indefinite-lived intangibles of $1.2 million and $1.0 million write-down of non-current assets.

(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. For the last twelve months ending October 1, 2023, the amounts deducted in the calculation of net debt were U.S. cash and cash equivalents and foreign cash investments of $327.8 million. In Q1 fiscal 2024, the amounts deducted in the calculation of net debt were all cash and cash equivalents of $258.3 million. 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

($ in millions)	Quarter ended October 1, 2023	Quarter ended October 2, 2022
Net cash provided by (used in) operating activities	$110.8	$1.6
Less Capital Expenditures	(19.8)	(16.6)
Free Cash Flow	91.0	(15.0)
Non-GAAP adjusted Net earnings	$76.5	$45.6
Adjusted Free Cash Flow Conversion	119%	(33%)

Non-GAAP Reconciliation

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 $990.2 million (yielding a primary operating capital percentage of 27.5%) at October 1, 2023, $1,057.0 million (yielding a primary operating capital percentage of 26.7%) at March 31, 2023 and $1,172.6 million at October 2, 2022 (yielding a primary operating capital percentage of 32.6%). The primary operating capital percentage of 27.5% at October 1, 2023 worsened by 80 basis points compared to March 31, 2023 and improved 510 basis points compared to October 2, 2022. The increase in primary operating capital percentage at October 1, 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 October 1, 2023 compared to October 2, 2022 was primarily from the sale of $144.3 million in accounts receivables through a Receivables Purchase Agreement (RPA) entered into during the third quarter of fiscal 2023.

($ in millions)	October 1, 2023	March 31, 2023	October 2, 2022
Accounts receivable, net	$536.5	637.8	$705.5
Inventory, net	776.5	797.8	812.0
Accounts payable	(322.8)	(378.6)	(344.9)
Total primary operating capital	990.2	1,057.0	1,172.6
Trailing 3 months net sales	901.0	989.9	899.4
Trailing 3 months net sales annualized	3,604.0	3,959.6	3,597.7
Primary operating capital as a % of annualized net sales	27.5%	26.7%	32.6%

Non-GAAP Reconciliation

ADJUSTED GROSS PROFIT AND GROSS MARGIN

	Quarter ended	
($ in millions)	October 1, 2023	October 2, 2022
Net Sales	$901.0	$899.4
Gross Profit	239.6	194.9
Inventory adjustment relating to exit activities	—	1.5
Adjusted Gross Profit	$239.6	$196.4
Adjusted Gross Margin	26.6%	21.8%

Thank you.

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