2Q Fiscal 2023
Webcast

Ascend
STRATEGY

May 23, 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, including the conflict between Russia and Ukraine, acts of terror, natural disasters and pandemics, including the recent 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

2Q Fiscal 2023 Webcast – May 23, 2023

- Second Quarter Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance
- FY 2023 and 3Q 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

Q2 2023 Highlights



- Organic sales growth of 1% compared to prior year
  - Diversification of business allows us to navigate thru a multi-speed economy
- Targeted cost actions to support profitable growth
- Remain invested in competitive differentiators – customer-centric business model, precision technology and NBS Next growth framework

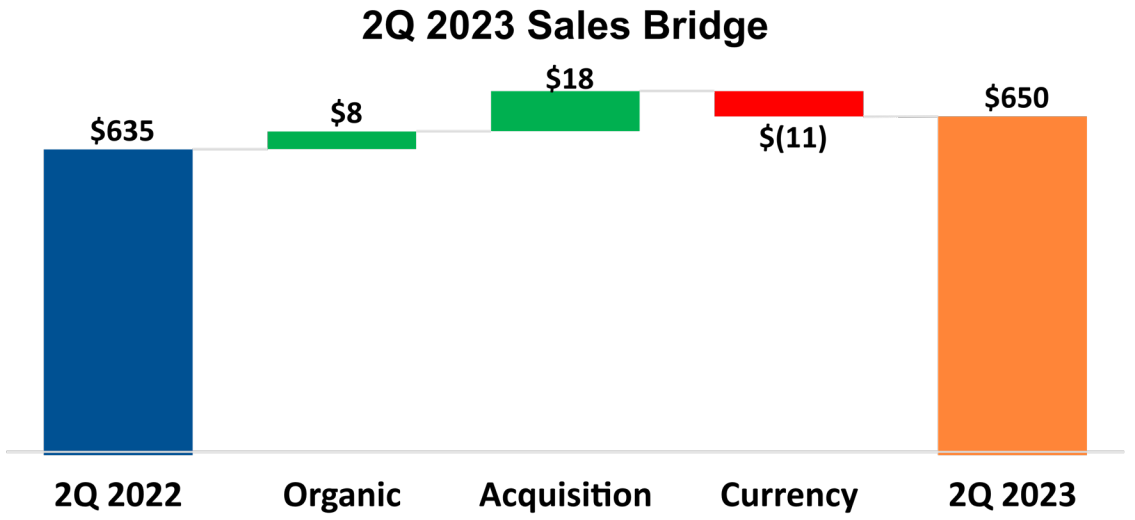
Total Company – 2Q 2023

Sales

- Reported sales increased 2%
- 1% organic growth; 3% acquisitive growth; (2)% currency translation
- Organic sales increase was driven by strong 7% growth in Asia Pacific, partially reflecting the timing difference related to Chinese New Year

Operating Profit*

- Operating profit of $176 million, 27% of sales; EBITDA margin 31% of sales
- OP decrease of 4% was driven by foreign currency translation plus unfavorable sales mix



	2Q 2022	2Q 2023	Δ
Sales	$635.4	$650.2	2%
Operating Profit+	$184.0	$176.0	-4%
EBITDA+	$208.9	$203.0	-3%
EPS GAAP	$1.88	$2.21	18%
EPS Adjusted+	$2.43	$2.26	-7%

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

*Numbers reflect adjusted operating profit – see reconciliation in appendix

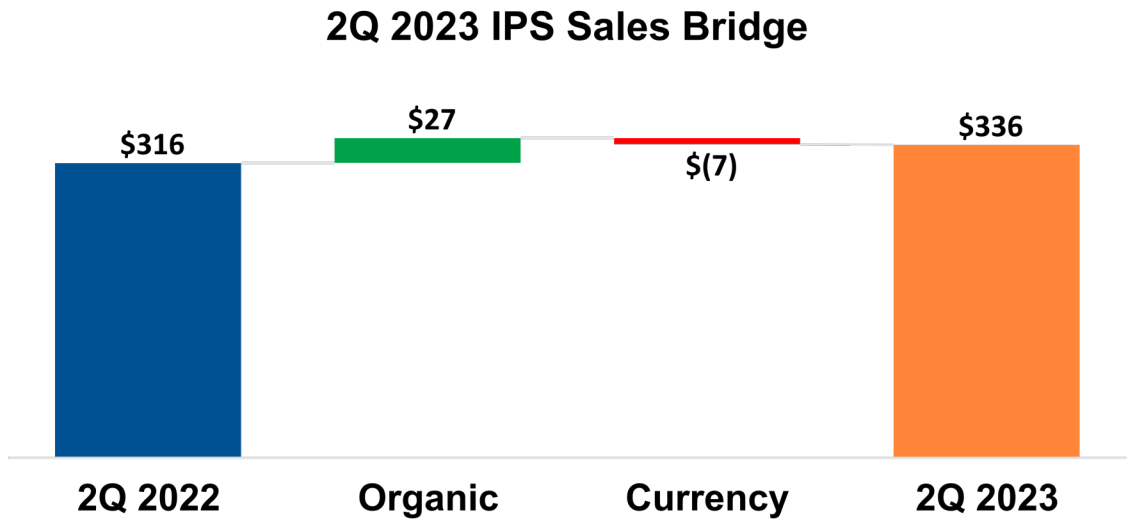
Industrial Precision Solutions – 2Q 2023

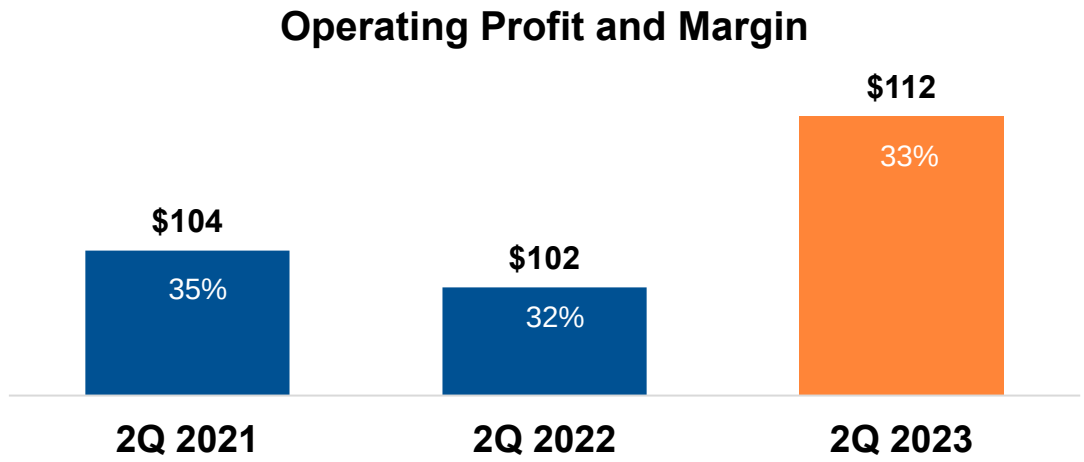
Sales

- Sales of $336 million, a 6% sales increase
- Organic sales growth of 9% was offset by unfavorable foreign currency of 2%
- Organic growth was driven by robust demand in the polymer processing product lines, as well as products sold into consumer non-durable end markets

Operating Profit

- Operating profit was a strong $112 million, or 33% of sales
- Year-to-date operating profit growth reflects incremental margins of 60% on 5% organic sales growth





Medical and Fluid Solutions – 2Q 2023

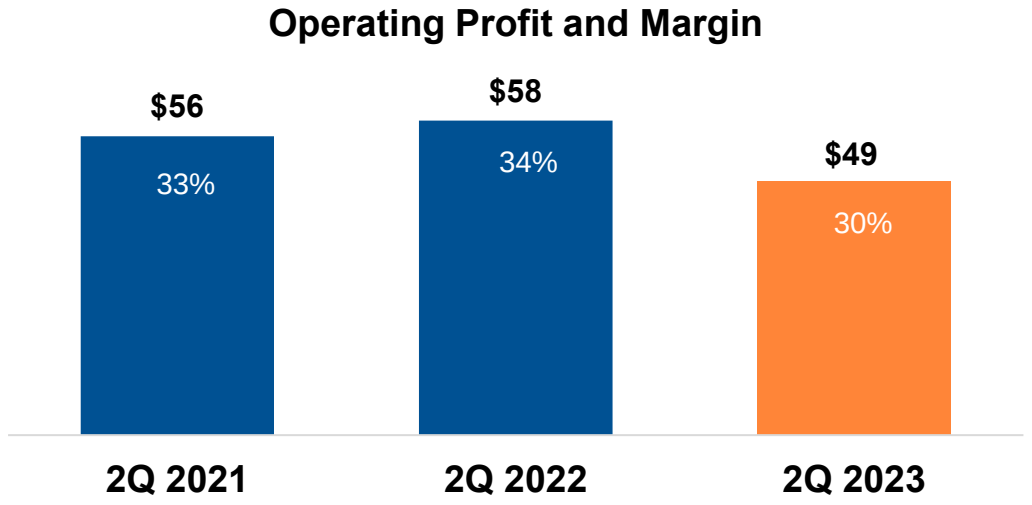
Sales

- Sales of $167 million, decreased 3%
- Strong demand for medical interventional solutions product lines was offset by significant softness in medical fluid components for biopharma applications and fluid solutions product lines.



Operating Profit*

- Operating profit remains strong at 30% of sales
- Decrease driven by lower sales volumes and meaningful sales mix changes



*Numbers reflect adjusted operating profit – see reconciliation in appendix

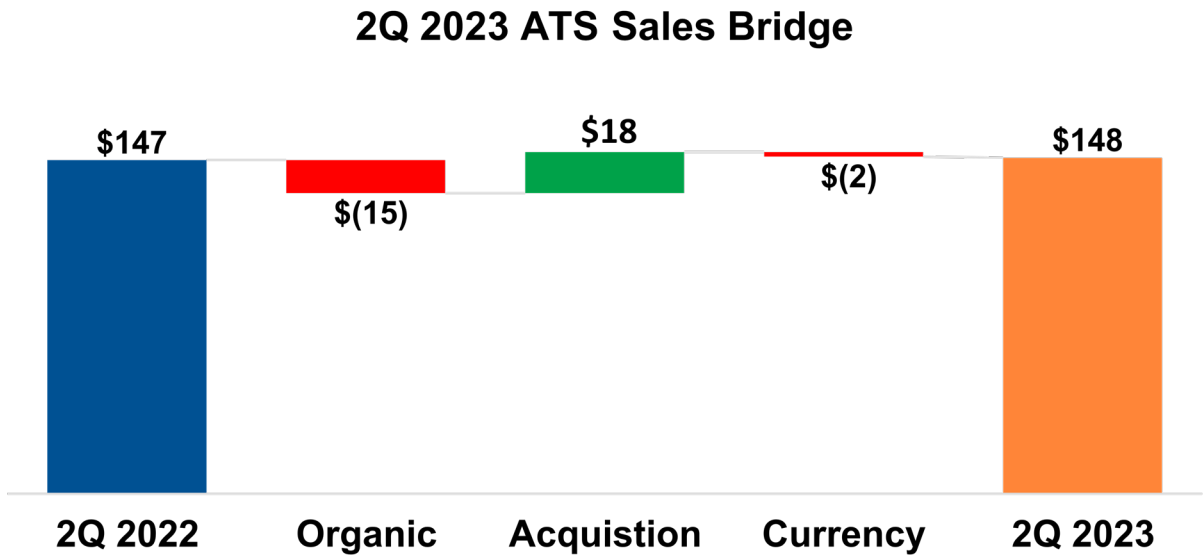
Advanced Technology Solutions – 2Q 2023

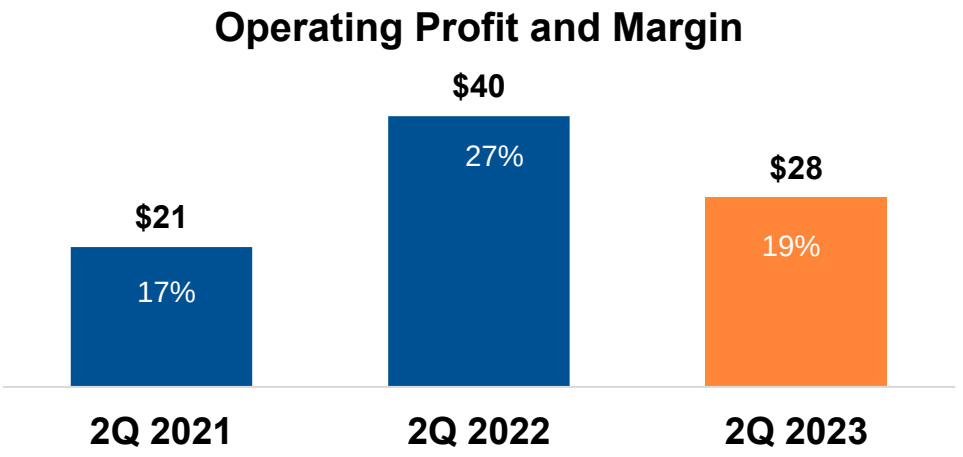
Sales

- Sales of $148 million, increase of 1%
- 12% increase from acquisition, partially offset by 10% decrease in organic sales and an unfavorable currency impact of 2%.
- Organic sales decrease driven by electronics dispense product lines serving semi markets

Operating Profit*

- Operating profit of $28 million, 19% of sales
- Decrease driven by lower organic sales volume, partially offset by profitable acquisition growth





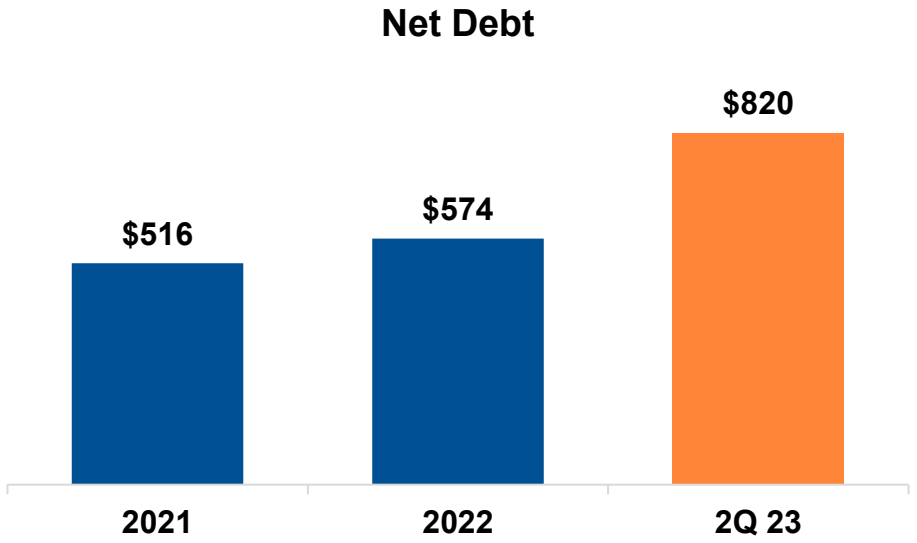
*Numbers reflect adjusted operating profit – see reconciliation in appendix

Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

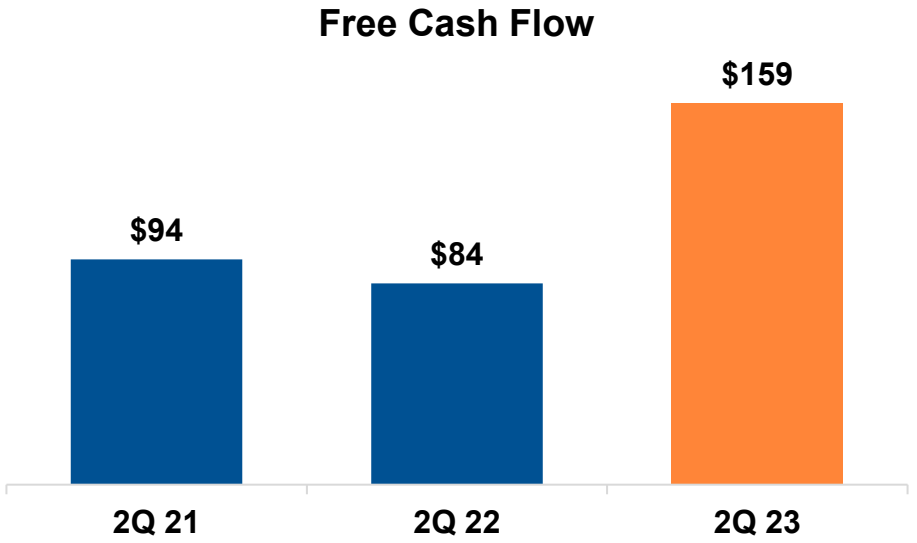
Net Debt

- 2023 Net Debt increase driven by CyberOptics acquisition
- 1.0 net debt leverage ratio based on trailing 12-month EBITDA



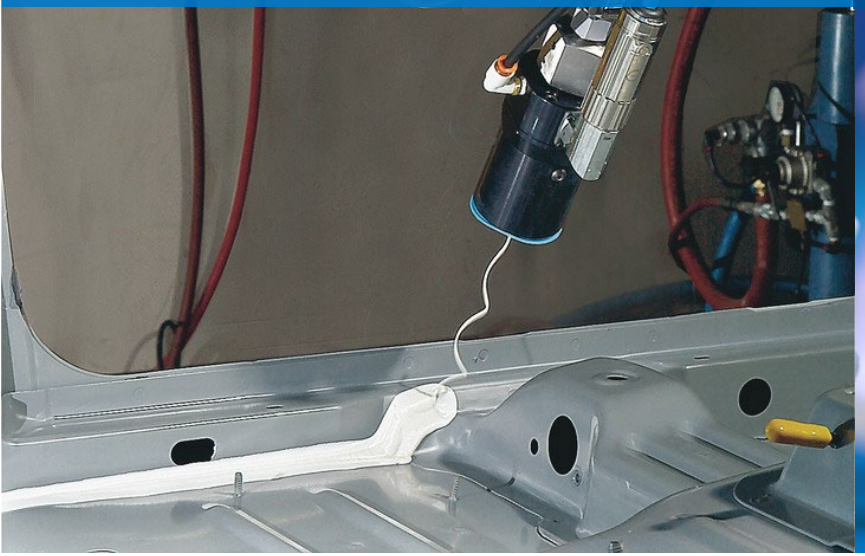
Free Cash Flow

- Strong free cash flow of $159 million
- Year-to-date cash conversion rate on net income is 118%



End Market Visibility

Industrial Precision Solutions



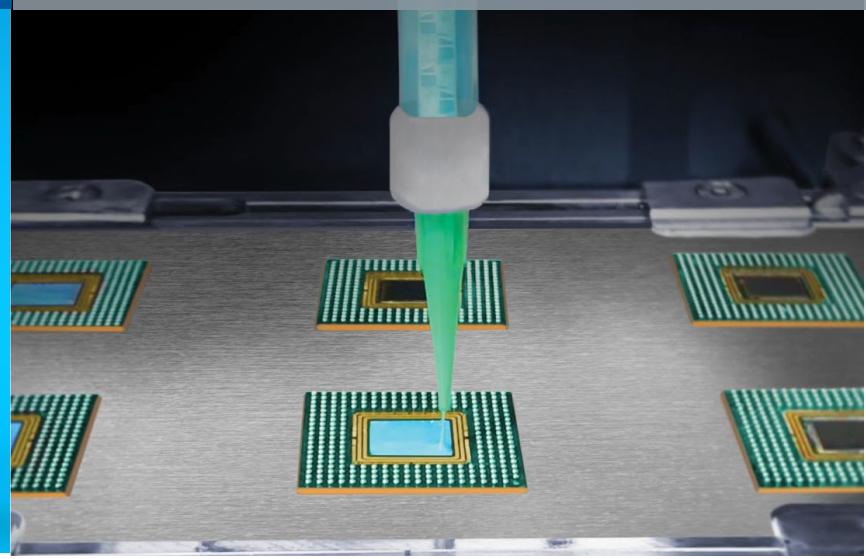
- Steady demand in industrials and consumer non-durable product lines
- Polymer processing product lines benefitting from recycling and battery applications
- Increasing demand in automotive

Medical and Fluid Solutions



- Strong growth in medical interventional solutions (i.e., balloons, catheters, etc.)
- Fluid solutions product lines softening in construction and electronics applications
- Weakness in fluid components related to biopharma applications (i.e., connectors, stopcocks and valves) following two years of record growth

Advanced Technology Solutions

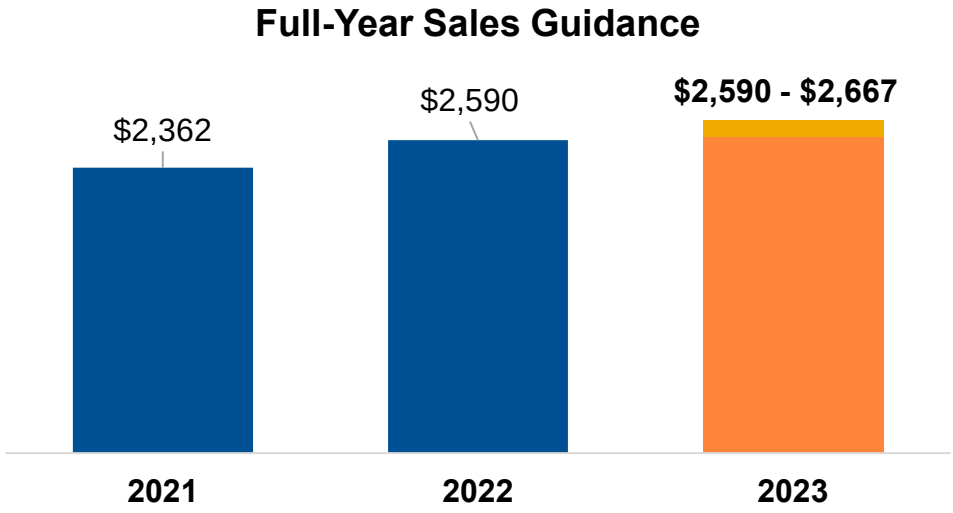


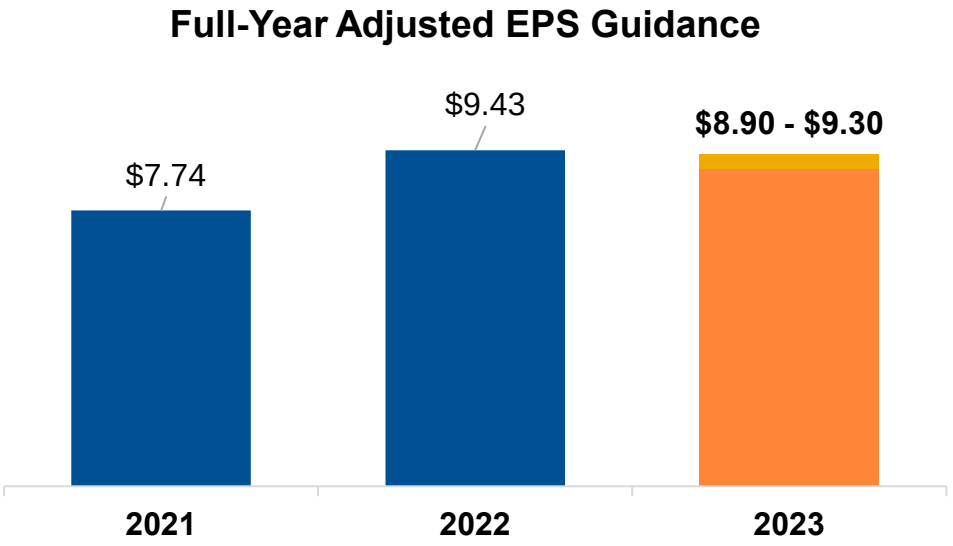
- Continued weakness in semi-conductor orders related to the cycle
- Diversification strategy mutes volatility of electronics cycle
- Demand for most test and inspection remains steady

Full-Year Fiscal 2023 Guidance

Updating guidance, sustaining record 2022 sales performance

- Sustaining fiscal 2023 sales growth guidance of 0% - 3%
- Narrowing adjusted earnings range to $8.90 to $9.30
- 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

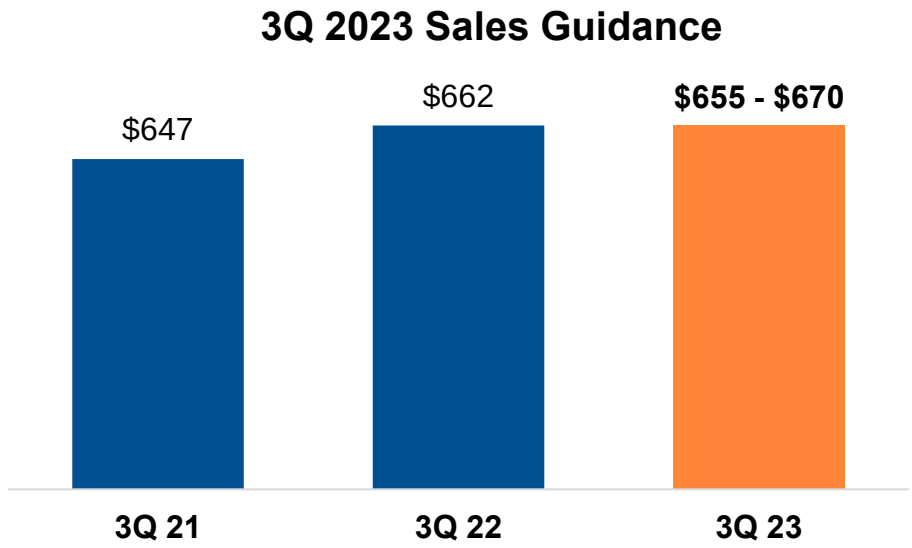


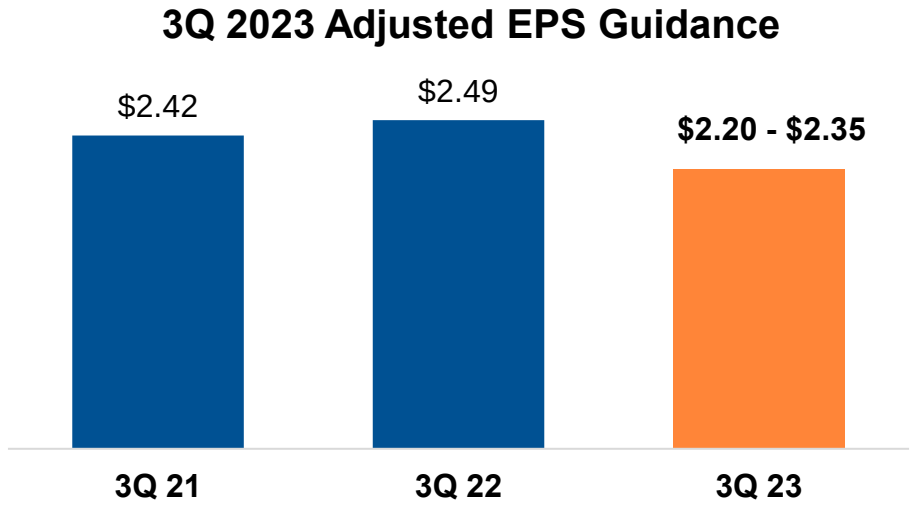


3Q Fiscal 2023 Guidance

Steady Growth

- Order entry was steady throughout the quarter, reflects a less than 1.0 book-to-bill ratio
- Backlog remains strong in historical terms at $950 million, heavily weighted toward systems and medical interventional solutions
- Customers pulled forward some sales that were forecasted for 3Q 2023
- 3Q 23 sales are expected to be comparable to prior year





Questions?

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Non-GAAP Definitions

This presentation contains references to non-GAAP financial information. Although these are non-GAAP measures, we believe that they are useful to an investor in evaluating the company performance for the period presented. These non-GAAP definitions include:

- Adjusted operating profit is defined as operating profit plus certain adjustments, such as assets held for sale impairment charge, cost structure simplification actions, and non-cash inventory charges related to acquisitions.
- EBITDA is defined as adjusted operating profit plus depreciation and amortization.
- Return on Invested Capital is defined as adjusted operating profit after tax as a percentage of the sum of average debt (net of cash) plus average shareholders' equity.
- Constant currency sales 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.
- Free cash flow is defined as cash flow provided by operating activities less additions to property, plant and equipment.
- Net debt is defined as total long-term debt less cash and cash equivalents.

Amounts may be rounded.

See the company's earnings release for the second quarter ended April 30, 2023, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.

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Reconciliation of Non-GAAP Measures

Adjusted Operating Profit and EBITDA (Dollars in thousands)

NORDSON CORPORATION

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

	Three Months Ended		Six Months Ended	
	April 30, 2023	April 30, 2022	April 30, 2023	April 30, 2022
SALES BY SEGMENT				
Industrial precision solutions	$ 335,807	$ 316,434	$ 647,353	$ 640,367
Medical and fluid solutions	166,526	172,212	320,813	330,996
Advanced technology solutions	147,832	146,757	292,476	273,206
Total sales	$ 650,165	$ 635,403	$1,260,642	$1,244,569
OPERATING PROFIT				
Industrial precision solutions	$ 111,773	$ 102,196	$ 214,093	$ 204,383
Medical and fluid solutions	47,922	58,314	87,307	107,407
Advanced technology solutions	26,090	40,144	43,053	67,378
Corporate	(13,278)	(16,681)	(27,727)	(39,335)
Total operating profit	$ 172,507	$ 183,973	$ 316,726	$ 339,833
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial precision solutions	$ —	$ —	$ —	$ 1,563
Medical and fluid solutions	1,479	—	1,479	—
Advanced technology solutions	1,960	—	12,255	—
Total adjustments	$ 3,439	$ —	$ 13,734	$ 1,563

ADJUSTED OPERATING PROFIT (NON-GAAP) [2]		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 111,773	33%	$ 102,196	32%	$ 214,093	33%	$ 205,946	32%
Medical and fluid solutions	49,401	30%	58,314	34%	88,786	28%	107,407	32%
Advanced technology solutions	28,050	19%	40,144	27%	55,308	19%	67,378	25%
Corporate	(13,278)		(16,681)		(27,727)		(39,335)	
Total operating profit - adjusted	$ 175,946	27%	$ 183,973	29%	$ 330,460	26%	$ 341,396	27%
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 7,285		$ 6,916		$ 14,130		$ 14,358	
Medical and fluid solutions	13,683		13,578		27,308		27,125	
Advanced technology solutions	4,010		2,247		7,822		4,510	
Corporate	2,122		2,224		4,275		4,362	
Total depreciation & amortization	$ 27,100		$ 24,965		$ 53,535		$ 50,355	
EBITDA (NON-GAAP) [2]								
Industrial precision solutions	$ 119,058	35%	$ 109,112	34%	$ 228,223	35%	$ 220,304	34%
Medical and fluid solutions	63,084	38%	71,892	42%	116,094	36%	134,532	41%
Advanced technology solutions	32,060	22%	42,391	29%	63,130	22%	71,888	26%
Corporate	(11,156)		(14,457)		(23,452)		(34,973)	
Total EBITDA	$ 203,046	31%	$ 208,938	33%	$ 383,995	30%	$ 391,751	31%

[1] Represents severance, as well as fees 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 severance, fees 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		Six Months Ended	
	April 30, 2023	April 30, 2022	April 30, 2023	April 30, 2022
GAAP AS REPORTED				
Operating profit	$ 172,507	$ 183,973	$ 316,726	$ 339,833
Other / interest expense - net	(10,880)	(44,706)	(24,019)	(48,599)
Net income	127,563	109,634	231,824	230,043
Diluted earnings per share	$ 2.21	$ 1.88	$ 4.02	$ 3.93
Shares outstanding - diluted	57,680	58,382	57,721	58,606
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 4,306	$ 1,563
Severance and other	3,439	—	$ 9,428	$ —
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ 41,221	$ —	$ 41,221
Total adjustments	$ 3,439	$ 41,221	$ 13,734	$ 42,784
Adjustments net of tax	$ 2,714	$ 32,450	$ 10,877	$ 33,795
EPS effect of adjustments and other discrete tax items	$ 0.05	$ 0.56	$ 0.19	$ 0.58
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 175,946	$ 183,973	$ 330,460	$ 341,396
Operating profit % of sales	27.1 %	29.0 %	26.2 %	27.4 %
Net income [2]	$ 130,277	$ 142,084	$ 242,701	$ 263,838
Diluted earnings per share [3]	$ 2.26	$ 2.43	$ 4.21	$ 4.50

[1] Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance, fees 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.