Nordson

1Q Fiscal 2023
Webcast

Ascend
STRATEGY

February 21, 2023

NBS NEXT | OWNER MINDSET | WINNING TEAMS

Safe Harbor Statement
Under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by terminology such as "may," "will," "should," "could," "expects," "anticipates," "believes," "projects," "forecasts," “outlook,” “guidance,” "continue," “target,” or the negative of such terms or comparable terminology. These statements reflect management’s current expectations and involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, U.S. and international economic conditions; financial and market conditions; currency exchange rates and devaluations; possible acquisitions including the Company’s ability to successfully integrate acquisitions; the Company's ability to successfully divest or dispose of businesses that are deemed not to fit with its strategic plan; the effects of changes in U.S. trade policy and trade agreements; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, acts of terror, natural disasters and pandemics, including the current coronavirus (COVID-19) pandemic and the other factors discussed in Item 1A (Risk Factors) in the Company’s most recently filed Annual Report on Form 10-K and in its Forms 10-Q filed with the Securities and Exchange Commission, which should be reviewed carefully. The Company undertakes no obligation to update or revise any forward-looking statement in this presentation.

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Agenda

1Q Fiscal 2023 Webcast – February 21, 2023

- First Quarter Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance
- FY 2023 and 2Q 2023 Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Joseph Kelley
Executive Vice President,
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Highlights

Diversity in product lines and geographies, NBS Next driving results



- Solid first quarter revenue
- CyberOptics integration going well; strong contribution in quarter
- Solid regional growth from the Americas and Europe, partially offset by currency headwinds and weakness in China
- Gaining momentum in the deployment of NBS Next growth framework

Total Company – 1Q 2023

Sales

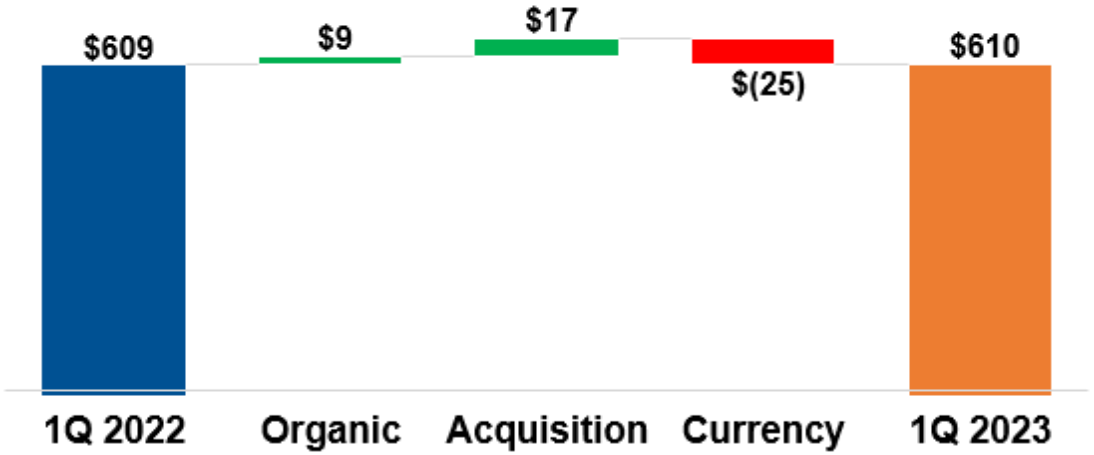
- Reported sales of $610M
- Organic growth increased 1%; acquisitive growth of 3%; unfavorable currency impact of 4%
- Strong combined 9% growth in Europe and Americas offset by weakness in Asia Pacific, primarily China

Operating Profit*

- Operating profit was $155 million, or 25% of sales; 4% growth in constant currency
- Unfavorable currency impact on profit and earnings was 6%
- Earnings includes $10 million of non-recurring acquisition costs

*Numbers reflect adjusted operating profit – see reconciliation in appendix

1Q 2023 Sales Bridge



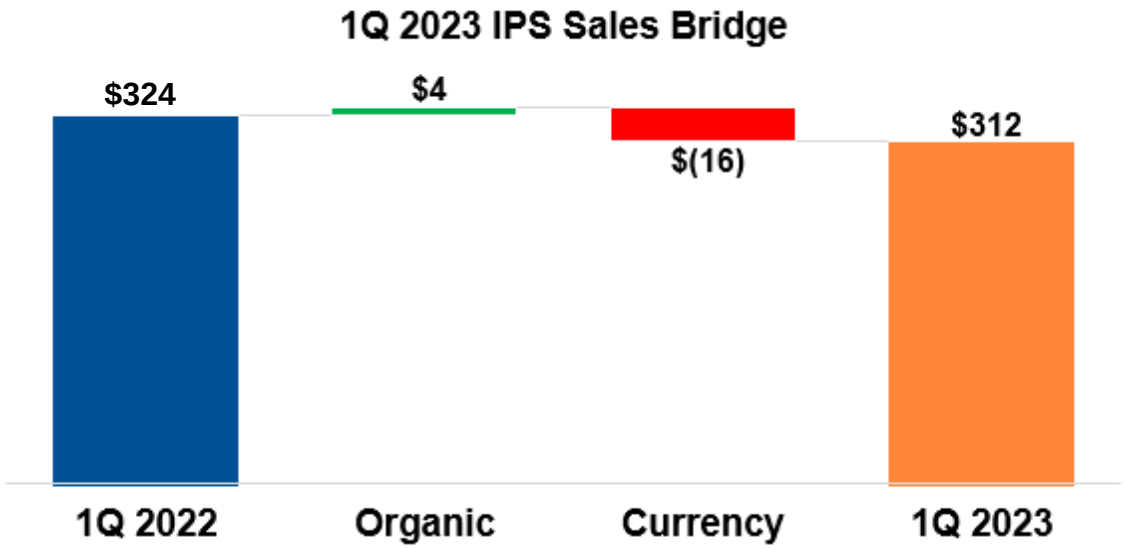
	1Q 2022	1Q 2023	Δ
Sales	$609.2	$610.5	0%
Operating Profit*	$157.4	$154.5	(2)%
EBITDA*	$182.8	$180.9	(1)%
EPS GAAP	$2.05	$1.81	(12)%
EPS Adjusted*	$2.07	$1.95	(6)%

*Non-GAAP numbers - See appendix for reconciliation. In millions except for per share data.

Industrial Precision Solutions – 1Q 2023

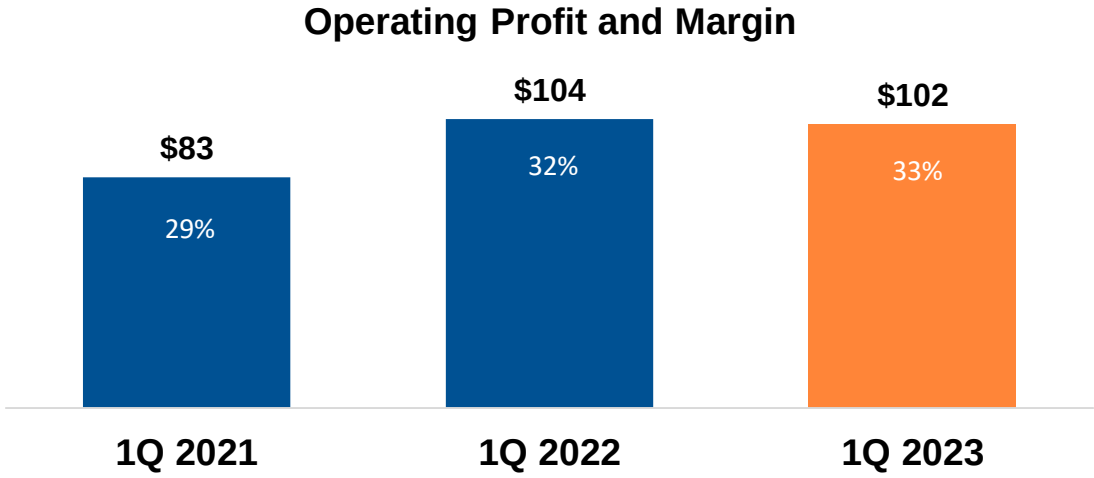
Sales

- Sales of $312 million, decreased 4%
- Organic growth of 1%, offset by unfavorable currency impact of 5%
- Steady demand across most product lines and regions, offset by softness in Asia Pacific



Operating Profit*

- Operating profit was $102 million, or 33% of sales; growth of 5% in constant currency
- Unfavorable currency impact of 6%
- Consistently delivering organic constant currency growth, 8 out of the last 9 quarters

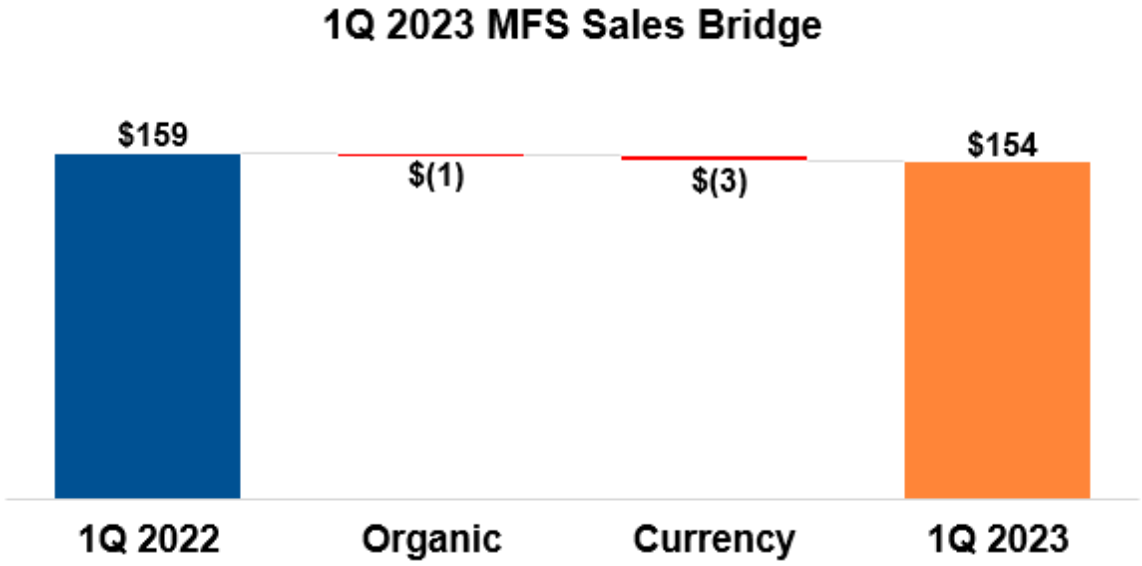


*Numbers reflect adjusted operating profit – see reconciliation in appendix

Medical and Fluid Solutions – 1Q 2023

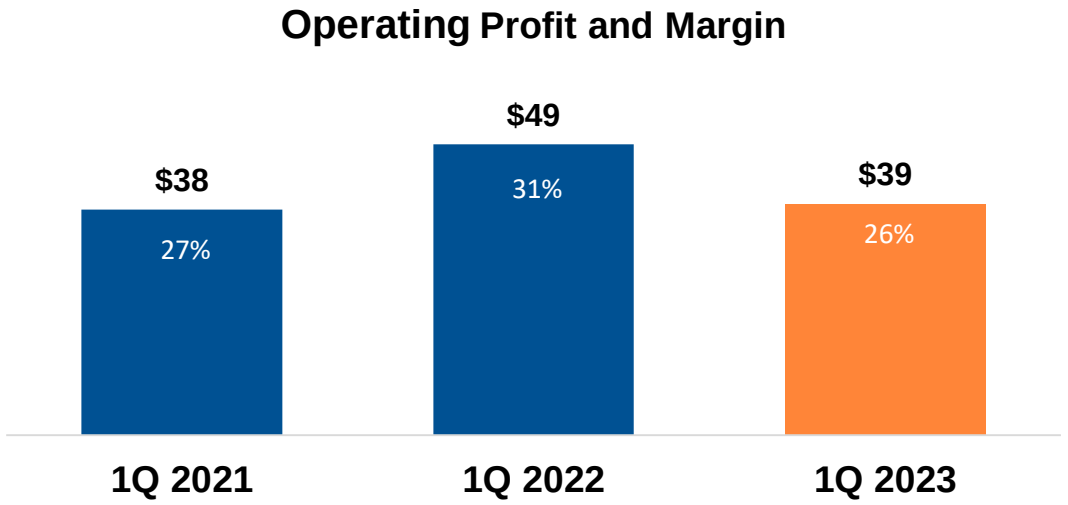
Sales

- Sales of $154 million, decreased 3%
- Organic sales decrease of 1%; unfavorable currency impact of 2%
- Weakness was driven by medical fluid components and fluid solutions product lines in China, offset by strong demand for medical interventional solutions products



Operating Profit

- Operating profit remains strong at 26% of sales
- Strength despite meaningful sales mix changes and related individual factory inefficiencies due to reduced volume



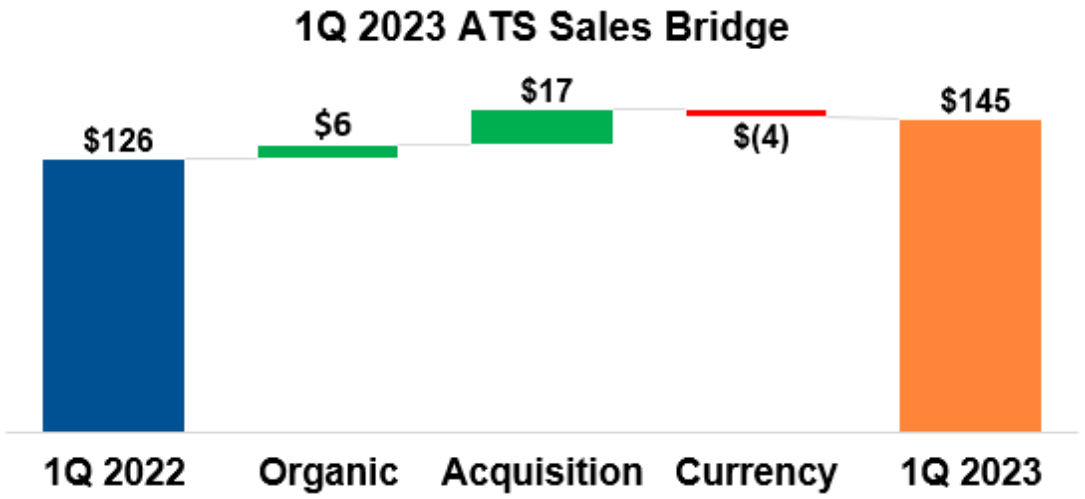
Advanced Technology Solutions – 1Q 2023

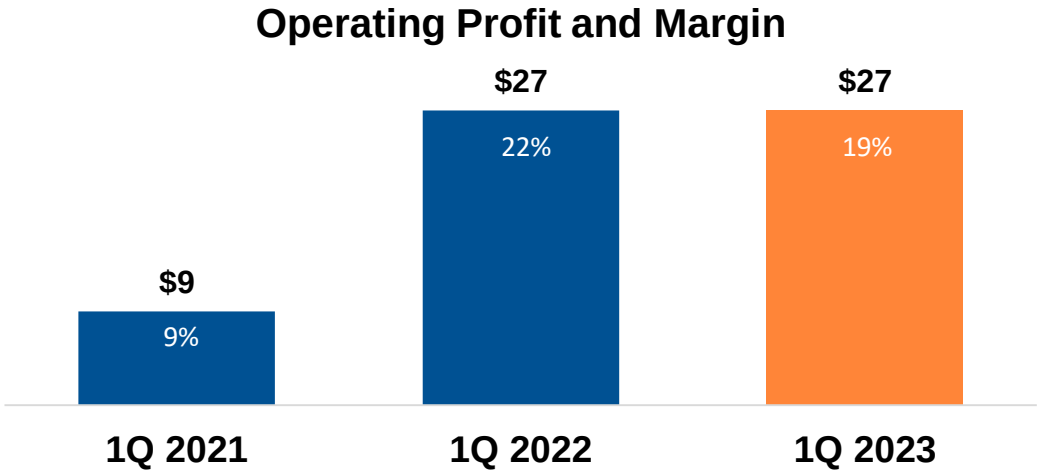
Sales

- 14% sales increase, inclusive of 5% organic volume growth; 14% CyberOptics acquisition; 4% unfavorable currency impact
- Organic growth driven by Americas region and test and inspection acoustic product lines, which benefits from new product innovations

Operating Profit*

- Operating profit of $27 million, 19% of sales
- Organic growth of 3% plus benefits from acquisition, offset by 5% unfavorable currency impact





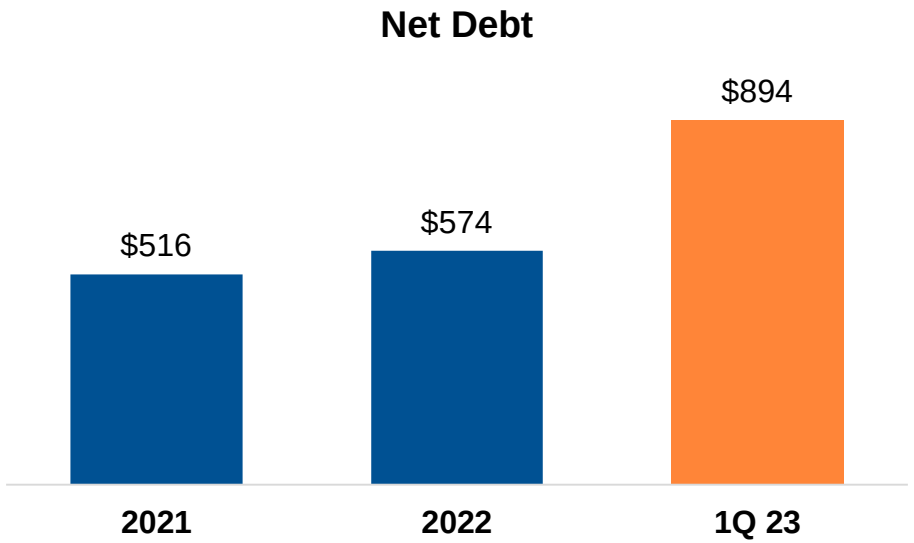
*Numbers reflect adjusted operating profit – see reconciliation in appendix

Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

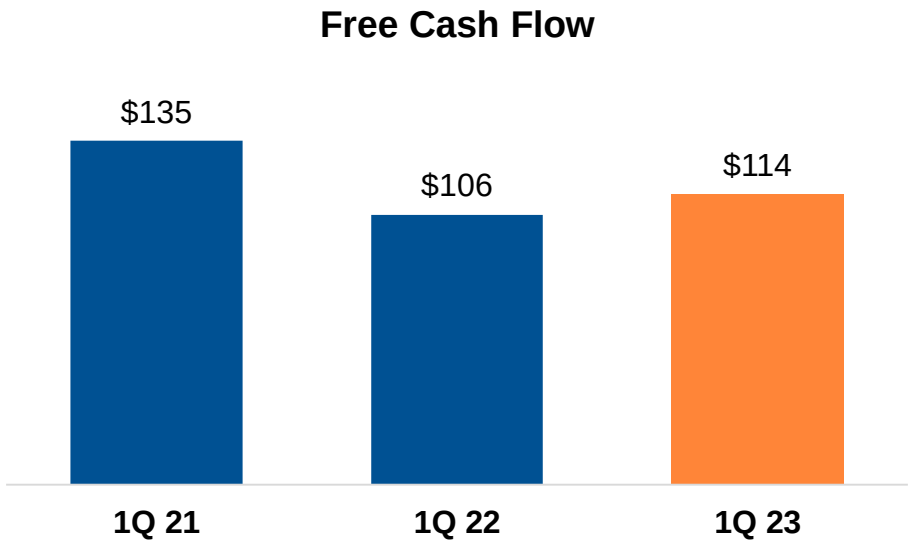
Net Debt

- Cash totaled $122 million
- 1.1 net debt leverage ratio based on trailing 12-month EBITDA



Free Cash Flow

- $8 million increase, or 109% of adjusted net income
- Dividend payments of $37 million, reflective of 27% increase in annual dividend approved in 2022



Enterprise Highlights



- China operations returning to normal post-COVID spread; prioritizing health and safety
- Continued site visits in the Americas and Europe, focused on accelerating NBS Next deployment
- Dynamic 2023 includes changing demand trends

End Market Visibility

Industrial Precision Solutions



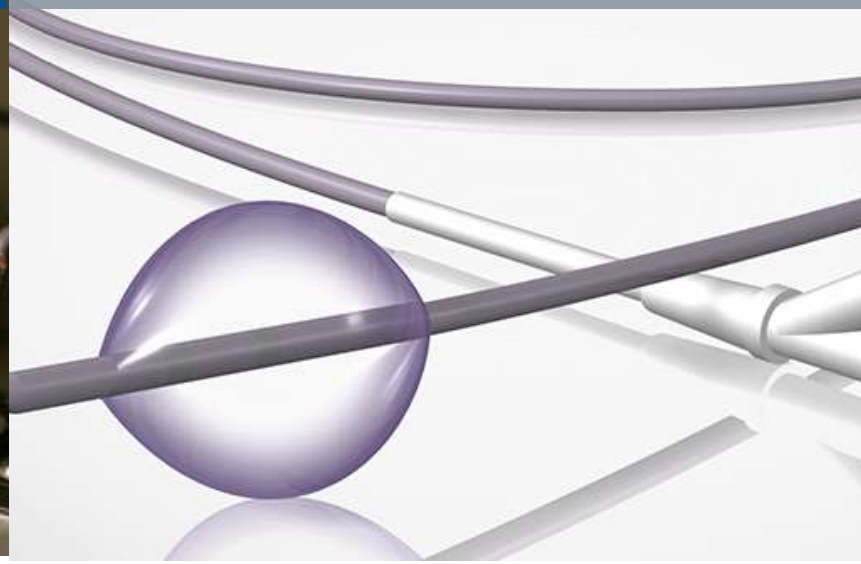
- Increasing demand in automotive
- Steady demand in industrials and consumer non-durable product lines
- Product and packaging assembly strong in Americas and Europe

Advanced Technology Solutions



- Softening of semi-conductor orders impacting electronics dispense systems, including push-outs to 2H2023
- Demand for most test and inspection is strong, acoustic innovation driving growth
- Diversification strategy mutes volatility

Medical and Fluid Solutions

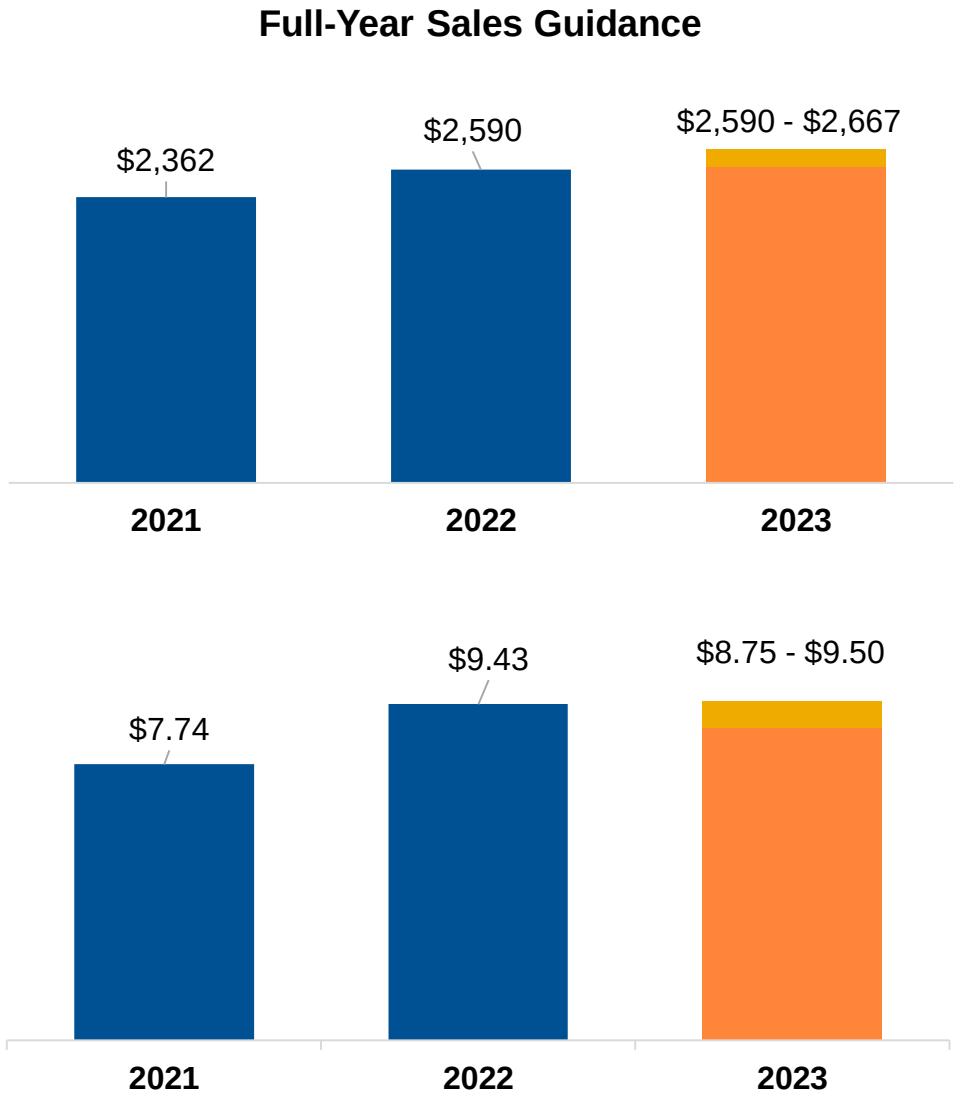


- Strong growth in medical interventional solutions (i.e., balloons, catheters, cannulas)
- Weakness in fluid components (i.e., funnels, connectors, tubing) following two years of record growth
- Fluid solutions product lines softening in construction and Asia markets

Full-Year Fiscal 2023 Guidance

Updating guidance, sustaining record 2022 performance

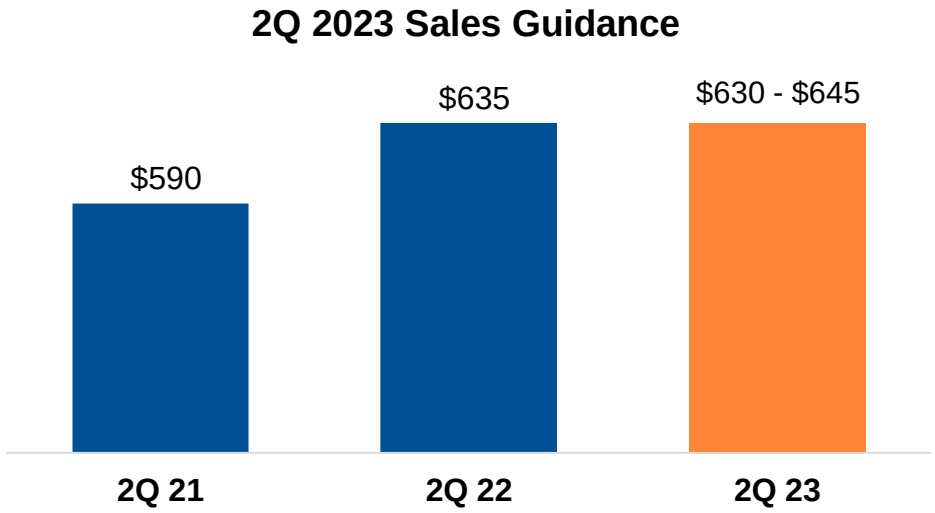
- Fiscal 2023 sales growth of 0% - 3%
- Adjusted earnings comparable to 2022
- Remain invested in innovation and differentiated customer experience
- Sustaining 2022 record performance is a testament to our dedicated employees, diversification of products and geographies, and solid execution of Ascend strategy

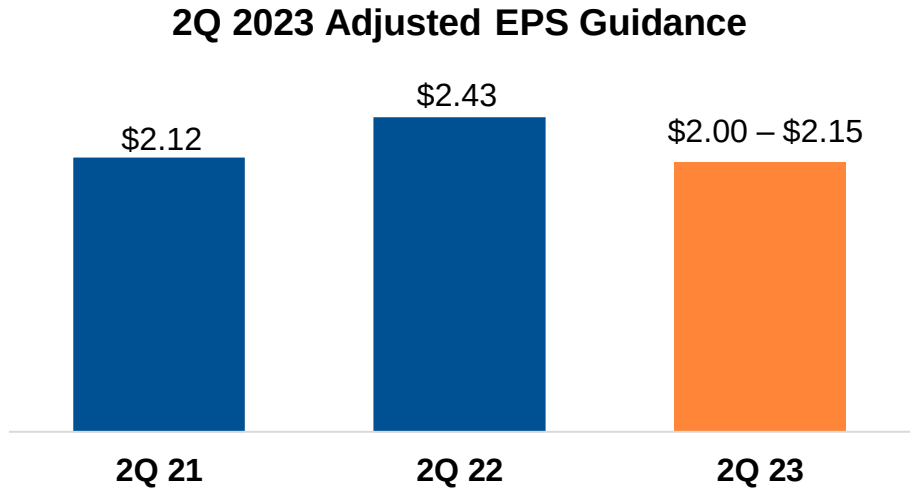


2Q Fiscal 2023 Guidance

Managing dynamic market conditions

- 2Q 23 sales comparable to prior year, acquisition benefits are largely offset by currency headwinds
- 2Q 23 adjusted earnings per share in the range of $2.00 to $2.15
- Order entry weakened in past 45 days. Systems push-outs to 2H 2023





Questions?

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Reconciliation of Non-GAAP Measures

Adjusted Operating Profit and EBITDA (Dollars in thousands)

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RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED OPERATING PROFIT AND EBITDA (Unaudited)
(Dollars in thousands)

	Three Months Ended			
	January 31, 2023		January 31, 2022	
SALES BY SEGMENT				
Industrial precision solutions	$ 311,546		$ 323,933	
Medical and fluid solutions	154,287		158,784	
Advanced technology solutions	144,644		126,449	
Total sales	$ 610,477		$ 609,166	
OPERATING PROFIT				
Industrial precision solutions	$ 102,319		$ 102,187	
Medical and fluid solutions	39,384		49,093	
Advanced technology solutions	16,963		27,234	
Corporate	(14,447)		(22,654)	
Total operating profit	$ 144,219		$ 155,860	
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial precision solutions	$ —		$ 1,563	
Advanced technology solutions	10,295		—	
Total adjustments	$ 10,295		$ 1,563	
ADJUSTED OPERATING PROFIT (NON-GAAP) [2]		% of Sales		% of Sales
Industrial precision solutions	$ 102,319	33%	$ 103,750	32%
Medical and fluid solutions	39,384	26%	49,093	31%
Advanced technology solutions	27,258	19%	27,234	22%
Corporate	(14,447)		(22,654)	
Total operating profit - adjusted	$ 154,514	25%	$ 157,423	26%
DEPRECIATION & AMORTIZATION				
Industrial precision solutions	$ 6,845		$ 7,442	
Medical and fluid solutions	13,625		13,547	
Advanced technology solutions	3,812		2,263	
Corporate	2,152		2,138	
Total depreciation & amortization	$ 26,434		$ 25,390	
EBITDA (NON-GAAP) [2]				
Industrial precision solutions	$ 109,164	35%	$ 111,192	34%
Medical and fluid solutions	53,009	34%	62,640	39%
Advanced technology solutions	31,070	21%	29,497	23%
Corporate	(12,295)		(20,516)	
Total EBITDA	$ 180,948	30%	$ 182,813	30%

[1] Represents fees, severance and non-cash inventory charges associated with acquisitions.

[2] Adjusted operating profit and EBITDA are non-GAAP measures used by management to evaluate the Company's ongoing operations. Adjusted operating profit is defined as operating profit plus certain adjustments, such as fees, severance and non-cash inventory charges associated with acquisitions. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

NORDSON CORPORATION

RECONCILIATION OF NON-GAAP MEASURES - PROFITABILITY (Unaudited)
(Dollars in thousands)

	Three Months Ended	
	January 31, 2023	January 31, 2022
GAAP AS REPORTED		
Operating profit	$ 144,219	$ 155,860
Other / interest expense - net	(13,139)	(3,893)
Net income	104,261	120,409
Diluted earnings per share	$ 1.81	$ 2.05
Shares outstanding - diluted	57,762	58,819
OPERATING PROFIT ADJUSTMENTS		
Inventory step-up amortization	$ 4,306	$ 1,563
Severance and other	5,989	—
Total adjustments	$ 10,295	$ 1,563
Adjustments net of tax	$ 8,189	$ 1,238
EPS effect of adjustments and other discrete tax items	$ 0.14	$ 0.02
NON-GAAP MEASURES-ADJUSTED PROFITABILITY		
Operating profit [1]	$ 154,514	$ 157,423
Operating profit % of sales	25.3 %	25.8 %
Net income [2]	$ 112,450	$ 121,647
Diluted earnings per share [3]	$ 1.95	$ 2.07

[1] Adjusted operating profit is defined as operating profit plus certain adjustments, such as fees, severance, and non-cash inventory charges related to acquisitions. Adjusted operating profit as a percentage of sales is defined as adjusted operating profit divided by sales.

[2] Adjusted net income is defined as net income plus tax effected adjustments and other discrete tax items.

[3] Adjusted earnings per share is defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

The Company also uses the non-GAAP financial measure "constant currency" sales or sales "on a constant currency basis" to show changes in our revenue without giving effect to period-to-period currency fluctuations. Constant currency is defined as sales growth excluding the impacts of changes in foreign currencies. We express period over period revenue variances that are calculated in constant currency as a percentage. Because the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any benefit.

Management uses these non-GAAP measures internally to make strategic decisions, forecast future results, and evaluate the Company's current performance. Given management's use of these non-GAAP measures, the Company believes these measures are important to investors in understanding the Company's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in the Company's core business across different time periods. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures to other companies' non-GAAP financial measures, even if they have similar names. Amounts may not add due to rounding.