Nordson

Investor Presentation

Ascend
STRATEGY

December 15, 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	$2.6B	$807M	7,330+	35+

*Sales and EBITDA for the full fiscal year ended 10/31/22.



By the Numbers

Consistent Record of Growth	Demonstrated Value to Customers	Disciplined focus on profitability	Solid Returns	Differentiated Product Portfolio*	Consistent value to shareholders
5% Sales Growth	**55%** Gross Margins	**29%** EBITDA Margins	**19%** ROIC	**2,000+** Global Patents Held	**59 yrs.** of Annual Dividend Increases

Note: Financial amounts presented are averages of 2018 – 2022, except ROIC, which is 2022, and dividends which updated August 2022

**Active Patents as of 10/31/22*

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



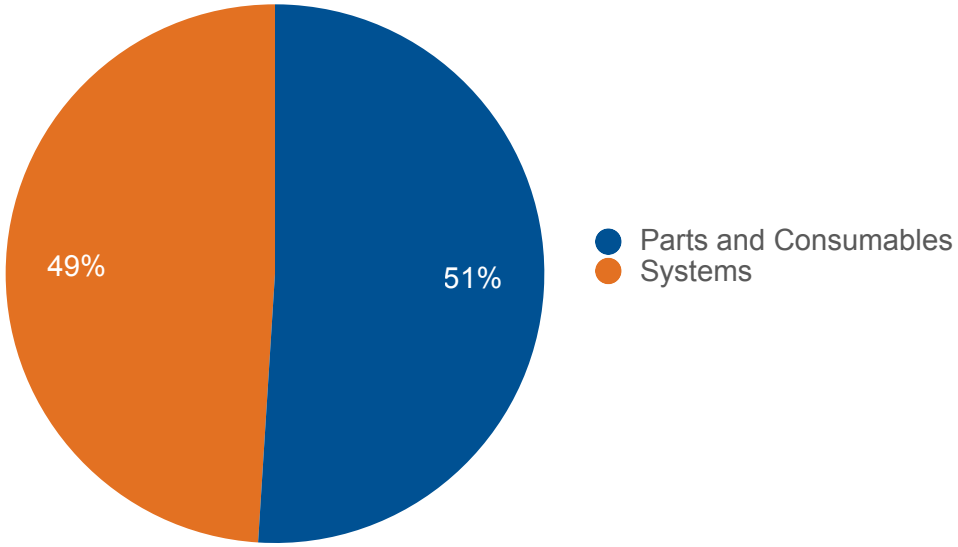
Environmental Stewardship

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

Diversified Sources of Sales

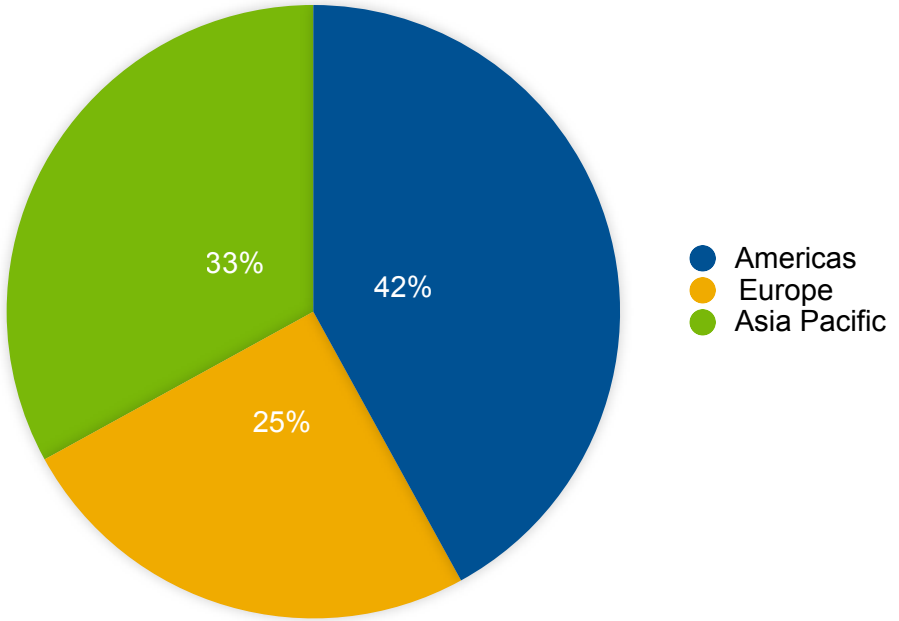
FY2022 Profile - $2.6 Billion

Product Type



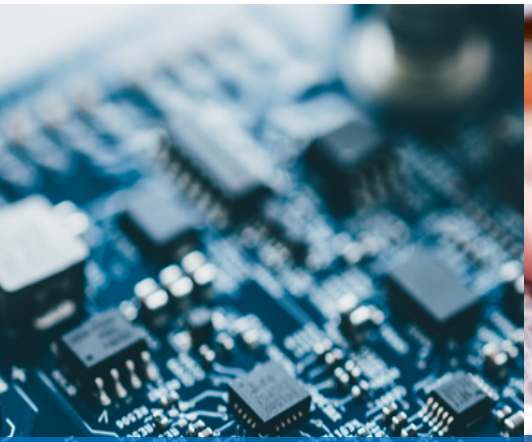
High percentage of recurring sales from parts and consumables.

Geographies



Diversified geographic footprint. Direct presence in over 35 countries.

Diversified End Markets



Electronics
30% of revenue

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



Consumer Non-Durables
23% of revenue

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



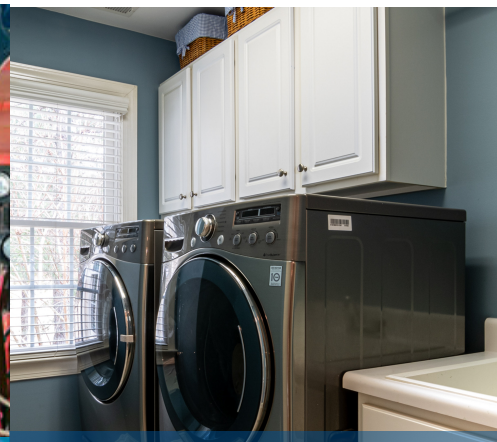
Medical
21% of revenue

- 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
15% of revenue

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



Remaining Markets
12% of revenue

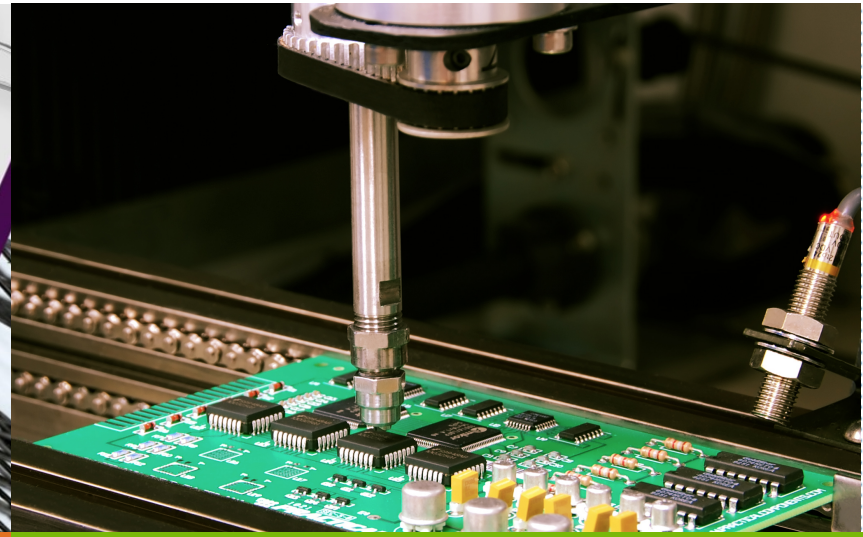
- Consumer durable
- Automotive
- Animal health & delivery systems

Note: Approximate fiscal 2022 revenue mix for directional use only.

How We Are Organized







INDUSTRIAL PRECISION SOLUTIONS

Adhesives, Industrial Coatings Systems,
Measurement and Control Solutions & Polymer Processing Systems

51%
REVENUE

MEDICAL FLUID SOLUTIONS

Medical &
Fluid Management

27%
REVENUE

ADVANCED TECHNOLOGY SOLUTIONS

Electronic Processing Systems
& Test and Inspection

22%
REVENUE

**Segment average mix for the full fiscal year ended 10/31/22*

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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.

3%+ CAGR Long-Term Growth Driven By:

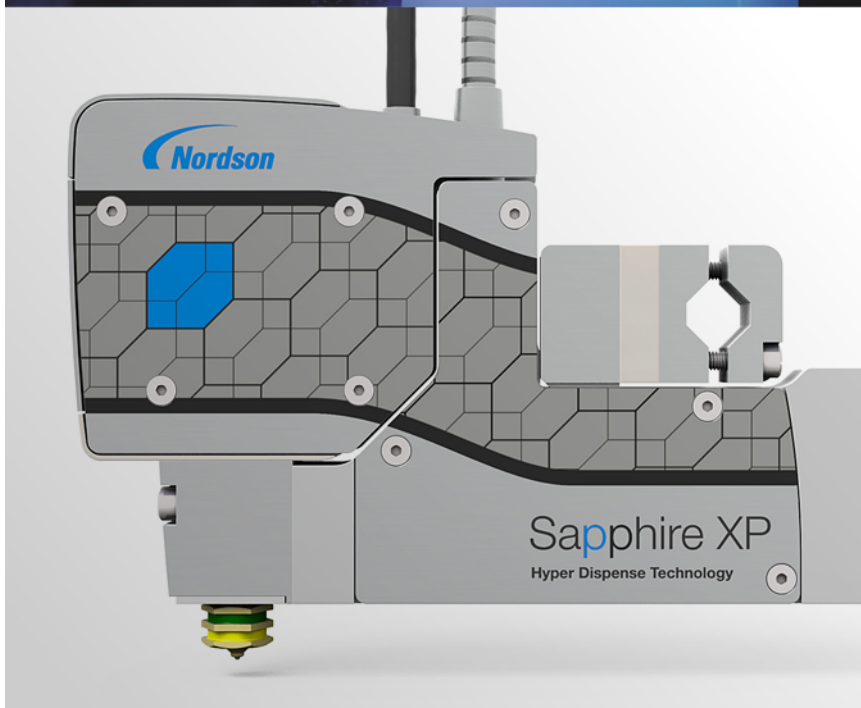
- Material, machinery and process innovations
- Emerging markets and product tiering
- New applications, including electric vehicle battery, automotive electronics, and fabric bonding
- Recapitalization of large installed base
- Deploying NBS Next in our divisions

2022 Revenues

$1,337M

2022 Operating Margin*	2022 EBITDA
33%	35%





*Adjusted operating profit – see reconciliation in appendix

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Medical Fluid Solutions

What We Do

Fluid management solutions for medical, high-tech industrial and other diverse end markets. Related plastic tubing, balloons, catheters, syringes, cartridges, tips, and fluid connection components are used to dispense or control fluids within customers' medical devices or products, as well as production processes.

5%+ Long-Term Growth Driven By:

- Aging population
- Trends toward non-invasive surgical techniques
- Medical OEM outsourcing
- Emerging markets
- Deploying NBS Next in our divisions

2022 Revenues
$690M

2022 Operating Margin*	2022 EBITDA
32%	40%





*Adjusted operating profit – see reconciliation in appendix

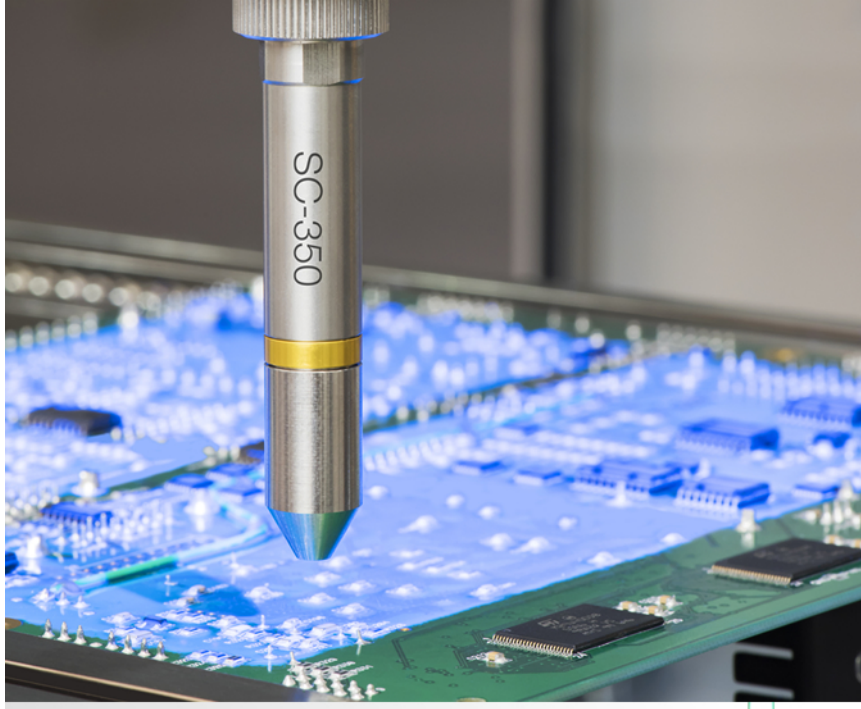
Advanced Technology Solutions

What We Do

Design and develop proprietary technologies found in progressive stages of an electronics customer's production processes, such as surface treatment, precisely controlled dispensing of material and test and inspection to ensure quality and reliability.

5%+ CAGR Long-Term Growth Driven By:

- 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





2022 Revenues
$563M

2022 Operating Margin*	2022 EBITDA
24%	25%

*Adjusted operating profit – see reconciliation in appendix

Why Invest in Nordson?

Ascend
STRATEGY

A Diversified Precision Technology Company

REVENUE	EBITDA
$3B+	30%

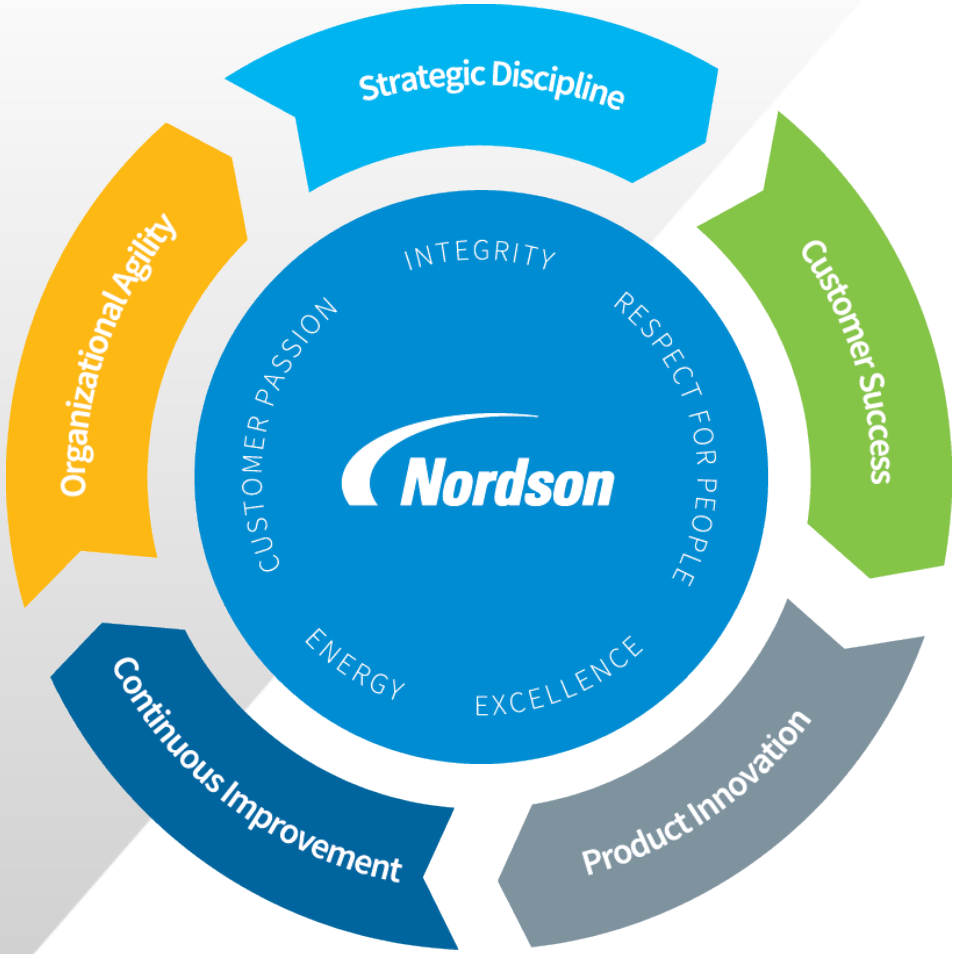
Long-term 2025 financial targets



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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**

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Winning Teams

TALENT STRATEGY

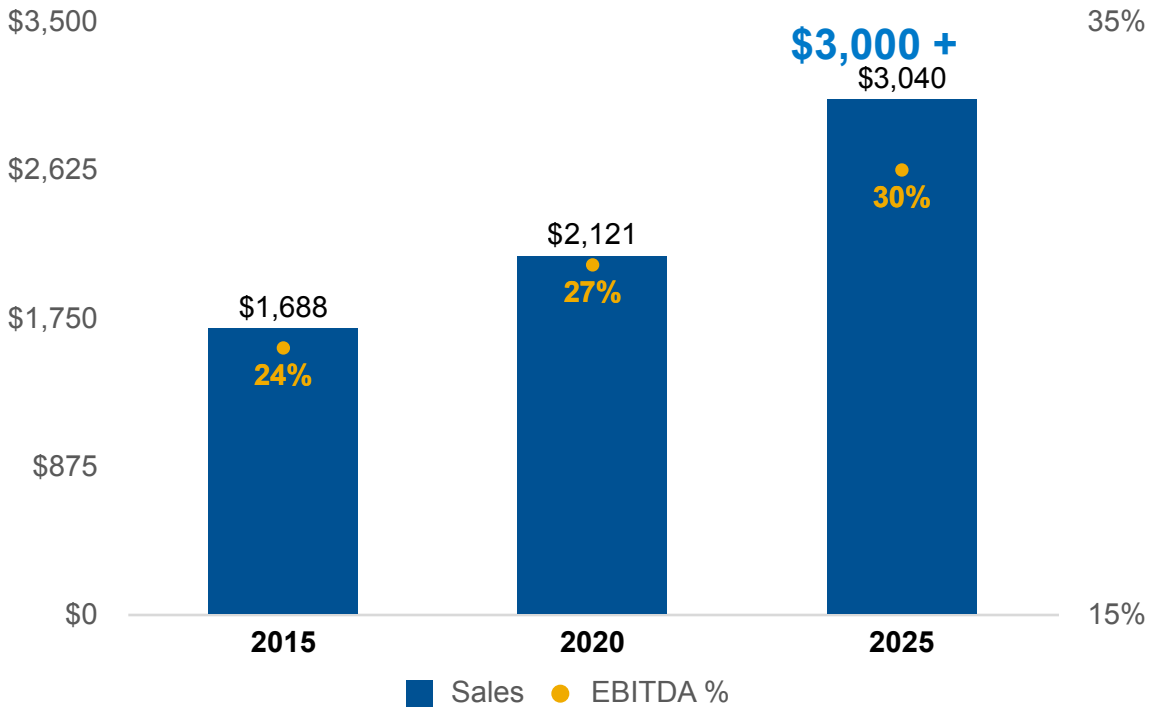
A key ingredient to successful execution of the Ascend strategy:

- **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%+

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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 Closed November 3, 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

Systems

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



Sensors

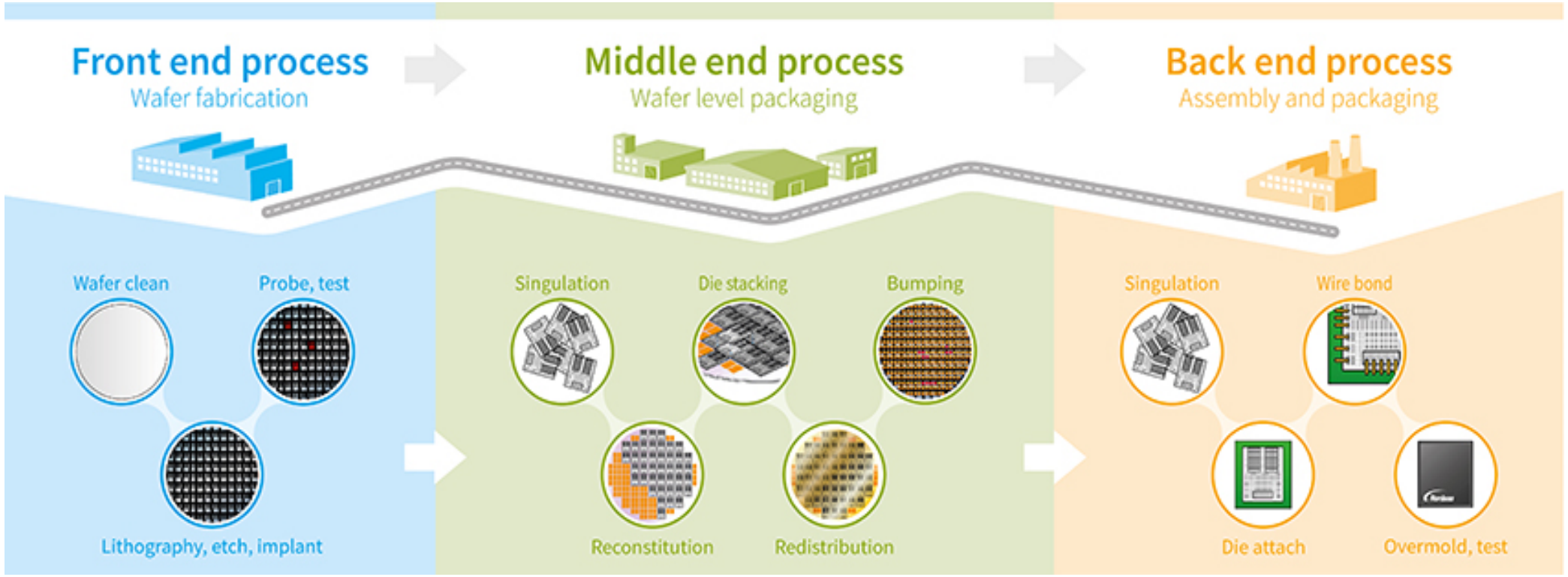
Ultra high-resolution 3D optical sensor (MRS)



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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Recent Financial Results

Total Company – Fiscal 2022

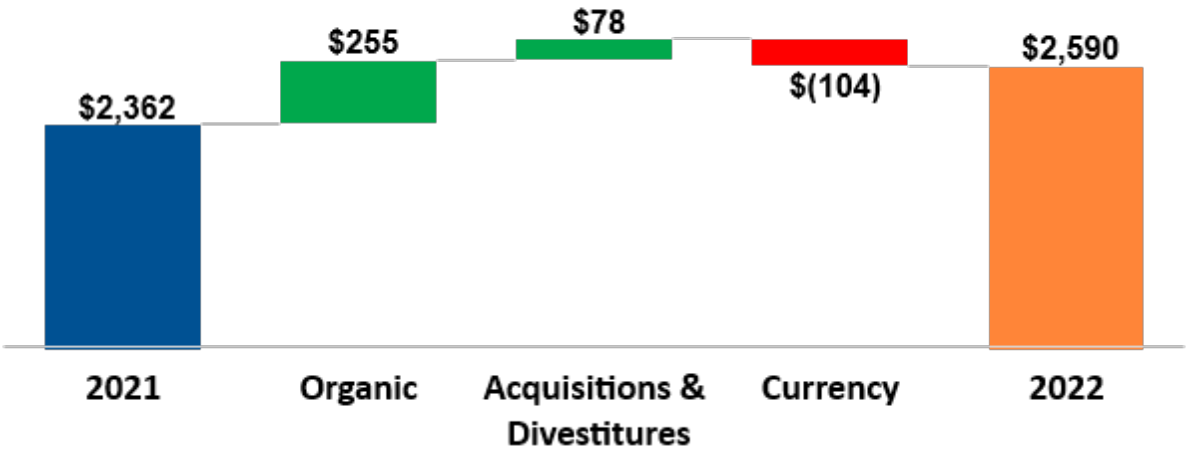
Record Annual Sales

- Annual sales of $2.6 billion, an increase of 10%
- Organic growth increased 11% with NDC acquisition contributing 3%. This was offset by unfavorable currency impact of 4%.
- Broad-based growth across most end markets and geographies

Record Operating Profit

- Full-year record operating profit was $707 million, or 27% of sales
- Incremental organic operating margins of 55%
- EBITDA was $807 million, or 31% of sales
- Earnings growth of 22%

Full Year Sales Bridge



	FY 2021	FY 2022	Δ
Sales	$2,362.2	$2,590.3	10%
Operating Profit*	$615.1	$707.3	15%
EBITDA*	$719.0	$807.2	12%
EPS GAAP	$7.74	$8.81	14%
EPS Adjusted*	$7.74	$9.43	22%

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

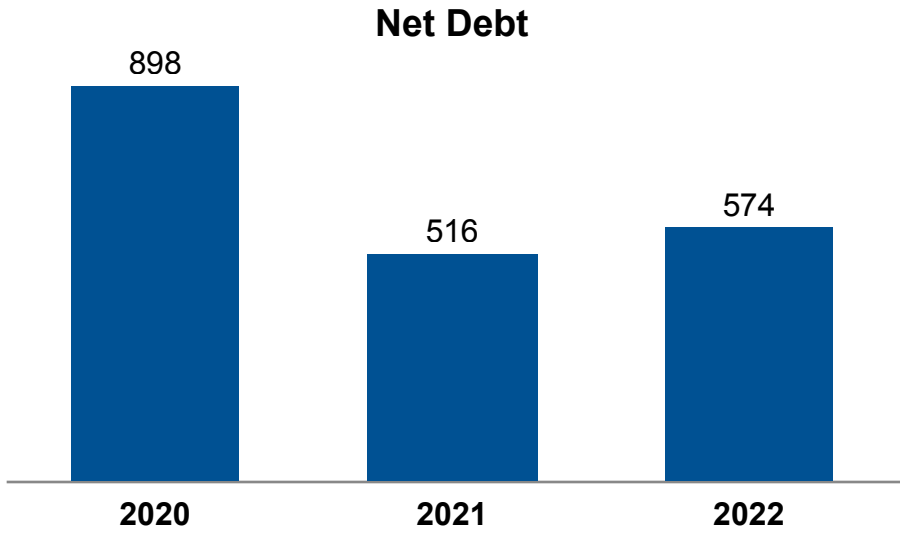
Numbers reflect adjusted operating profit – see reconciliation in appendix

Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

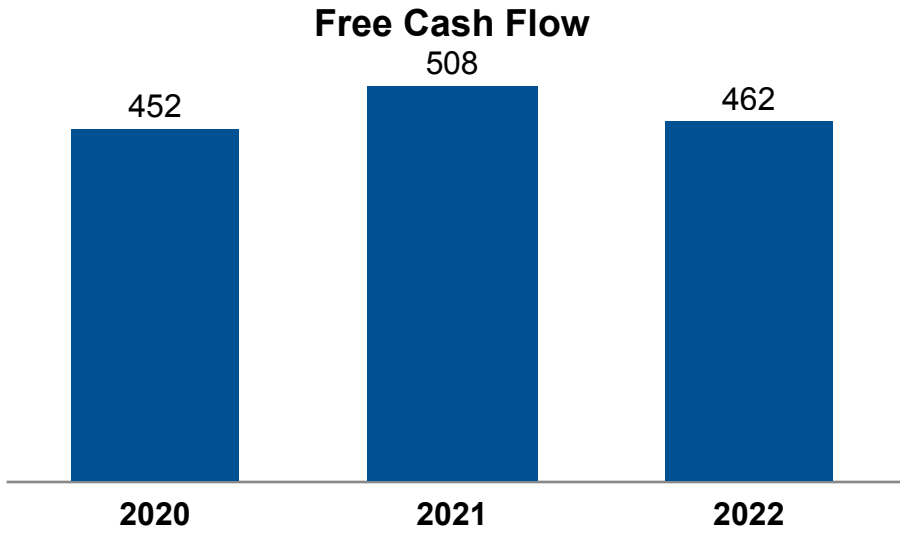
Net Debt

- Cash totaled $163 million
- 0.7 net debt leverage ratio based on trailing 12-month EBITDA



Free Cash Flow

- Conversion rate of 90% of net income
- Strategic investments in inventory

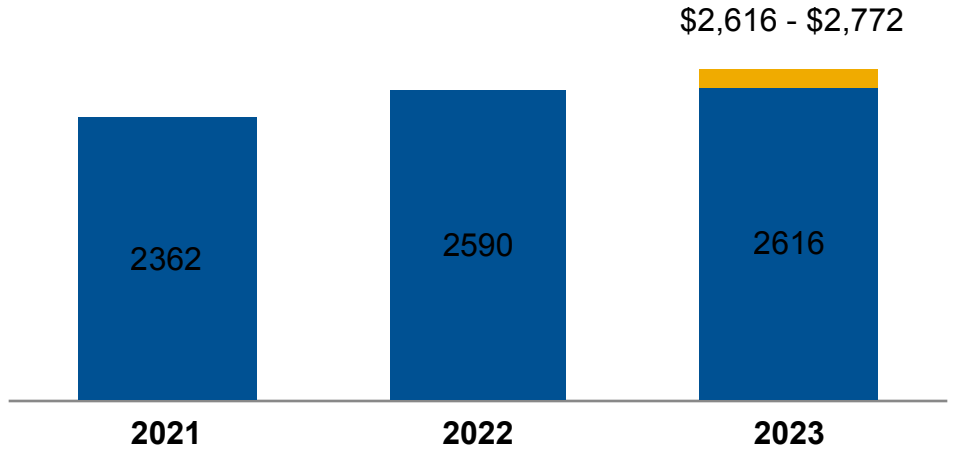


2023 Fiscal Full-Year Guidance

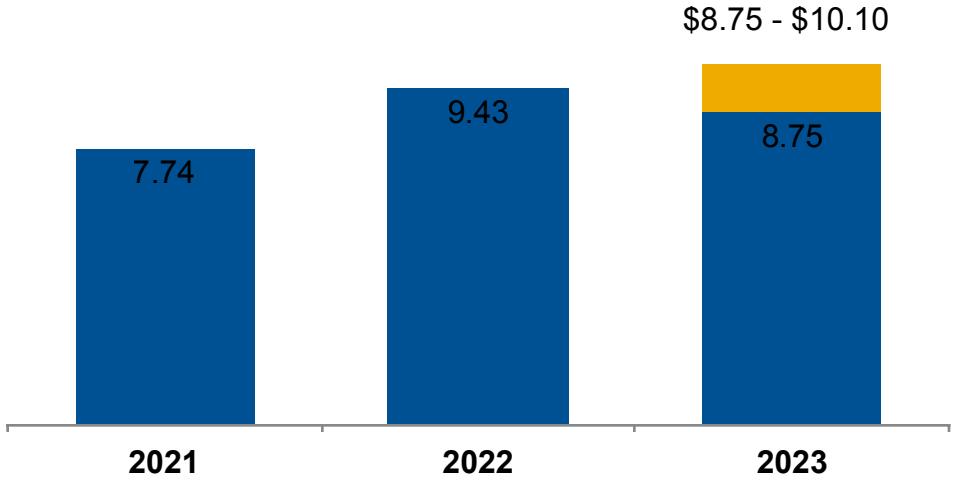
Full-Year Growth from Record 2022

- NBS Next Deployment throughout the business is advancing and delivering results
- Backlog, including CyberOptics, is ~$1 billion
- Fiscal 2023 sales growth of ~1 – 7%
- Adjusted earnings in the range of $8.75 - $10.10
- Assumes negative currency impact of ~2% on sales and ~3% on earnings; increased interest rate environment; and limited visibility into the back half of fiscal 2023

Full-Year Sales Guidance



Full-Year Adjusted EPS Guidance

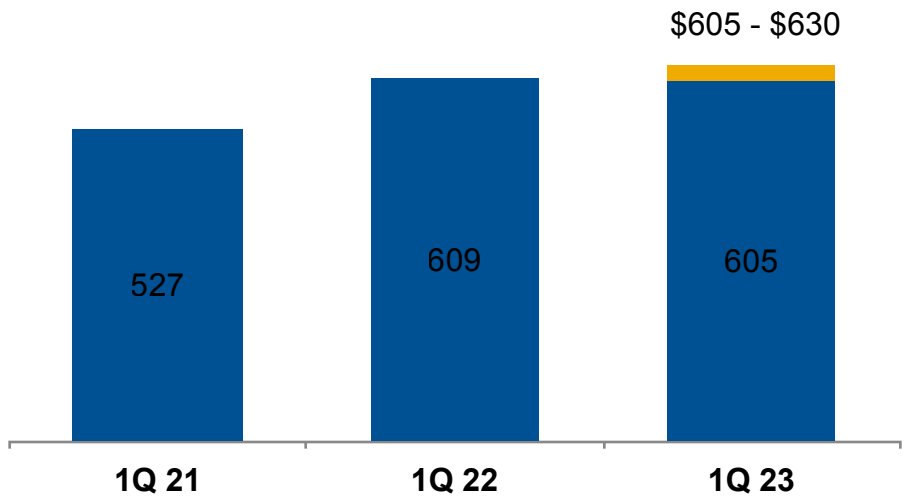


2023 Fiscal 1Q Guidance

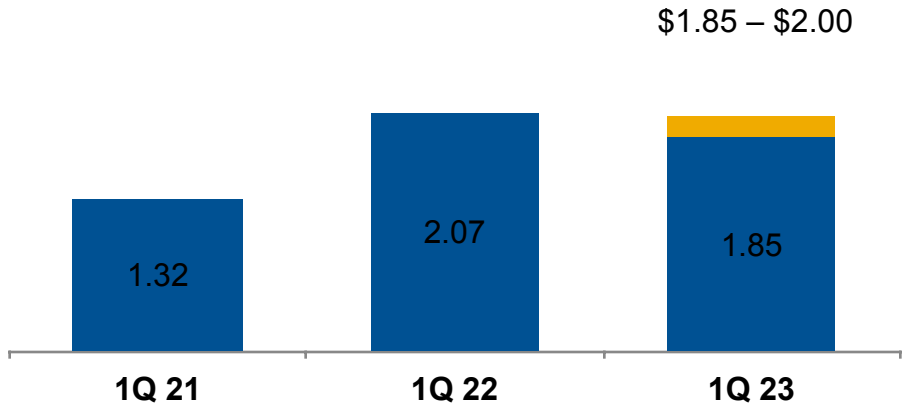
Steady performance moving into 1Q

- 1Q 23 sales of $605 - $630 million
- 1Q 23 adjusted earnings per share in the range of $1.85 - $2.00
- Assumes negative currency impact of ~4% on sales and ~7% on earnings

1Q 2023 Sales Guidance



1Q 2022 Adjusted EPS Guidance



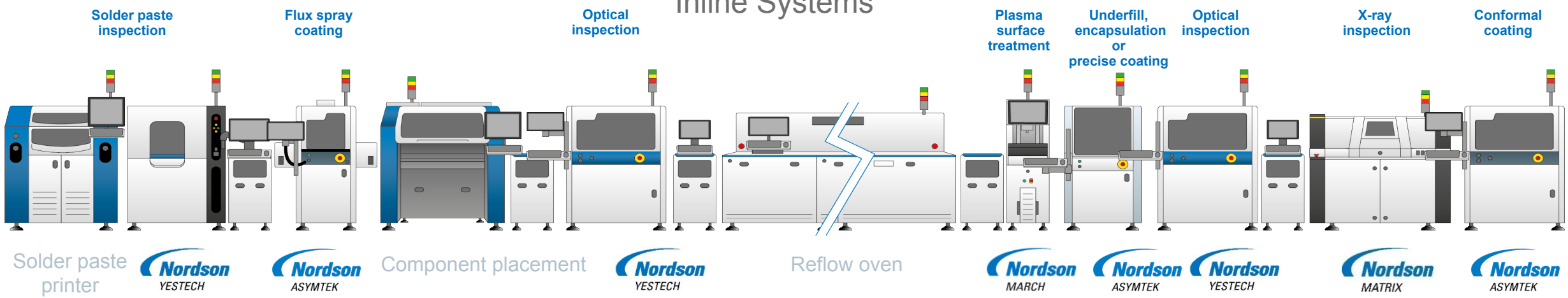
Appendix 1:

Product Innovation

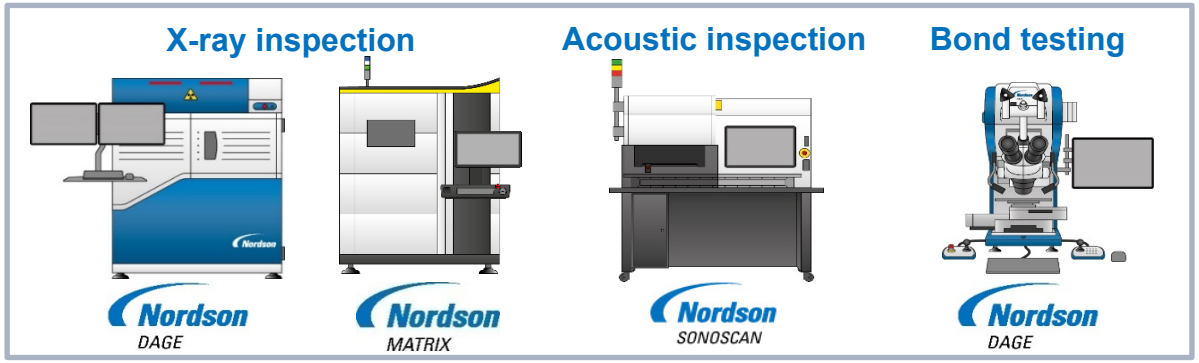
Our Electronics Industry Position

Surface Mount Manufacturing

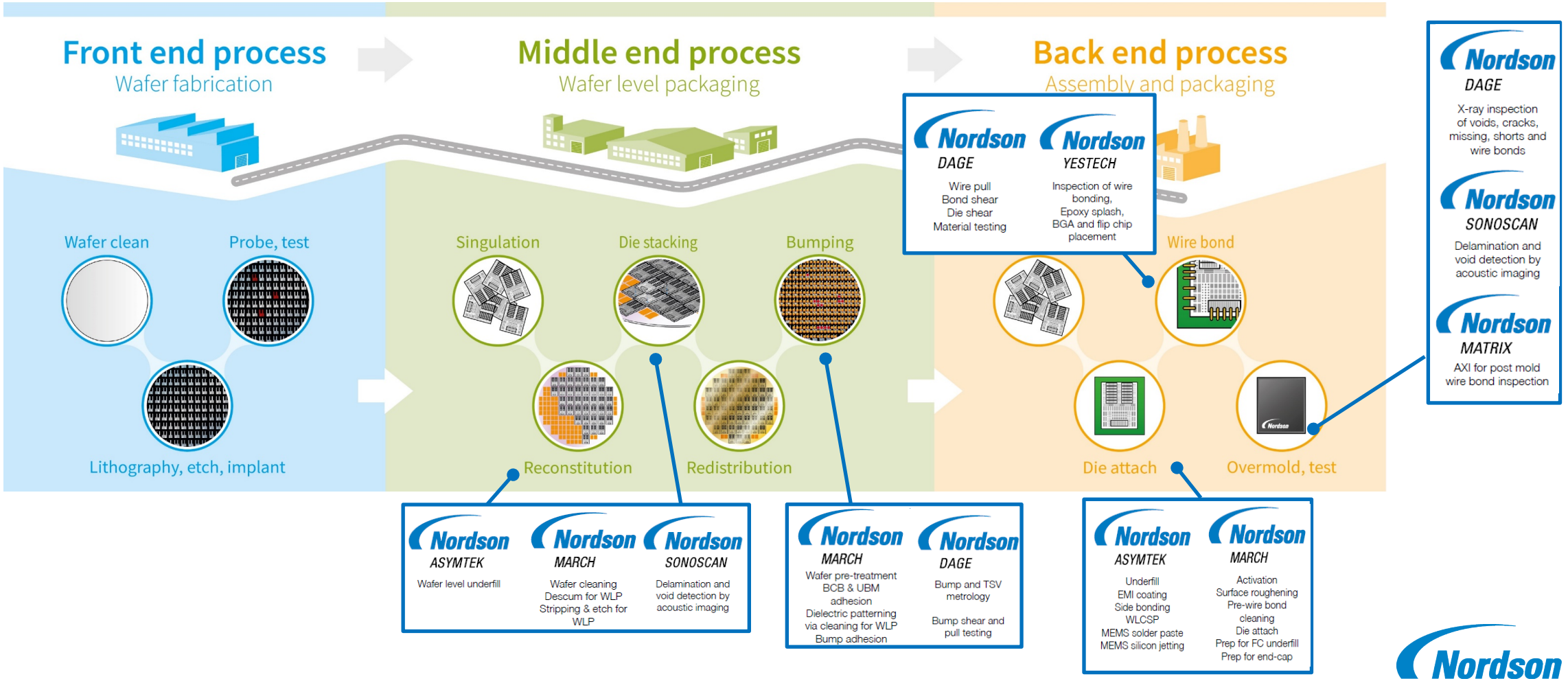
Inline Systems



QA Lab / Island of Automation



Our Role in the Semiconductor Process



Advanced Technology – Fluid Management



Precision Low-Volume Dispensing

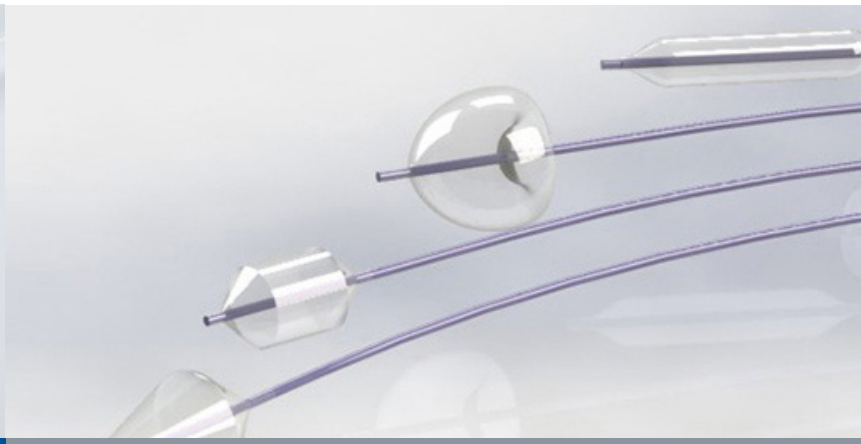
From benchtop dispensers to industry-best jetting valves and automated dispensing robots, Nordson EFD systems deliver accurate, repeatable deposits of glues, greases, and other industrial fluids in precise, low-volume applications.



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.

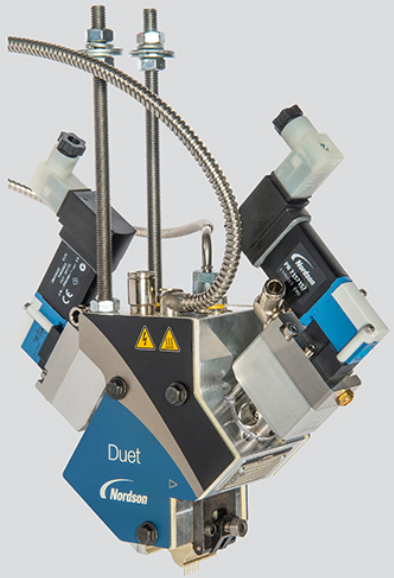


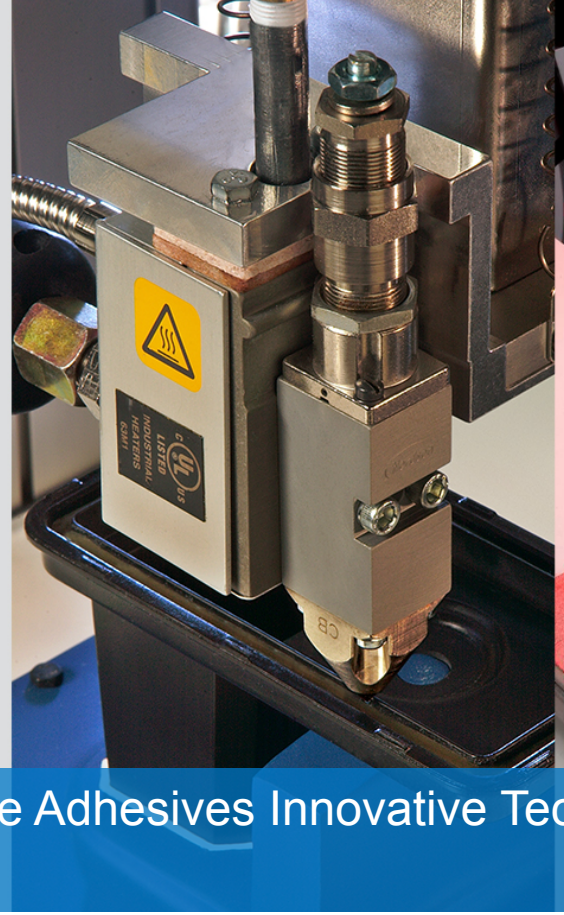
Life Sciences
Fluid Management Components

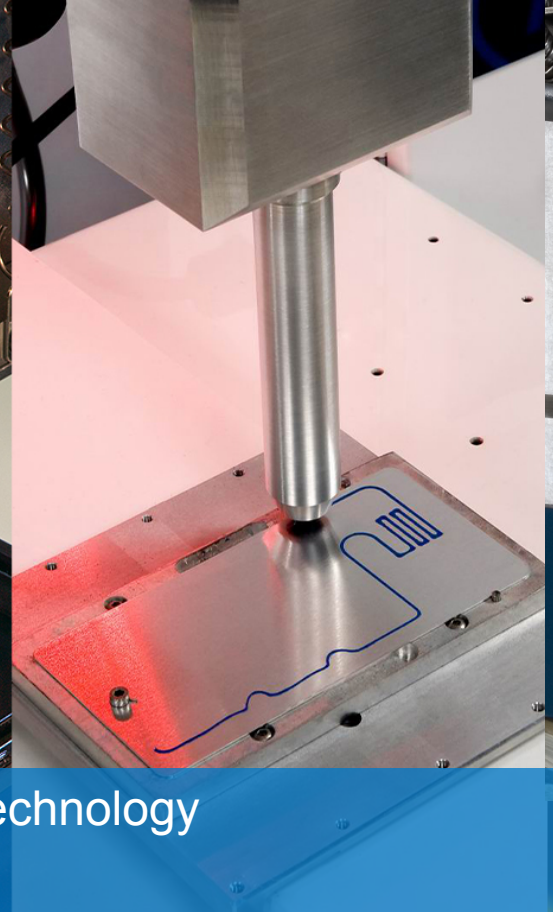
From specialty tubing, catheters, medical balloons, quick-connect couplings and couplers, Nordson is an expert in the design, development and manufacture of complex medical devices and component technologies.

Nordson











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

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 fourth quarter ended October 31, 2022, 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				Twelve Months Ended			
	October 31, 2022		October 31, 2021		October 31, 2022		October 31, 2021	
SALES BY SEGMENT								
Industrial precision solutions	$ 355,659		$ 314,307		$1,337,242		$1,246,947	
Medical and fluid solutions	181,342		163,504		690,177		641,654	
Advanced technology solutions	146,580		121,436		562,859		473,608	
Total sales	$ 683,581		$ 599,247		$2,590,278		$2,362,209	
OPERATING PROFIT								
Industrial precision solutions	$ 110,387		$ 102,677		$ 434,476		$ 414,192	
Medical and fluid solutions	51,689		50,758		217,199		198,194	
Advanced technology solutions	37,720		16,346		133,253		73,466	
Corporate	(22,187)		(18,346)		(82,568)		(70,725)	
Total operating profit	$ 177,609		$ 151,435		$ 702,360		$ 615,127	
OPERATING PROFIT ADJUSTMENTS [1]								
Industrial precision solutions	$ —		$ —		$ 1,563		$ —	
Medical and fluid solutions	—		—		2,498		—	
Corporate	—		—		897		—	
Total adjustments	$ —		$ —		$ 4,958		$ —	
ADJUSTED OPERATING PROFIT (NON-GAAP)		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 110,387	31 %	$ 102,677	33 %	$ 436,039	33 %	$ 414,192	33 %
Medical and fluid solutions	51,689	29 %	50,758	31 %	219,697	32 %	198,194	31 %
Advanced technology solutions	37,720	26 %	16,346	13 %	133,253	24 %	73,466	16 %
Corporate	(22,187)		(18,346)		(81,671)		(70,725)	
Total operating profit - adjusted	$ 177,609	26 %	$ 151,435	25 %	$ 707,318	27 %	$ 615,127	26 %
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 7,186		$ 6,259		$ 27,891		$ 25,673	
Medical and fluid solutions	12,528		14,033		54,674		56,600	
Advanced technology solutions	2,075		2,954		8,780		11,826	
Corporate	2,892		2,404		8,578		9,784	
Total depreciation & amortization	$ 24,681		$ 25,650		$ 99,923		$ 103,883	
EBITDA (NON-GAAP) [2]								
Industrial precision solutions	$ 117,573	33 %	$ 108,936	35 %	$ 463,930	35 %	$ 439,865	35 %
Medical and fluid solutions	64,217	35 %	64,791	40 %	274,371	40 %	254,794	40 %
Advanced technology solutions	39,795	27 %	19,300	16 %	142,033	25 %	85,292	18 %
Corporate	(19,295)		(15,942)		(73,093)		(60,941)	
Total EBITDA	$ 202,290	30 %	$ 177,085	30 %	$ 807,241	31 %	$ 719,010	30 %

[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.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

NORDSON CORPORATION

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

	Three Months Ended		Twelve Months Ended	
	October 31, 2022	October 31, 2021	October 31, 2022	October 31, 2021
GAAP AS REPORTED				
Operating profit	$ 177,609	$ 151,435	$ 702,360	$ 615,127
Other / interest expense - net	(69)	(11,326)	(53,081)	(40,951)
Net income	141,249	110,460	513,103	454,368
Diluted earnings per share	$ 2.44	$ 1.88	$ 8.81	$ 7.74
Shares outstanding - diluted	57,823	58,792	58,249	58,734
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 1,563	$ —
Severance and other	—	—	3,395	—
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ —	$ 41,221	$ —
Total adjustments	$ —	$ —	$ 46,179	$ —
Adjustments net of tax	$ —	$ —	$ 36,494	$ —
EPS effect of adjustments and other discrete tax items	$ —	$ —	$ 0.62	$ —
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 177,609	$ 151,435	$ 707,318	$ 615,127
Operating profit % of sales	26.0 %	25.3 %	27.3 %	26.0 %
Net income [2]	$ 141,249	$ 110,460	$ 549,597	$ 454,368
Diluted earnings per share [3]	$ 2.44	$ 1.88	$ 9.43	$ 7.74

[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.