Nordson

Investor Presentation

Ascend
STRATEGY

August 23, 2022

Nasdaq: NDSN

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 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.

Nordson



Nordson is an innovative precision technology company that leverages a scalable growth framework to deliver top tier growth with leading margins and returns.

Company Founded	*Sales	*EBITDA	Employees	Countries with Direct Presence
1954	$2.4B	$719M	6,800+	35+

*Sales and EBITDA for the full fiscal year ended 10/31/21.



By the Numbers

Consistent Record of Growth	Demonstrated Value to Customers	Disciplined focus on profitability	Solid Returns	Differentiated Product Portfolio*	Consistent value to shareholders
6% Sales Growth	**55%** Gross Margins	**28%** EBITDA Margins	**18%** ROIC	**1,804** Global Patents Held	**58 yrs.** of Annual Dividend Increases

Note: Financial amounts presented are averages of 2017 – 2021, except ROIC which is 2021

**Active Patents as of 10/31/21*

Commitment to ESG



Diversified Board of Directors

- 56% diverse board (3 gender and 2 racially or ethnically diverse)
- 8 out of 9 independent directors
- 7 years average tenure



Strong Culture and Values

- Nordson Impact – Invest 5% of domestic pretax earnings in communities
- Paid time off for volunteer hours
- Employee support programs, including special COVID-leave



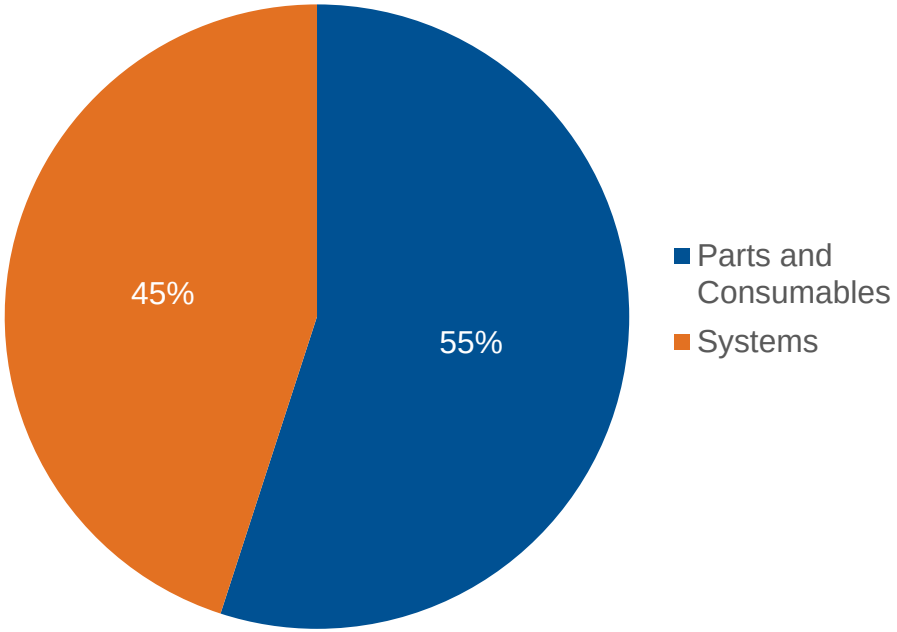
Environmental Stewardship

- Product design improvements focused on reducing customers' material utilization
- Journey to Zero adverse impacts to employees and community

Diversified Sources of Sales

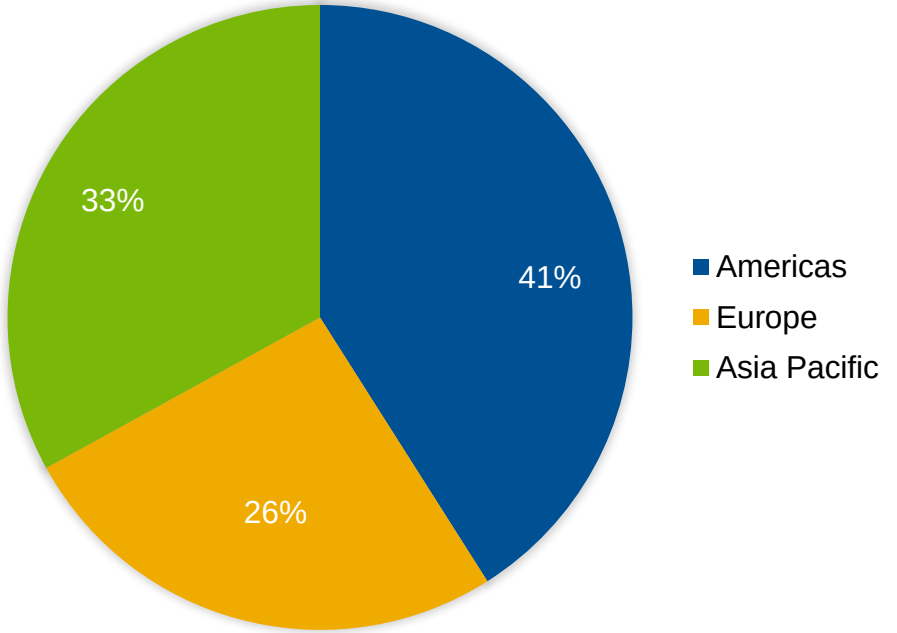
FY2021 Profile - $2.4 Billion

Product Type



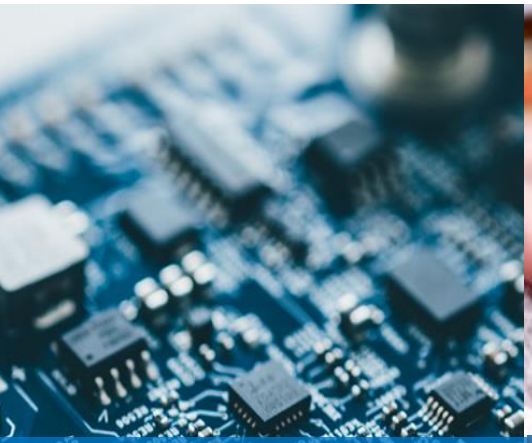
High percentage of recurring sales from parts and consumables.

Geographies



Nearly 67% of sales outside USA. Direct presence in over 35 countries.

Diversified End Markets



Electronics
29% of revenue

- Semiconductor packaging
- Wafer-level packaging
- Printed circuit boards
- Electronic component assembly – mobile phone, camera, ear buds, PC
- Automotive electronics



Consumer Non-Durables
24% of revenue

- Box sealing
- Baby diapers
- Convenience food packaging
- Beverage straw and spot attachment
- Container and bottle labeling



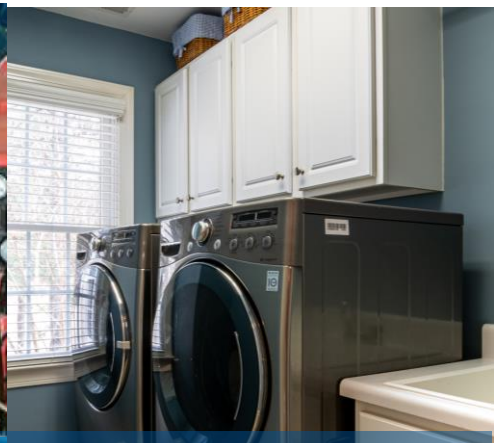
Medical
21% of revenue

- Balloons, extrusions, delivery catheters and other minimally invasive devices
- Single-use fittings, connectors, fluid transfer components in medical equipment and surgical procedures
- Single-use specialty cannula for cardio-pulmonary procedures



Industrial
14% of revenue

- Farm, construction and industrial machinery
- Rigid container
- Aerospace
- Chemical
- Defense
- Energy

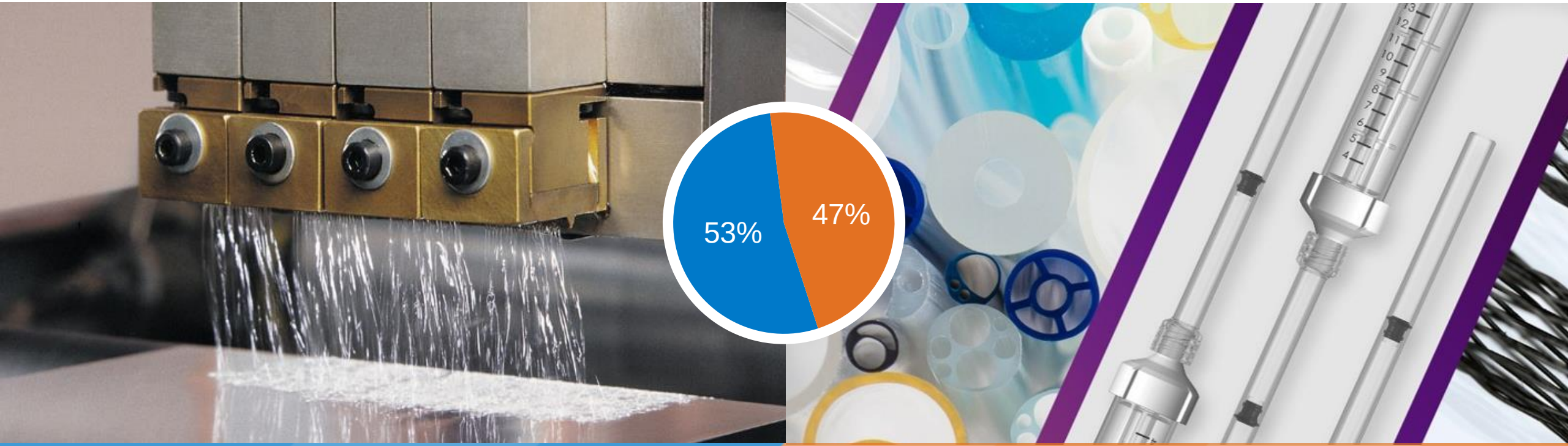


Remaining Markets
12% of revenue

- Consumer durable
- Automotive
- Animal health & delivery systems

Note: Approximate fiscal 2021 revenue mix for directional use only.

How We Are Organized



INDUSTRIAL PRECISION SOLUTIONS			ADVANCED TECHNOLOGY SOLUTIONS			
Adhesives	Polymer Processing Solutions	Industrial Coatings Solutions	Medical	Electronic Processing Systems	Test and Inspection	Fluid Management

*Segment average mix for the full fiscal year ended 10/31/21

Industrial Precision Solutions

What We Do

Product lines reduce material consumption, increase line efficiency, and enhance product brand and appearance. Components are used for dispensing adhesives, coatings, paint, finishes, sealants and other materials. This business primarily serves the industrial, consumer durables and non-durables markets.

2021 Revenues

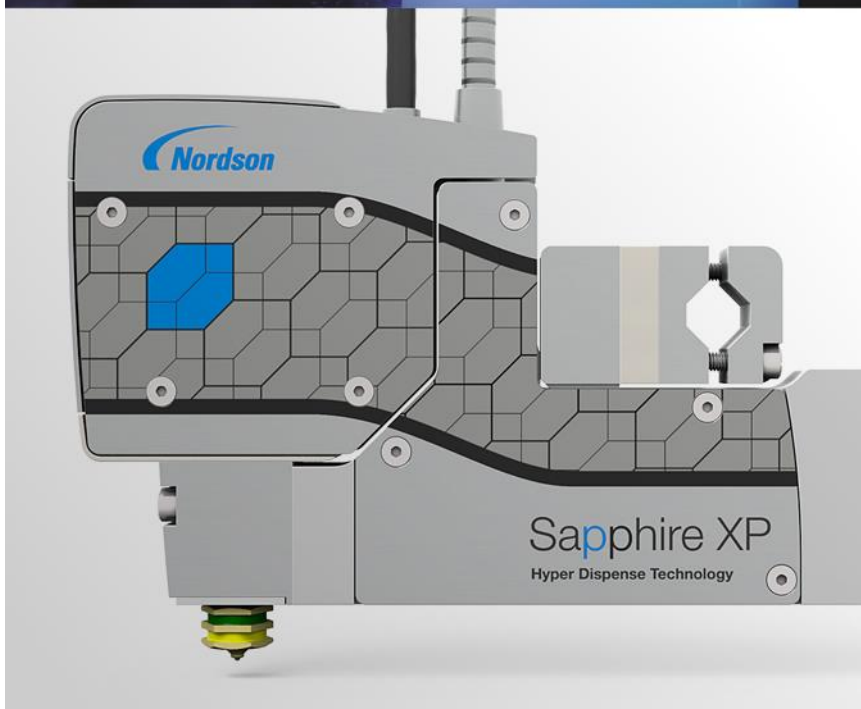
$1,247M

2021 Operating Margin*	2021 EBITDA
33%	35%

3%+ CAGR Long-Term Growth Driven By:

- Material, machinery and process innovations
- Emerging markets and product tiering
- New applications, including electric vehicle battery, automotive electronics, and fabric bonding
- Recapitalization of large installed base
- Deploying NBS Next in our divisions

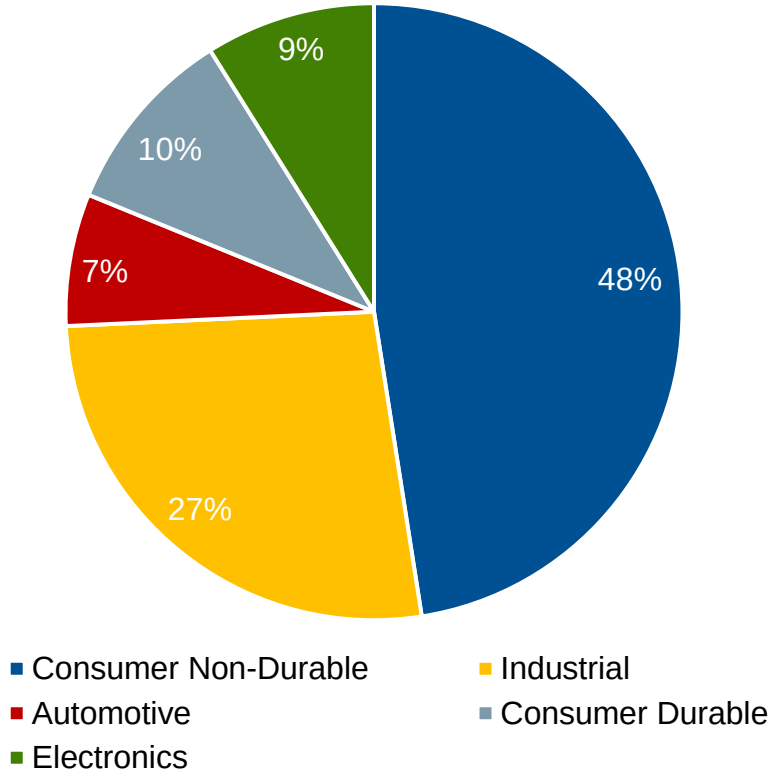




*Adjusted operating profit – see reconciliation in appendix

Industrial Precision Solutions

FY2021 Profile – Diverse end markets



End markets include:

- **Consumer Non-Durable:** beverage, disposable hygiene, food, paper, textiles, non-wovens, packaging
- **Industrial:** aerospace, chemical, construction, defense, energy, farm and construction machinery, industrial machinery, rigid container, metal
- **Automotive:** applications for new vehicle platforms; upgrades of current vehicle lines
- **Consumer Durable**: appliance, furniture, lighting
- **Electronics:** electronic products (i.e. wearables), printed circuit boards, UV curing of semi-conductor wafers and other electronic components

*Percentages are for directional use only

Advanced Technology Solutions

What We Do

Precision dispense, fluid management, test, inspection, surface treatment and proprietary solutions for medical, electronics and general industrial markets.

5%+ CAGR Long-Term Growth Driven By:

- Medical – Aging population, trends toward non-invasive surgical techniques and medical OEM outsourcing
- Electronics - Broad solutions across the electronics supply chain
- 5G / AI / Big Data / Auto Electronics / Autonomous Vehicles / High-Perf Computing
- Emerging markets
- Deploying NBS Next in our divisions

2021 Revenues
$1,115M

2021 Operating Margin*	2021 EBITDA
24%	30%

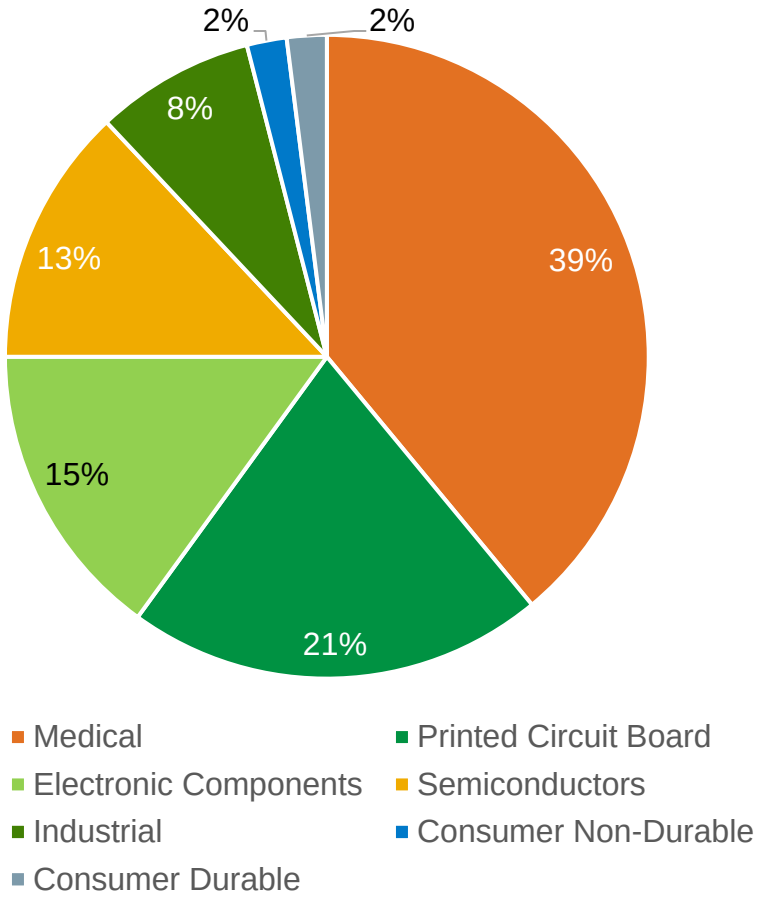




*Adjusted operating profit – see reconciliation in appendix

Advanced Technology Solutions

FY2021 Profile – Diverse End Markets



*Percentages are for directional use only

End markets include:

- **Medical:** minimally invasive interventional delivery devices, catheters, medical balloons, fluid connection components, specialty tubing
- **Electronics:** electronic components (i.e., computing; communications/mobile; consumer electronics – gaming, wearables; automotive electronics), semiconductors, printed circuit boards
- **Industrial:** aerospace, construction, defense, energy, industrial machinery
- **Consumer Durable**: general applications (i.e., furniture, lighting)
- **Consumer Non-Durable:** disposable hygiene, food, textiles

Why Invest in Nordson?

Ascend
STRATEGY

A Diversified Precision Technology Company

REVENUE	EBITDA
$3B+	30%

Long-term 2025 financial targets



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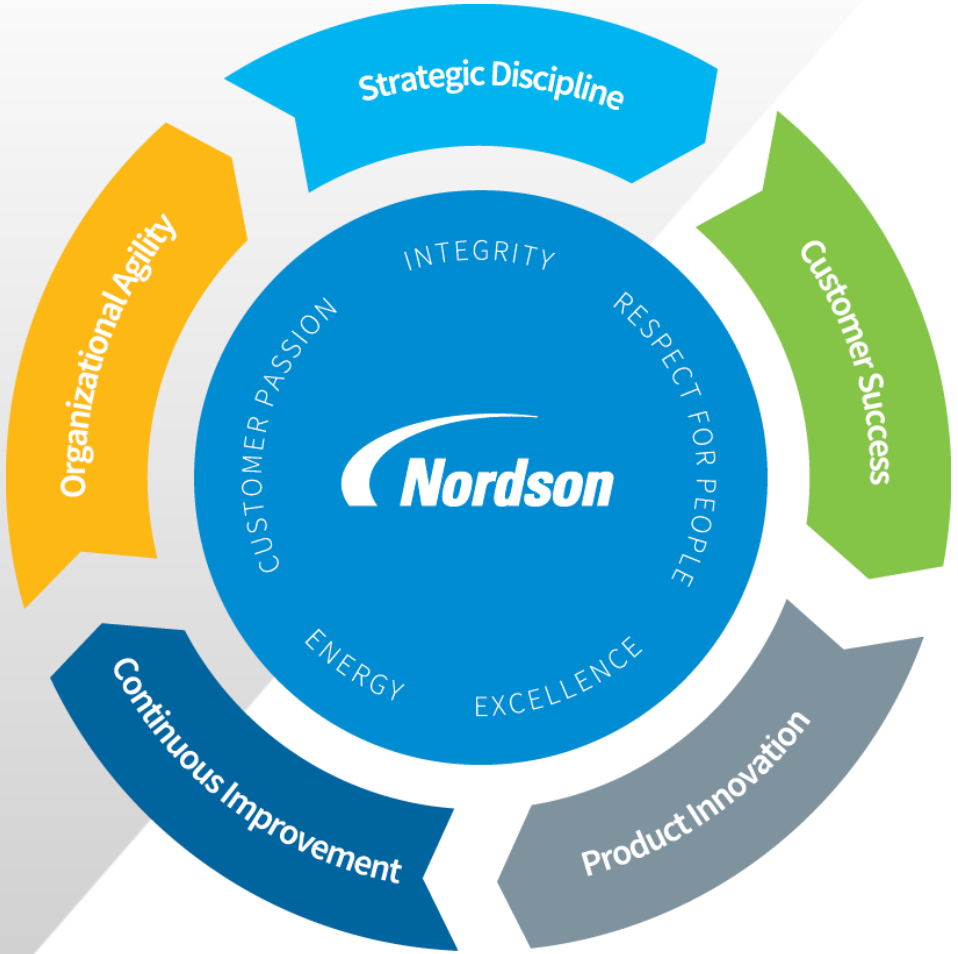
NBS Next

GROWTH FRAMEWORK



Driving profitable growth by selecting and investing disproportionately in the best growth opportunities

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Owner Mindset

DIVISION-LED

Entrepreneurial division-led organization:

- **Decisions close to the customer**
- **Autonomy + Accountability**
- **Clear line of sight to deploying NBS Next**



Winning Teams

TALENT STRATEGY

A key ingredient to successful execution of the Ascend strategy:

- **Leaders inspiring trust and building followership in the organization**
- **Focus on inclusion and diversity in everything we do**
- **Create an engaging culture that attracts and retains top talent**

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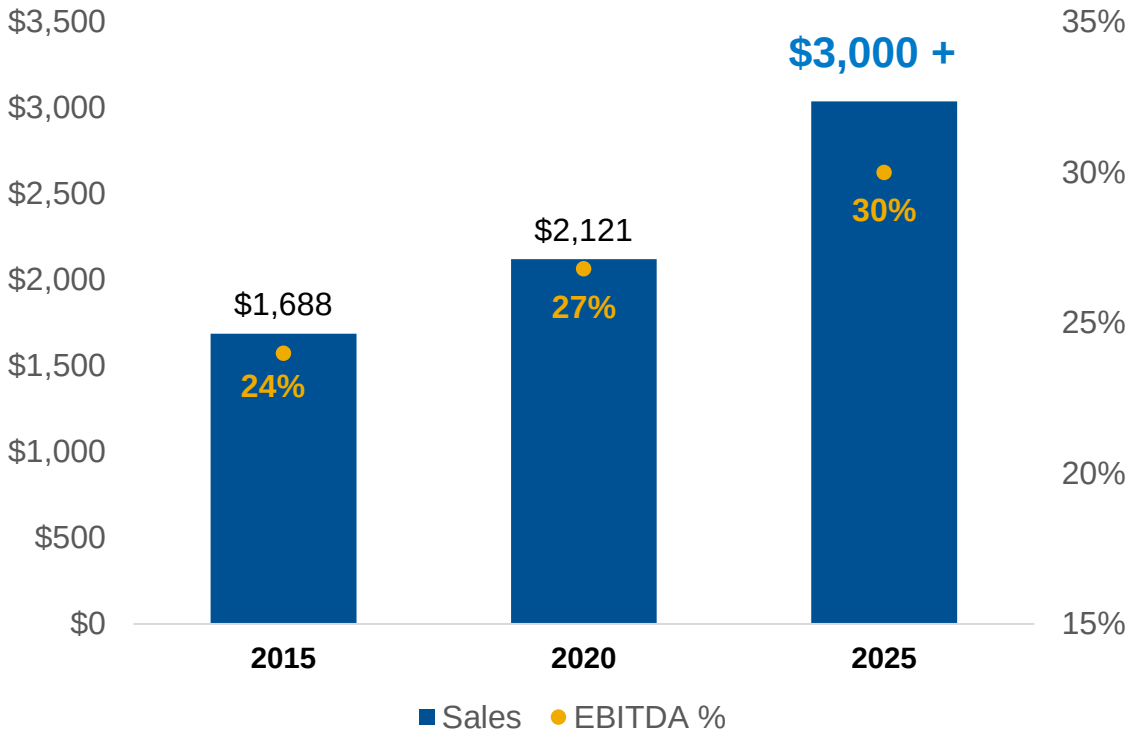
Ascend Long-Term Financial Targets

Top-tier growth with attractive margins and returns



	2015 - 2020	2020 - 2025
Sales CAGR	**5%**	**7%+**
EBITDA CAGR	**7%**	**10%**
Ending ROIC %	**13%**	**13%+**

Disciplined M&A Strategy



Strategic Criteria

- Differentiated precision technology based product portfolio
- Serving attractive high-growth end market applications
- Customer-centric business model



Financial Criteria

- Attractive organic growth rate with Nordson-like gross margins
- EBITDA ~20% with clear margin expansion opportunities
- ROIC > cost of capital in 3-5 years

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CyberOptics Acquisition Announced August 8, 2022

ACQUISITION FEATURES:

- Strategic fit for test and inspection division, which includes x-ray, acoustic and optical applications
- Expands Nordson's optical portfolio into sensor technology

CORE TECHNOLOGIES:

- **Precision 3D optical sensors and systems** for semiconductor and PCBA inspection

  Key differentiator = ability to suppress multiple reflections, an inherent issue in optical sensing → significantly higher speed, resolution, accuracy, precision

- **WaferSense Wireless sensors** for semiconductor manufacturing equipment health & process monitoring/calibration

Acquisition expected to close in first quarter fiscal 2023

Systems

Metrology and Inspection Systems for Wafer-Level and Advanced Packaging (incorporating MRS Sensor)



Sensors

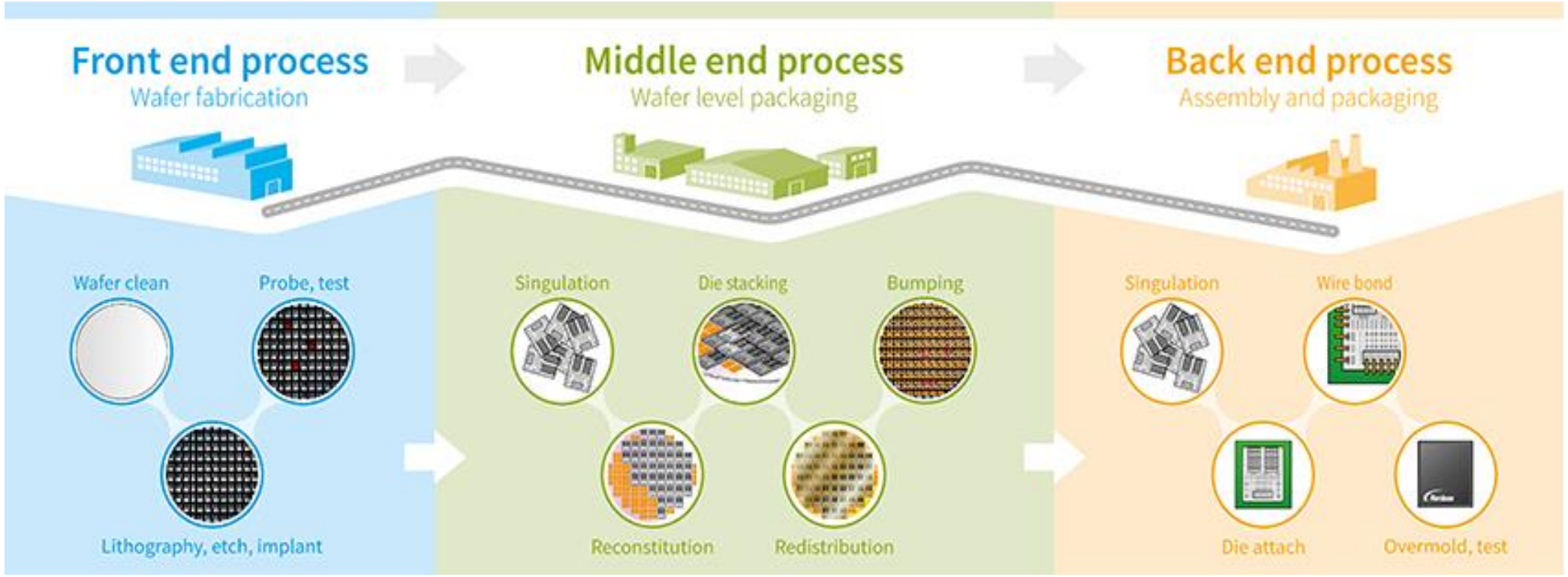
Ultra high-resolution 3D optical sensor (MRS)



Wireless semiconductor measurement device



CyberOptics expands market opportunities



Nordson T&I Division

CyberOptics Optical Sensors & Systems

3D Optical semi market expected to grow ~15%+,
exceeding the broader 'Wafer Fab Equipment' market LSD '23 – '25 growth

Capital Allocation Priorities

1 SUSTAINED INVESTMENT TO DRIVE ORGANIC GROWTH

- Increased R&D investment
- Sustained investment in direct sales model
- Capital investment for capacity expansion, efficiency improvements and base maintenance

2 DISCIPLINED M&A

- Differentiated precision technologies
- Financially disciplined
- Significant core competencies and competitive advantages to lever for ROIC & value creation

3 RETURN OF CAPITAL

- Strong history with 57-year of paying and increasing the annual dividend
- Offset compensation plan dilution
- Alternative measures will be routinely assessed to manage priorities

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Investment Thesis

1. Strong growth drivers enabling Nordson's future profitable growth performance

2. Proprietary precision technologies remain a competitive advantage

3. NBS Next is the framework driving our profitable growth

4. Ascend Strategy will deliver top tier financial performance
   - Sustained organic growth
   - Accelerate acquisitive growth
   - Clear financial measures of success

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Q3 F22 Financial Results

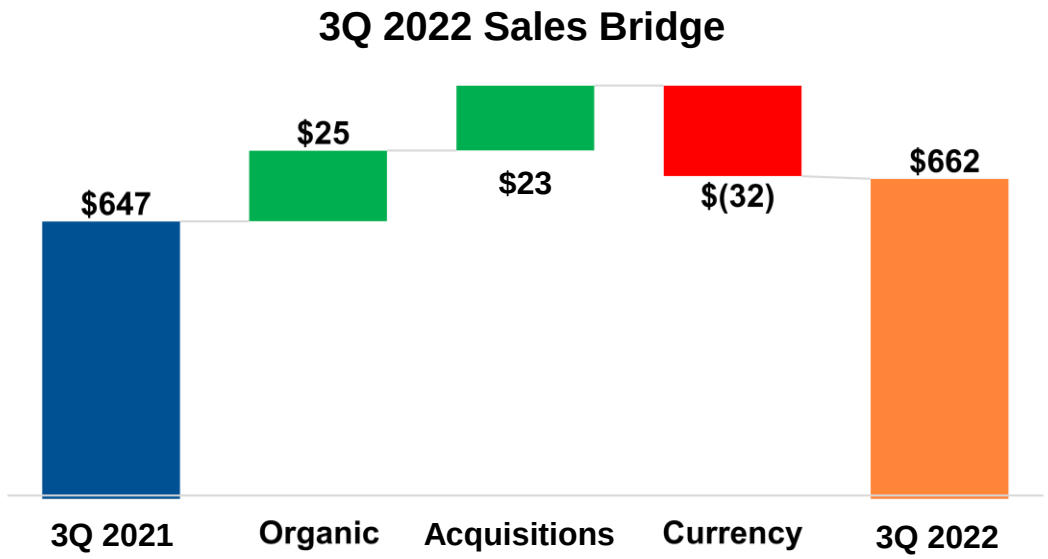
Total Company – 3Q 2022

Quarterly Sales Results

- Reported sales increased 2%
- Constant currency sales increased 7%, driven by 4% organic growth plus the acquisition impact
- Record sales of $662 million driven by strong demand across most end markets, particularly in electronics and medical; despite currency headwinds

Operating Profit

- Operating profit of $188 million, 28% of sales
- Organic sales volume leverage was offset by unfavorable currency impacts
- Earnings growth of 3%
- EBITDA margin of 32%



	3Q 2021	3Q 2022	Δ
Sales	$646.9	$662.1	2%
Operating Profit*	$188.3	$188.3	
EBITDA*	$215.2	$213.2	(1)%
EPS Adjusted*	$2.42	$2.49	3%

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

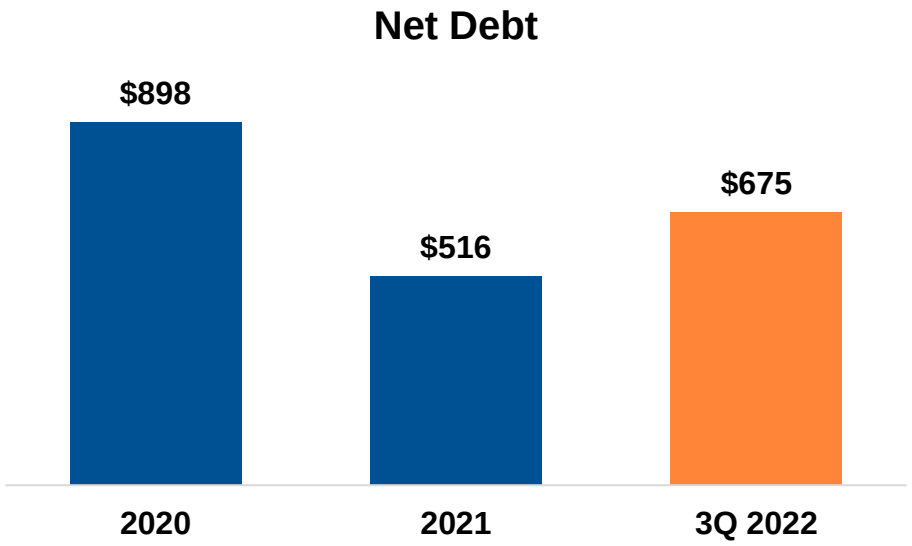
Numbers reflect adjusted operating profit – see reconciliation in appendix

Cash Flow and Balance Sheet

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

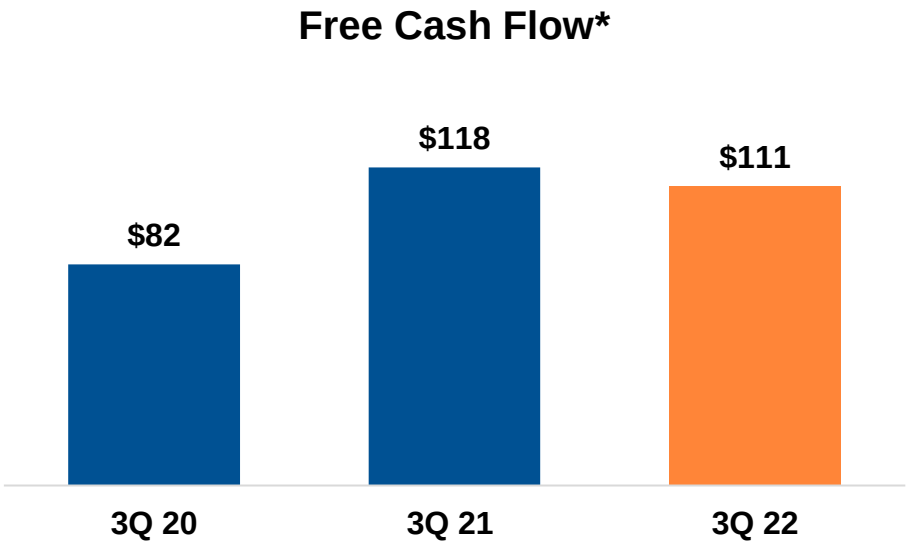
Net Debt

- Cash totaled $129 million
- Net debt was $675 million
- 0.9X leverage ratio based on trailing 12-month EBITDA*



Free Cash Flow

- 78% conversion on net income
- Board approved 27% increase in annual dividend
- $230 million invested in opportunistic share repurchases year to date



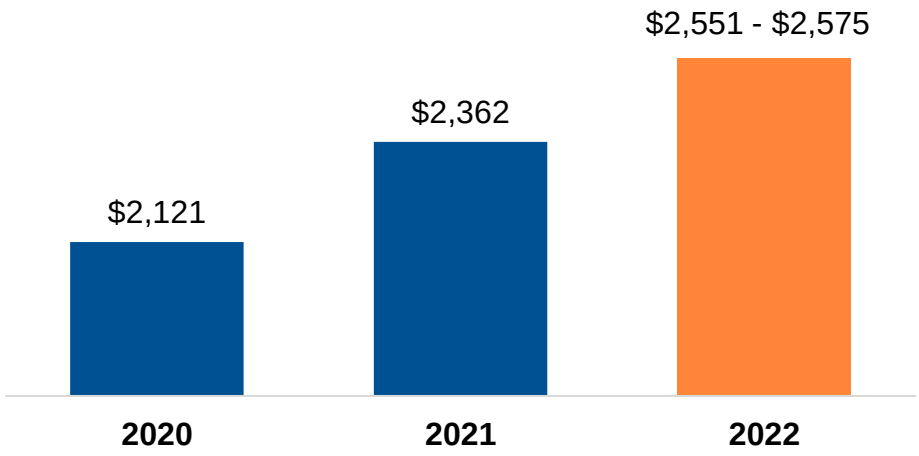
*Non-GAAP number - See appendix for reconciliation

Full-Year Fiscal 2022 Guidance

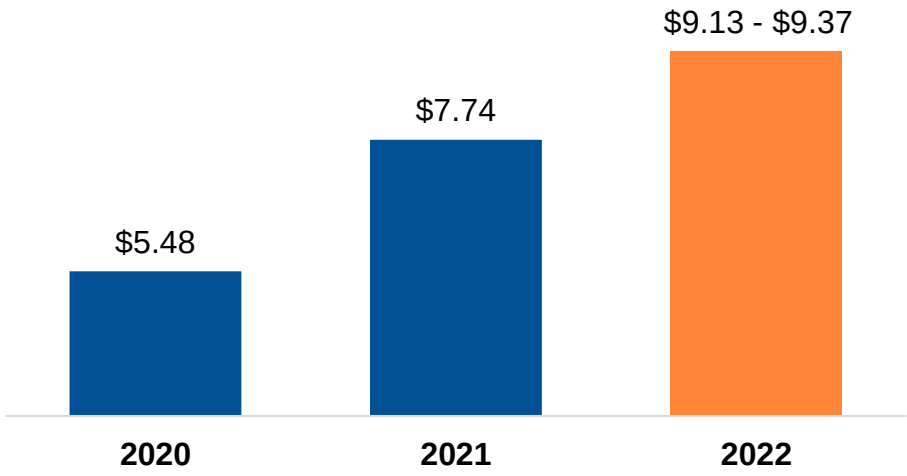
Full-Year Growth from Record 2021

- Fiscal 2022 sales growth of ~8-9%
- Adjusted earnings growth to ~18-21%.
- Midpoint of guidance implies 4Q 2022 sales growth of 10% and earnings growth of 20% compared to prior year
- Strong sales and earnings growth against record year is evidence of diversification of the business, precision technologies, customer-centric model, NBS Next growth framework and dedicated employees

Full-Year Sales Guidance



Full-Year Adjusted EPS Guidance



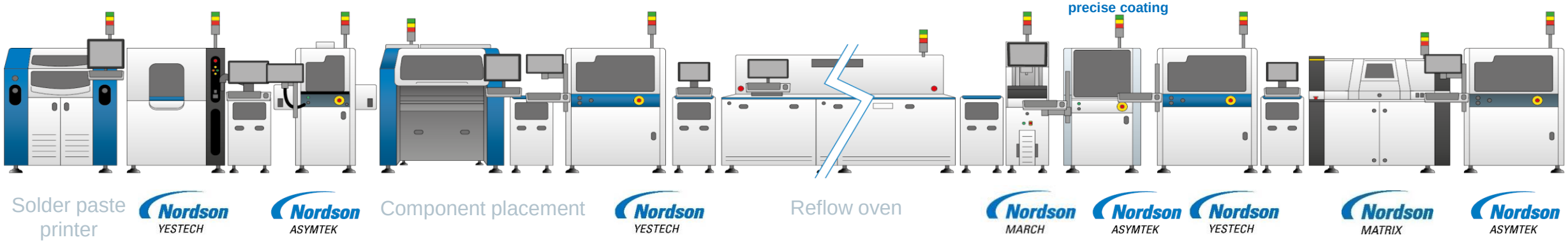
Appendix 1:

Product Innovation

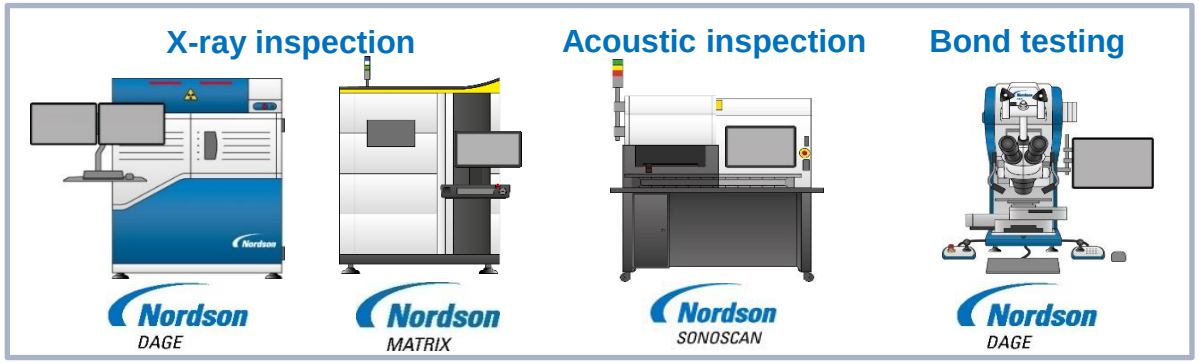
Our Electronics Industry Position

Surface Mount Manufacturing

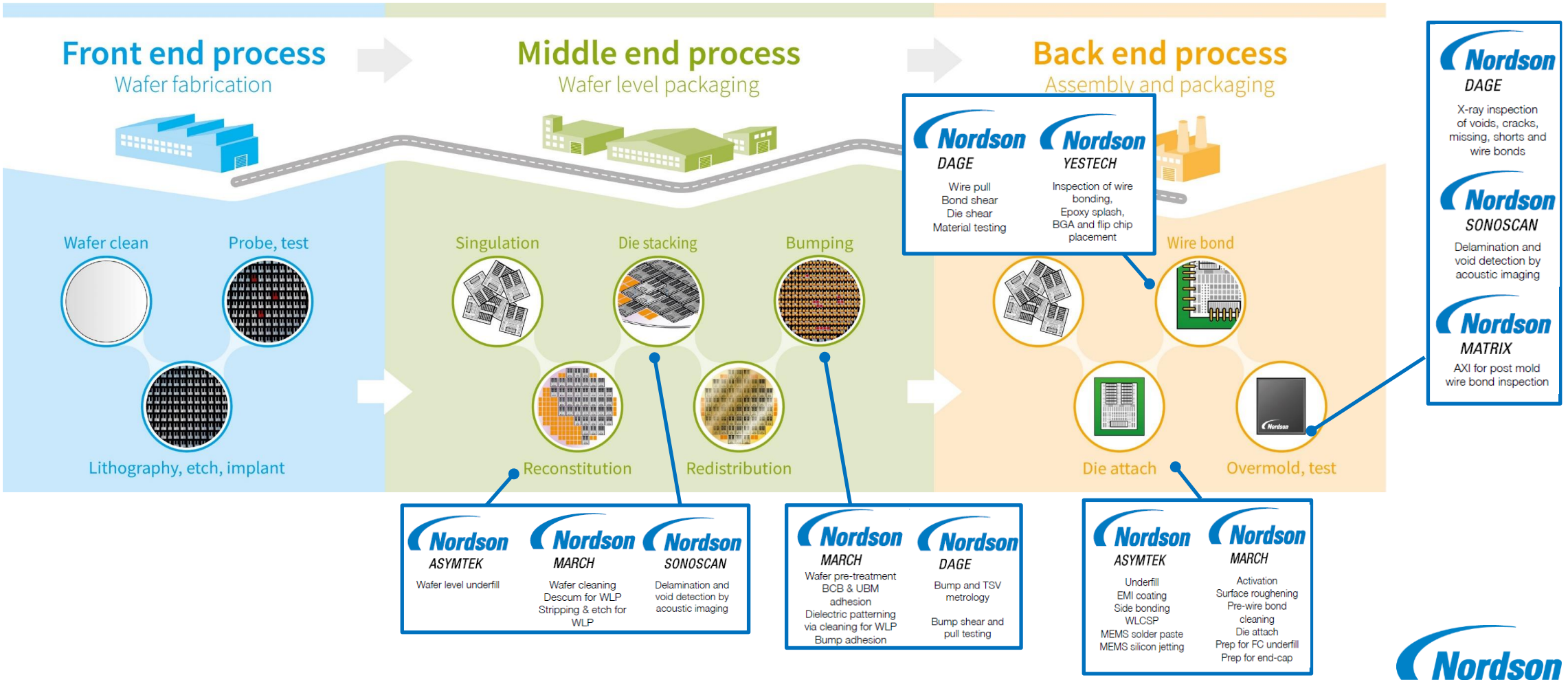
Inline Systems



QA Lab / Island of Automation



Our Role in the Semiconductor Process



Advanced Technology – Fluid Management



Precision Low-Volume Dispensing

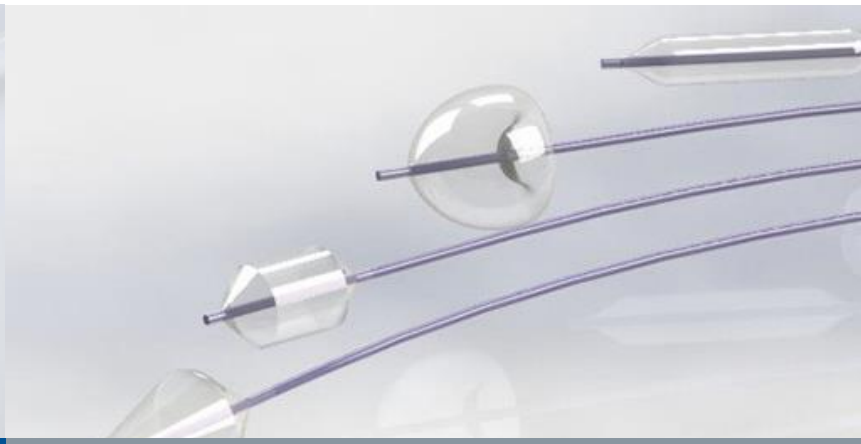
From benchtop dispensers to industry-best jetting valves and automated dispensing robots, Nordson EFD systems deliver accurate, repeatable deposits of glues, greases, and other industrial fluids in precise, low-volume applications.



Optimum® Syringe Barrels and Tips

Optimum® components are designed as a complete system to help companies improve yields and reduce costs.

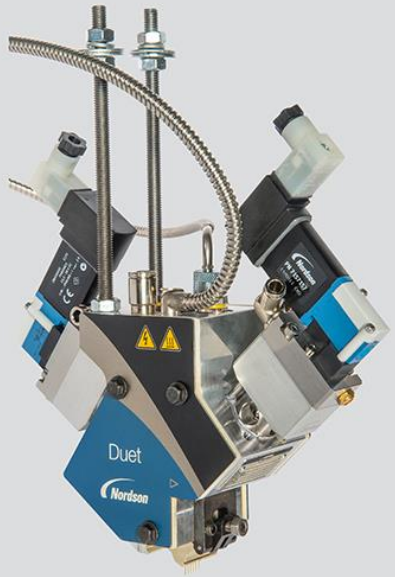
Dispense tips deliver a clean, smooth flow path, free of flash and burrs. In 200+ sizes and styles, tips are lot-tracked for process control and traceability.



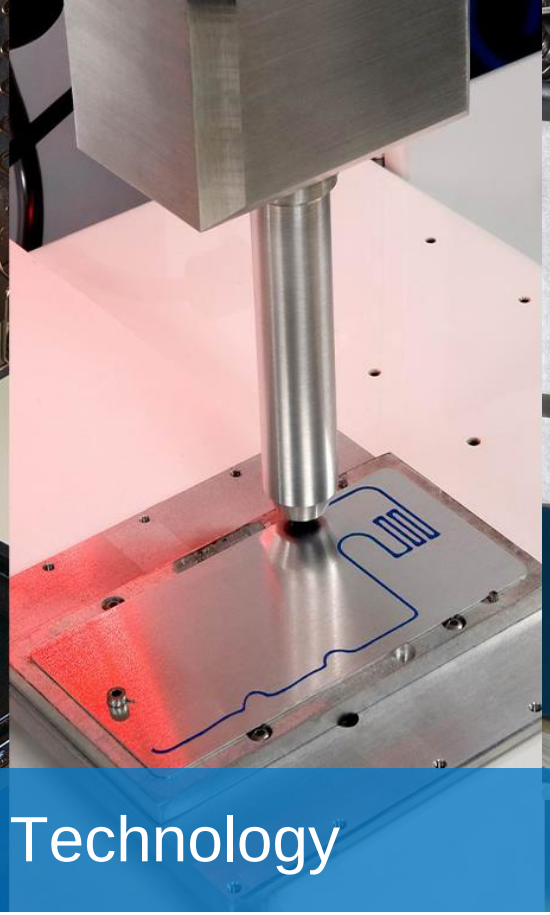
Life Sciences
Fluid Management Components

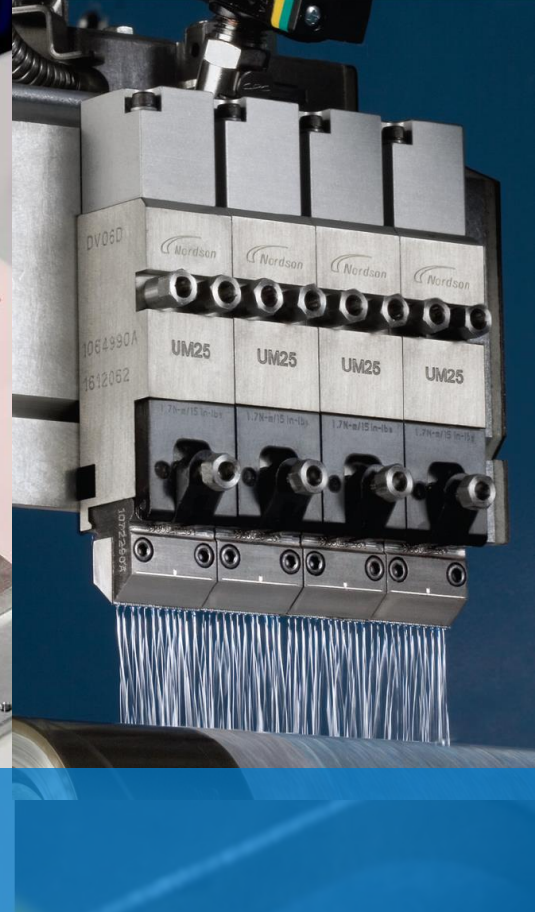
From specialty tubing, catheters, medical balloons, quick-connect couplings and couplers, Nordson is an expert in the design, development and manufacture of complex medical devices and component technologies.











Core Adhesives Innovative Technology

Auto-fill Tankless Technology

Adhesive fill systems monitor and maintain optimum adhesive levels

Variable Dispense Technology

Delivering different add-on rates with one applicator

Foaming Technology

Maintains bond strength while reducing volume of adhesive required

Jetting Technology

Dispenses adhesive using non-contact jetting into channels as small as 0.3mm or 300 micron per second

Precision dispense technology

Increases production efficiency for nonwovens manufacturing process

Appendix 2:

Financial Exhibits

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		Nine Months Ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
SALES BY SEGMENT				
Industrial precision solutions	$ 341,215	$ 345,449	$ 981,582	$ 932,640
Advanced technology solutions	320,913	301,409	925,115	830,322
Total sales	$ 662,128	$ 646,858	$1,906,697	$1,762,962
OPERATING PROFIT				
Industrial precision solutions	$ 119,706	$ 123,829	$ 324,089	$ 311,515
Advanced technology solutions	86,258	80,769	261,043	204,556
Corporate	(21,046)	(16,322)	(60,381)	(52,379)
Total operating profit	$ 184,918	$ 188,276	$ 524,751	$ 463,692
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial precision solutions	$ —	$ —	$ 1,563	$ —
Advanced technology solutions	2,498	—	2,498	—
Corporate	897	—	897	—
Total adjustments	$ 3,395	$ —	$ 4,958	$ —

ADJUSTED OPERATING PROFIT (NON-GAAP) [2]		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 119,706	35%	$ 123,829	36%	$ 325,652	33%	$ 311,515	33%
Advanced technology solutions	88,756	28%	80,769	27%	263,541	28%	204,556	25%
Corporate	(20,149)		(16,322)		(59,484)		(52,379)	
Total operating profit - adjusted	$ 188,313	28%	$ 188,276	29%	$ 529,709	28%	$ 463,692	26%
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 6,347		$ 5,964		$ 20,705		$ 19,414	
Advanced technology solutions	17,216		18,474		48,851		51,439	
Corporate	1,324		2,460		5,686		7,380	
Total depreciation & amortization	$ 24,887		$ 26,898		$ 75,242		$ 78,233	
EBITDA (NON-GAAP) [2]								
Industrial precision solutions	$ 126,053	37%	$ 129,793	38%	$ 346,357	35%	$ 330,929	35%
Advanced technology solutions	105,972	33%	99,243	33%	312,392	34%	255,995	31%
Corporate	(18,825)		(13,862)		(53,798)		(44,999)	
Total EBITDA	$ 213,200	32%	$ 215,174	33%	$ 604,951	32%	$ 541,925	31%

[1] Represents severance and non-cash inventory charges associated with the NDC acquisition.

[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 and non-cash inventory charges associated with acquisitions or facility closures. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

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.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

NORDSON CORPORATION

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

	Three Months Ended		Nine Months Ended	
	July 31, 2022	July 31, 2021	July 31, 2022	July 31, 2021
GAAP AS REPORTED				
Operating profit	$ 184,918	$ 188,276	$ 524,751	$ 463,692
Other / interest expense - net	(4,413)	(7,879)	(53,012)	(29,625)
Net income	141,811	142,182	371,854	343,908
Diluted earnings per share	$ 2.45	$ 2.42	$ 6.37	$ 5.86
Shares outstanding - diluted	57,969	58,735	58,392	58,714
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 1,563	$ —
Severance and other	$ 3,395	$ —	$ 3,395	$ —
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ —	$ 41,221	$ —
Total adjustments	$ 3,395	$ —	$ 46,179	$ —
Adjustments net of tax	$ 2,667	$ —	$ 36,401	$ —
EPS effect of adjustments	$ 0.04	$ —	$ 0.62	$ —
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 188,313	$ 188,276	$ 529,709	$ 463,692
Operating profit % of sales	28.4 %	29.1 %	27.8 %	26.3 %
Net income [2]	$ 144,478	$ 142,182	$ 408,255	$ 343,908
Diluted earnings per share [3]	$ 2.49	$ 2.42	$ 6.99	$ 5.86

[1] Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance, non-cash inventory charges related to the NDC acquisition, and facility closures. 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.

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.

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.

Amounts may be rounded.

See the company's earnings release for the third quarter ended July 31, 2022, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.

Nordson