



# Midwest Ideas Conference

Chicago, IL

Aug 28 - 29, 2024

**CECO**  
ENVIRONMENTAL



# Forward-looking statements and Non-GAAP information

This presentation contains forward-looking statements with predictions, projections and other statements about future events. These statements are made on the basis of management's views and assumptions regarding future events and business performance. We use words such as "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "will," "plan," "should" and similar expressions to identify forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such statements. Potential risks and uncertainties, among others, that could cause actual results to differ materially are discussed under "Part I – Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and may be included in subsequently filed Quarterly Reports on Form 10-Q, and include, but are not limited to: the sensitivity of our business to economic and financial market conditions generally and economic conditions in our service areas; dependence on fixed price contracts and the risks associated therewith, including actual costs exceeding estimates and method of accounting for revenue; the effect of growth on our infrastructure, resources, and existing sales; the ability to expand operations in both new and existing markets; the potential for contract delay or cancellation as a result of on-going or worsening supply chain challenges; liabilities arising from faulty services or products that could result in significant professional or product liability, warranty, or other claims; changes in or developments with respect to any litigation or investigation; failure to meet timely completion or performance standards that could result in higher cost and reduced profits or, in some cases, losses on projects; the potential for fluctuations in prices for manufactured components and raw materials, including as a result of tariffs and surcharges and rising energy costs; inflationary pressures relating to rising raw material costs and the cost of labor; the substantial amount of debt incurred in connection with our strategic transactions and our ability to repay or refinance it or incur additional debt in the future; the impact of federal, state or local government regulations; our ability to repurchase shares of our common stock and the amounts and timing of repurchases, if any; our ability to successfully realize the expected benefits of our restructuring program; our ability to successfully identify and integrate acquired businesses and realize the synergies from strategic transactions; and the unpredictability and severity of catastrophic events, including cyber security threats, acts of terrorism or outbreak of war or hostilities or public health crises, as well as management's response to any of the aforementioned factors. Many of these risks are beyond management's ability to control or predict. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may vary in material aspects from those currently anticipated. Investors are cautioned not to place undue reliance on such forward-looking statements as they speak only to our views as of the date the statement is made. Except as required under the federal securities laws or the rules and regulations of the Securities and Exchange Commission, we undertake no obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise.

While we report our results in accordance with generally accepted accounting principles in the U.S. (GAAP), comments made during this conference call and these materials may include the following "non-GAAP" financial measures: organic revenue, non-GAAP gross profit, non-GAAP operating income, non-GAAP net income, adjusted EBITDA, adjusted free cash flow, adjusted net free cash flow, non-GAAP gross profit margin, non-GAAP operating margin, non-GAAP earnings per basic and diluted share, adjusted EBITDA margin and selected measures expressed on a constant currency basis. These measures are included to provide additional useful information regarding our financial results and are not a substitute for their comparable GAAP measures. Management believes that these measures provide individuals with additional information to better compare the Company's results over multiple periods. Explanations of these non-GAAP measures and reconciliations of these non-GAAP measures to their directly comparable GAAP measures, to the extent the reconciliation be performed without unreasonable efforts, are included in the accompanying "Appendix." Descriptions of many of these non-GAAP measures are also included in our SEC reports.

# Company Overview

# Why CECO – Investment Thesis

Legend:  
a) Based on stock price as at \$27.48 as of Aug 22, 2024  
b) Based on Q2'2024 financial metrics as presented publicly.

## Transformation Underway: Organic and Inorganic Investments to Advance our Leadership

- **Industrial Air:** *Advancing Leadership* (3 acquisitions since 2020)
- **Industrial Water:** *Building Leadership* (4 acquisitions since 2022)
- **Energy Transition:** *Maintaining Leadership* as our ecosystem transitions (1 acquisition in 2023)

## Favorable Macro Trends

- **Developed economy Industrial “Rebuild” and “Reshoring”**
- **Global Infrastructure and “Green” Investments**
- **Energy Transition ... Solar, LNG, RNG, Hydrogen, Carbon Capture, Nuclear**

## Capital Allocation

- **Expanding our Core**
- **Programmatic M&A**
- **Debt Reduction and Share Repurchase**



**~\$1B  
Enterprise Value**  
a) b)

**Growing Revenue  
Strong Double Digits  
and Record Backlog**  
b)

**Programmatic M&A  
9 Strategic Deals  
Since 2022**

# CECO Environmental's Mission ... Purpose Driven and Passionate



## **We Protect People**

Solving customer challenges to ensure their employees work in a safe and productive work environment



## **We Protect The Environment**

We minimize our environmental impact and help our global customers do the same



## **We Protect Industrial Equipment and Improve Processes**

We help maximize our customer's investment in their operating systems and optimize their output

# M&A Update: Transaction Closed in Late July 2024

## Business Overview



- **Leading Engineered Solutions Provider:** Industrial Air Treatment and Industrial Particulate Contaminant removal
- **Founded 1981** ... Established International Brand
- **Core Segments:** Chemicals, Cement, Food, Mining & Metals, Fertilizer/Ag and Municipal
- **Core Offerings:** Evaporative Gas Conditioning, Wet Scrubbers, Wet Electrostatic Precipitators – with multiple active patents
- **Resources:** ~ 22K SF facility in N. California ... ~20 employees
- **Installed Base:** >1,000 Systems = Growing Parts & Service Biz.
- **Strong Leadership Team:** Technical + Market Knowledge

## Financial Profile / Transaction Metrics

- **2024 FY Sales Est:** ~ \$13M with 30% aftermarket & short cycle with attractive growth profile
- **Current Sales Footprint:** Mostly N. America
- **Profit Profile:** Accretive Gross Margins and EBITDA Margins
- **FCF:** Strong Cash Flow Generation
- **Transaction Summary:**
  - **Growth:** Accelerate Global Expansion + Aftermarket
  - **Growth:** Compliments Multiple CECO Industrial Air Brands
  - **Accretive Multiple:** Similar to Deal Multiples in '22 and '23

## Products & Solutions



Evaporative Gas Systems



Wet Scrubbers



MercuryPak



Mercury Retort Furnace



Wet Electrostatic Precipitator



Saracco Scum Concentrator

**> Strategic & Accretive Transaction ... Expands Leadership in Industrial Air**

# Industry-leading Solutions Addressing Key Environmental Challenges



Just a Few Examples ...

## Industrial Air

Dust Collectors & Bag Houses

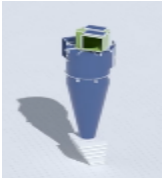


Thermal Oxidizers



- Battery
- Wood
- Electric vehicle
- Beverage Can
- Semiconductor
- Clean Power
- General Industrial
- Beverage Can

Cyclone Separators    Acid Gas/Ammonia Scrubbers



**EnviroCare** International

## Industrial Water

Bulk Solids Separators



Media Filters



RO Watermakers



Check & Control Valves



Oily Water Separators



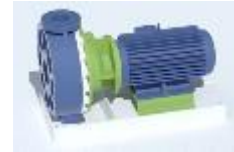
Dissolved Air Flotation



Ion Exchange Packages



Transport & Feed Pumps



- Marine
- Produced Water
- Refining
- Power Gen
- Food & Beverage
- Chemical/Petrochem

- Industrial Laundry
- Concrete/Aggregate
- Offshore Wind
- Battery/Semi/Electronics
- Hydrogen/Ammonia

## Energy Transition

Gas Separation Equipment



Turbine De-Nox System



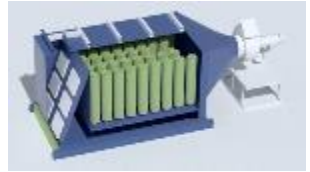
- Renewable Nat Gas
- Carbon Capture
- Nat Gas Pipelines

- H<sub>2</sub> / Gas Turbines
- CO<sub>2</sub> Transport
- LNG Liquification

Hi-Temp Process Pumps



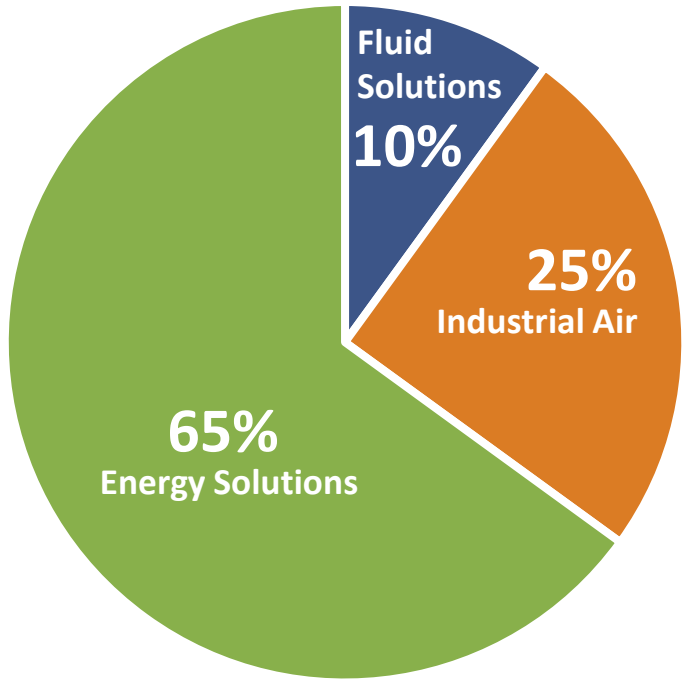
Mist/Vapor Eliminators - Fuel Gas Conditioners



# CECO Transformation Journey

- Legend:
- 2020 financials are based on December 31<sup>st</sup>, 2020
  - 2020 Stock Price as of July 6, 2020 (Timing of new CEO)
  - 2023 financials are based on December 31, 2023
  - 2024 Stock Price as of close of business Aug 22, 2024.

## 2020 Portfolio Mix



80% Long-cycle | 20% Short-cycle

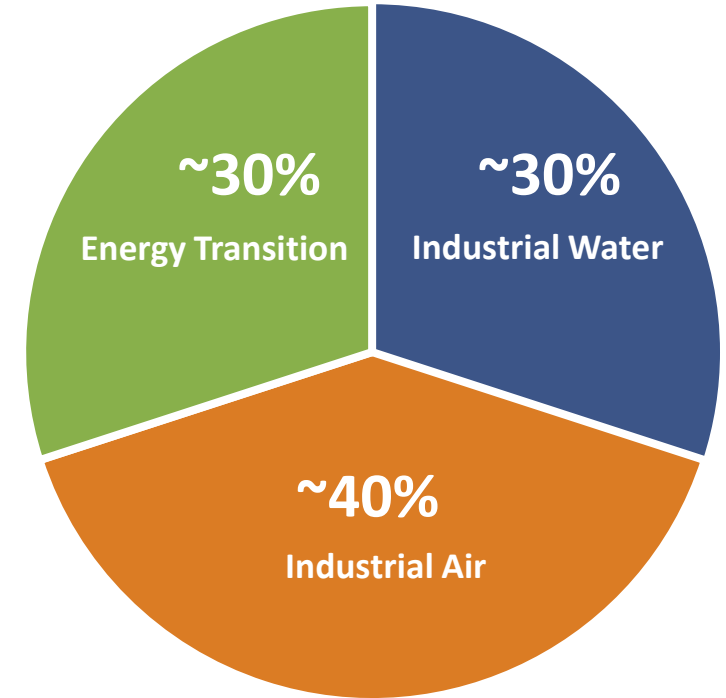
## Growth

2020		2023
\$316M	Revenue	\$545M +72%
\$183M	Backlog	\$371M +103%

## Shareholder Value

2020		'24 YTD
\$6.36	Stock Price	\$27.48 +332%
\$225M	Market Cap	\$960M +327%

## 2023 Portfolio Mix





























70% Long-cycle | 30% Short-cycle

➤ Steady Portfolio Transformation = Growth and Shareholder Value



# Balanced Portfolio Winning In Diverse Growth Markets

\* Transactions 2020 – 3Q'23  
%s noted above based on booking levels

	Legacy Brands	Acquired Brands*	Typical Applications & End Markets
<b>Industrial Air</b>  ~40% of Portfolio	      	   	<ul style="list-style-type: none"> <li>• <b>Thermal Oxidation</b> <ul style="list-style-type: none"> <li>○ EV Battery</li> <li>○ Automotive</li> <li>○ Beverage Can</li> </ul> </li> <li>• <b>Wet/Dry Scrubbers</b> <ul style="list-style-type: none"> <li>○ Semiconductor</li> </ul> </li> <li>• <b>Mist Removal</b> <ul style="list-style-type: none"> <li>○ Alum./Steel rolling</li> <li>○ Chemical processing</li> </ul> </li> <li>• <b>Dust &amp; Particle Collection</b> <ul style="list-style-type: none"> <li>○ Wood working</li> <li>○ Machining/Grinding</li> <li>○ Cement &amp; Building Materials</li> <li>○ Food Processing/Milling</li> </ul> </li> <li>• <b>Silencers</b> <ul style="list-style-type: none"> <li>○ Blower/Fan intake</li> <li>○ Rotating equipment exhaust</li> <li>○ Steam Vent/Blowdown</li> </ul> </li> </ul>
<b>Industrial Water</b>  ~30% of Portfolio	  	    	<ul style="list-style-type: none"> <li>• <b>Produced Water Treatment</b> <ul style="list-style-type: none"> <li>○ Oil &amp; Gas Production</li> </ul> </li> <li>• <b>Oily Water Separation</b> <ul style="list-style-type: none"> <li>○ Food Processing</li> <li>○ Hydrocarbon Processing</li> <li>○ Bilge Water Discharge</li> </ul> </li> <li>• <b>Wastewater Treatment</b> <ul style="list-style-type: none"> <li>○ Industrial Processes</li> <li>○ Food &amp; Beverage Prod.</li> </ul> </li> <li>• <b>Ultra-pure Water Supply</b> <ul style="list-style-type: none"> <li>○ Semicon/Electronics</li> <li>○ Electrolysis</li> </ul> </li> <li>• <b>Condensate Polishing</b> <ul style="list-style-type: none"> <li>○ Cooling Water</li> <li>○ Steam Processing</li> </ul> </li> <li>• <b>Desalination</b> <ul style="list-style-type: none"> <li>○ Recirculation</li> <li>○ Potable Water Supply</li> </ul> </li> </ul>
<b>Energy Transition</b>  ~30% of Portfolio	     		<ul style="list-style-type: none"> <li>• <b>Emission Management</b> <ul style="list-style-type: none"> <li>○ Gas-fired Power Gen – Baseload, Backup</li> <li>○ Flue Gas Scrubbers</li> </ul> </li> <li>• <b>Gas-Liquid Separation</b> <ul style="list-style-type: none"> <li>○ Natural Gas/CO2 Transport</li> <li>○ Natural Gas Liquefaction</li> <li>○ Hydrocarbon Processing</li> <li>○ Fuel Gas Upgrading</li> </ul> </li> <li>• <b>Cyclone Separation</b> <ul style="list-style-type: none"> <li>○ Hydrocarbon Processing</li> <li>○ Polysilicon Production</li> </ul> </li> <li>• <b>Carbon Capture</b> <ul style="list-style-type: none"> <li>○ Ethanol Processing</li> <li>○ Acid Gas Treatment</li> </ul> </li> <li>• <b>Thermal/Acoustic Mgmt</b> <ul style="list-style-type: none"> <li>○ Gas-fired Power-Gen</li> <li>○ Compressor Station Silencing</li> </ul> </li> </ul>

➤ Strategic Acquisitions Strengthen Leadership Position and Expand Addressable Markets

# Global Footprint ... Serving Global Customers

(-a) employee count excluding manufacturing  
(-b) includes 2022 & 2023 acquisitions



 Global HQ:  
Dallas, TX

 Sales, Engineering  
& Admin

 Manufacturing & Assy

~1,200 Employees worldwide <sup>(-b)</sup>

~60% are Engineers/Solution experts <sup>(-a)</sup>

~50% International Sales

Rapidly growing UAE and India presence

# Double Digit Growth Mindset: Maintaining & Investing in Strong Growth Fundamentals

## Favorable Macro Trends

### Solutions and Applications Tightly Aligned to Secular, Global Growth Driver

- Reshoring Industrial Production ... High-tech (Semiconductor and Electronics),
- Infrastructure
- Natural Gas Power
- Renewable Investments
- Electrification / AI / Data Centers
- Increased Regulatory Standards

## Developing Strong Market Position

### Leadership Position In Key Markets = Strong Relationships with End Customers

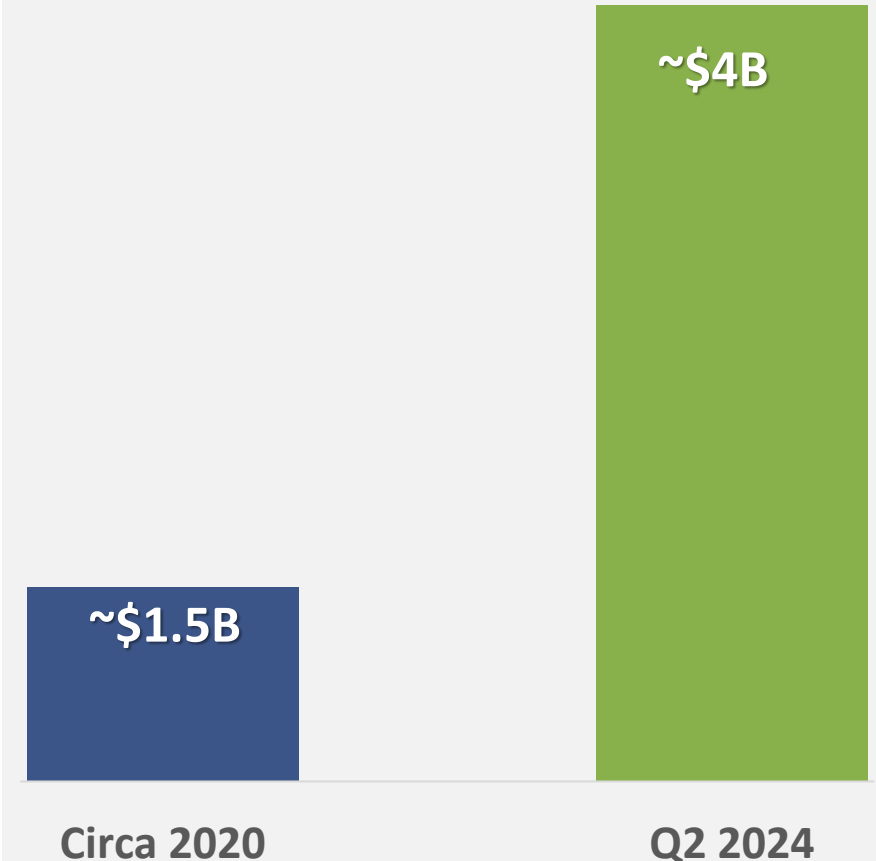
- Solidifying “Preferred” Relationships with Market Leaders Because of Our Expertise and Global Scale

### Continue Investing To Expand Target Markets and Diversified Opportunities

- Moving “Beyond Equipment”
- More Global
- New Applications and Customer Segments

**Relentless Execution + Commitment to Quality. Overcoming All Market Challenges**

Sales Pipeline ~ 3X Larger



# 2024 Full Year Guidance – 2<sup>nd</sup> Improvement

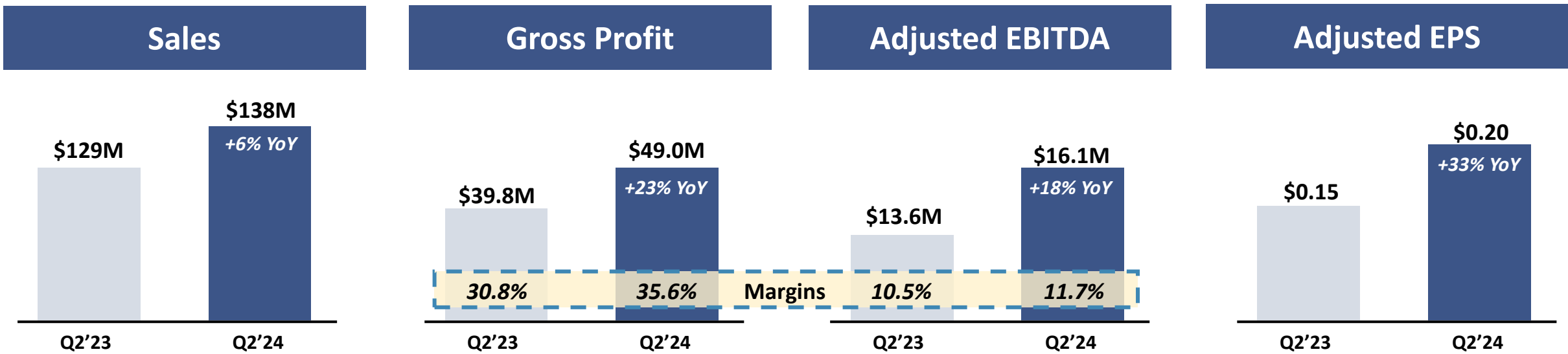
	Initial FY'24	Raised on April 30 <sup>th</sup>	Raised on July 30 <sup>th</sup>
Order Rate Book to Bill	1.05 – 1.1X	1.05 – 1.1X	1.05 – 1.1X
		Raise	Raise
Revenues Mid-point YoY	575 – 600 Up ~10%	590 – 610 Up ~10%	600 – 620 Up ~12%
		Raise	Raise
Adj. EBITDA Mid-point YoY	65 – 70 Up ~17%	67 – 70 Up ~19%	68 – 72 Up ~21%
Free Cash Flow	50% to 70% of EBITDA	50% to 70% of EBITDA	50% to 70% of EBITDA

## Balancing Opportunities (+) / Challenges (-)

- + Near Record Backlog and Increasing Short Cycle
  - + M&A Pipeline = Active & Attractive 2H'24 Deals
  - + Energy Transition / Power Markets / Industrials
    - Natural Gas Power
    - Renewable Investments
    - Electrification / AI / Data Centers
    - General Industrial: Reshoring & Infrastructure
  - + Margin Expansion Programs / Op Excellence
  - + Interest Rates Trending Lower
- 
- Timing of Larger Projects & Orders
  - Potential Election Impacts = More Delays
  - Uncertainty / Unknown Economic Impacts

# Recent Performance

# Executive Summary: Q2'24 Highlights



- **Records:** Record Q2 Sales, Gross Profit \$'s and Margins, Adj. EBITDA \$ and Margins, and Q2 EPS
- **Sales:** Growth constrained by project delays to 2<sup>nd</sup> Half ... Near-record backlog + sales pipeline = Positive 2H Outlook
- **Margins:** +480bps higher gross margins and +120bps of adj. EBITDA margins driven by OpEx, mix and volume
- **Adj EPS:** Earnings growth of 33% via great leverage on growth/margin expansion and improving interest rates

# First Half 2024 Highlights

	1H'24	YoY	1H Financial Highlights
<b>Orders</b> <i>Book to Bill</i>	<b>\$286M</b> <i>1.08x</i>	<b>(7%)</b>	<ul style="list-style-type: none"> <li>• Slower-than-expected 1H orders as larger project bookings delayed</li> <li>• Expecting 2H order levels will increase sequentially</li> </ul>
<b>Revenue</b>	<b>\$264M</b>	<b>+9%</b>	<ul style="list-style-type: none"> <li>• Sales also impacted by customer-driven delays in 1H</li> <li>• Expecting 2H sales levels will increase sequentially</li> </ul>
<b>Adj. EBITDA</b> <i>Margin %</i>	<b>\$29.3M</b> <i>11.1%</i>	<b>+26%</b> <b>+150bps</b>	<ul style="list-style-type: none"> <li>• Excellent conversion on volumes and improved business mix</li> <li>• Margin expansion inline with short-term goals and maintaining momentum</li> </ul>
<b>Adj EPS</b>	<b>0.32</b>	<b>+28%</b>	<ul style="list-style-type: none"> <li>• Strong EPS growth and improving interest rate environment a positive</li> </ul>
<b>Free Cash Flow</b>	<b>\$0.7M</b>	<b>\$5.2M</b>	<ul style="list-style-type: none"> <li>• Better than 1H'23 ... Expecting another strong FCF delivery in 2H</li> </ul>

Other 1<sup>st</sup> Half Highlights:

**Sales Pipeline Approaching \$4B**  
(up from ~ \$1.5B in 2021)

**Repurchased \$5M of Shares in 1H'24**

**Expanded International Capabilities & Markets**

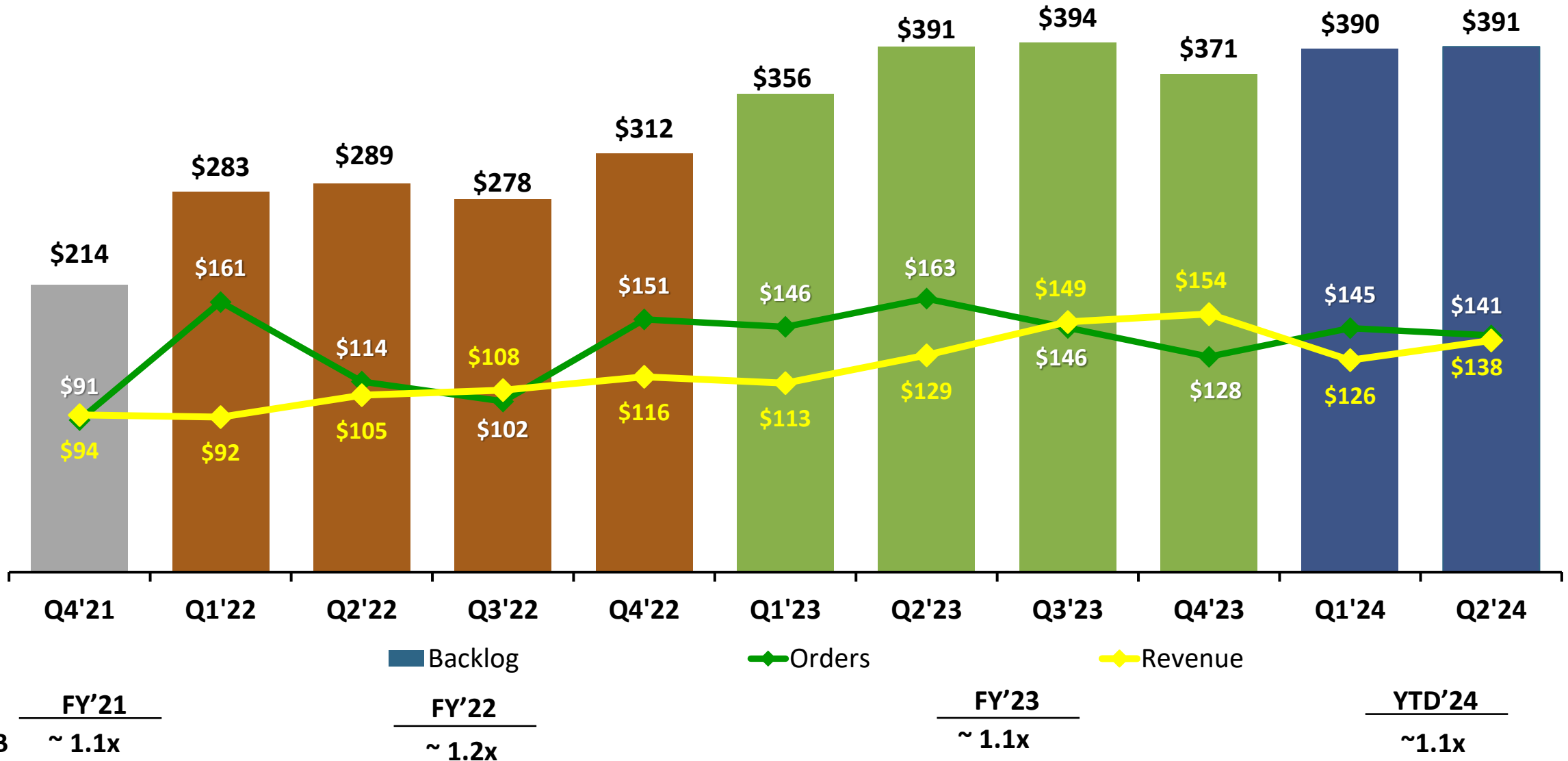


# Backlog\*: Q2'24 Remains at Record Levels

(\$MM)

B2B = Book to Bill

\* Starting Backlog – Revenue + Net Orders +/- FX + Acquired Backlog = Ending Backlog





# Q2'24 Earnings Summary

- **Record Results and Tremendous Margin Expansion Major Q2 and 1H Highlights**
  - Margin Expansion: OpEx programs, volume conversion and executing on acquired companies
  - On Track for 2025 – 2026 EBITDA Margin Targets of Mid-Teen %
- **Certain Large Order Booking Delays + Customer-driven Timing Had Modest (–) Impact to 1H'24 ... but ... Record Pipeline of ~ \$4B with Significant Energy Transition (Power) and General Industrial (Infrastructure and Reshoring) Remains Exciting**
- **M&A Pipeline is Robust ... Strategic & Accretive Opportunities Balanced Across Portfolio**
- **Raising Full Year Topline and Bottomline Guidance**
- **Committed to Delivering Customer, Employee and Shareholder Value**

➤ **Thank You For Your Support**

# Looking Forward

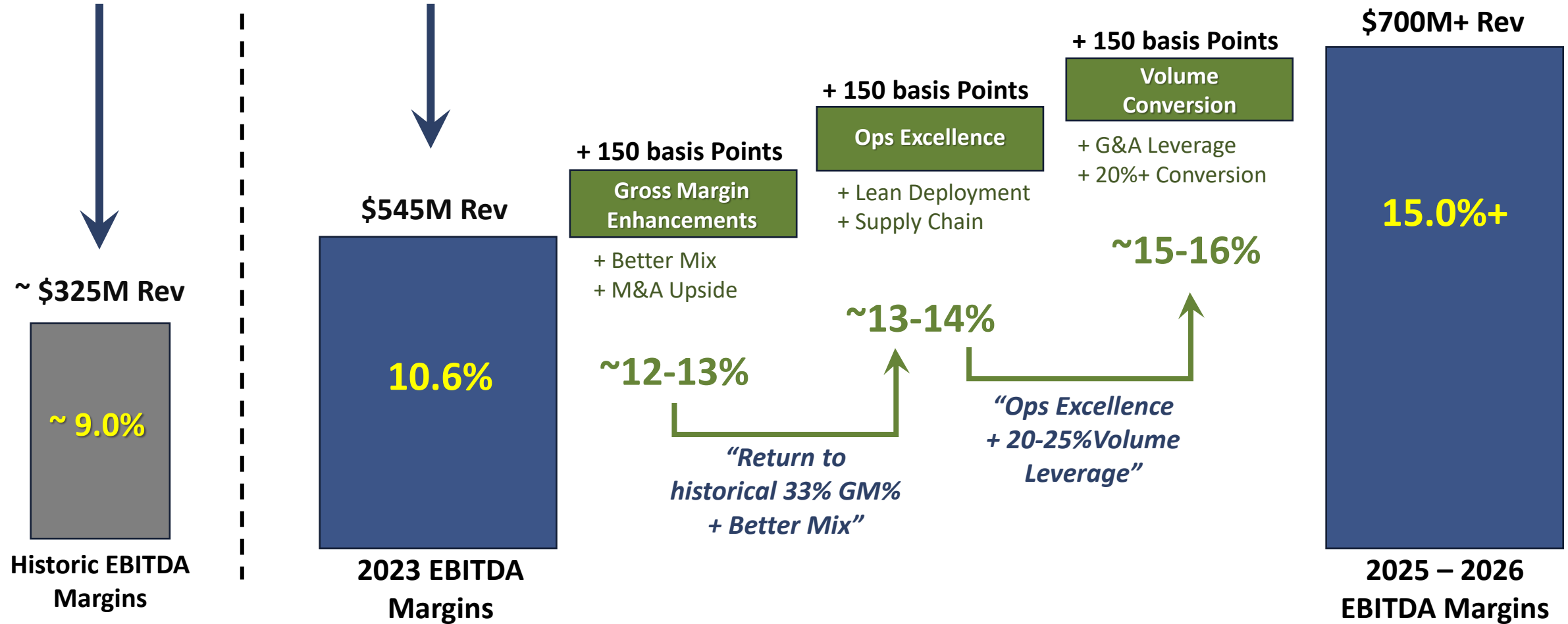
# Longer-Term Outlook Combines Steady Topline and Bottomline Growth

\$MM

Reference:  
"Historic Range"

Point of Departure

Mid-to-Longer  
Term Targets



**Peerless**  
Separation ■ Emissions ■ Water

**Dean**

**HEE-Duall**

**Fybroc**

**Fisher-Klosterman**



**Sethco**

**TRANSCEND**



**Burgess-Aarding**



**Flex-Kleen**

**Emtrol-Buell**

**EIS**



**Adwest**

**KB Duct**



**Busch**

**Mefiag**

**Kirk & Blum**

**Aarding**



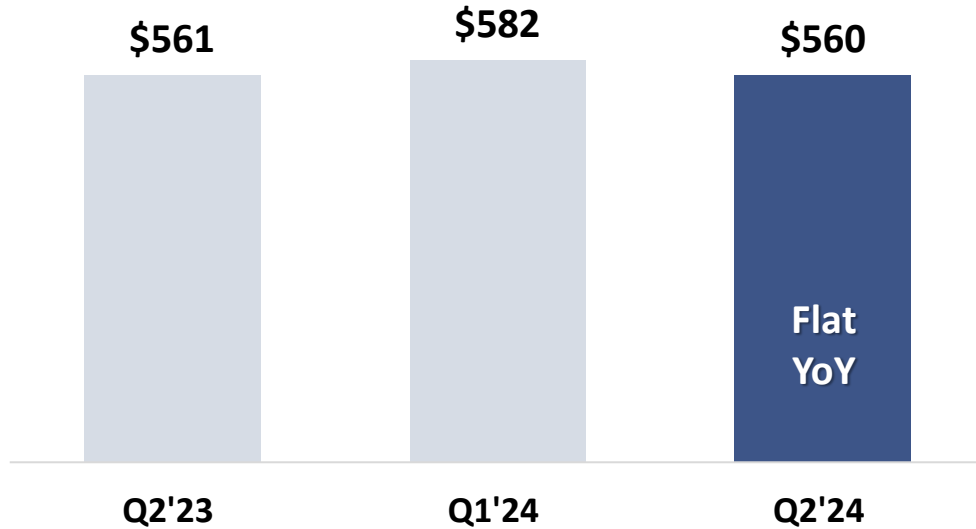
# Appendix

Supplemental Materials and Non-GAAP Reconciliation Tables

# Orders & Backlog: Q2'24 Bookings & Backlog Remain Steady

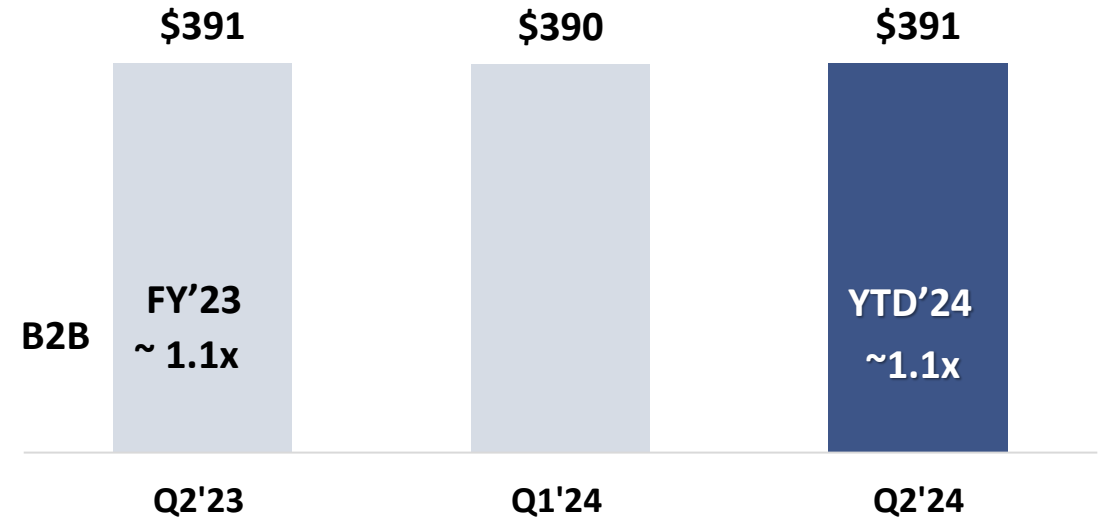
(\$MM)  
TTM = Trailing 12 Month

## TTM Order Summary



- Despite “tough comp” with 1H'23, TTM Orders ~ flat
  - 1H'23 = Several \$20M+ Orders (Energy + Ind'l Air)
- **Record sales pipeline (~\$4B)** ... but large orders opportunities delayed to 2H or 2025
- **+’ve Margin Mix in Backlog and Order Pipeline > YoY**

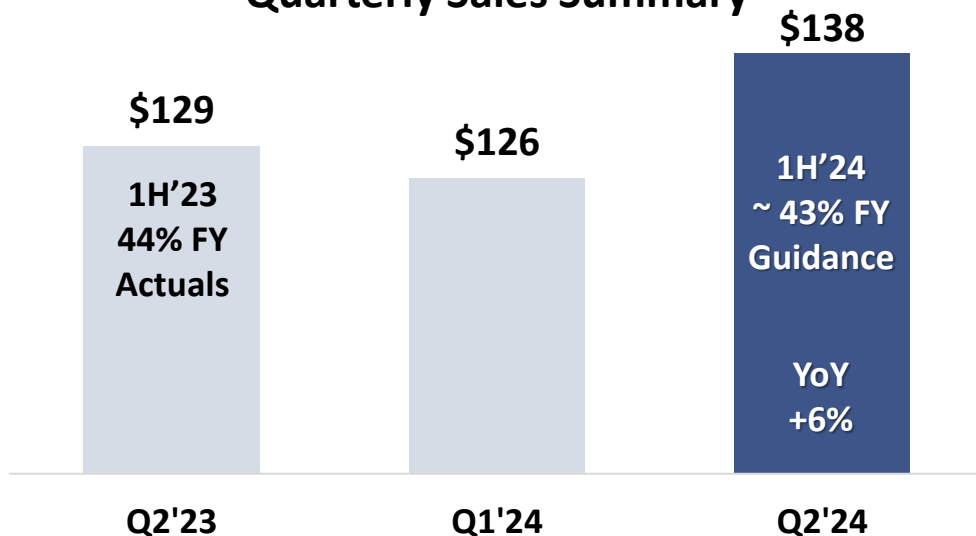
## Quarterly Backlog Position



- On track for **4<sup>th</sup> Year in a row** with **B-2-B > 1.1** and Backlog up 16% on TTM basis
- Backlog remains at or near **record levels for > 2 years**
- Robust pipeline, especially for Energy Transition, provides **significant optimism for 2H and 2025 “Breakout”**

# Sales: 1H In-line with Guidance and Double-Digit TTM Growth

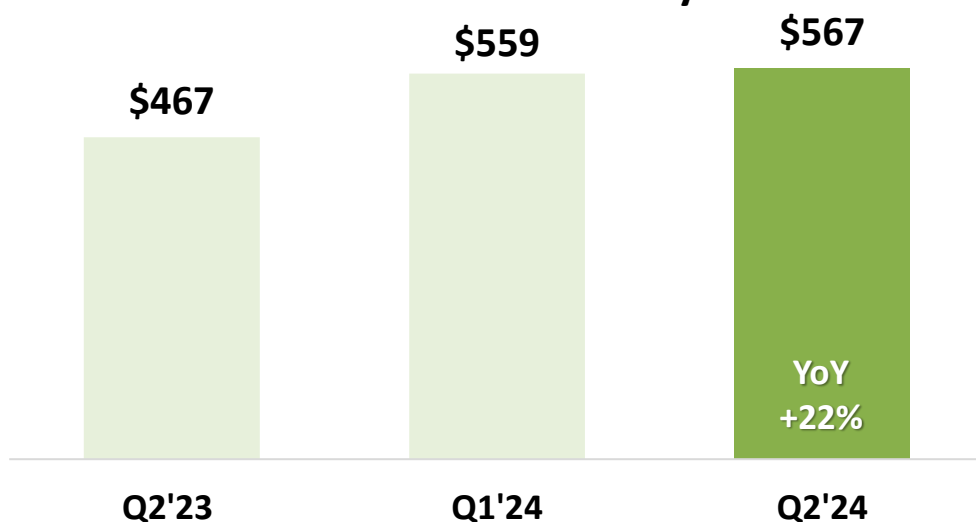
### Quarterly Sales Summary



**Q2 +9% Sequentially and +6% YoY ... Another Record Quarter!**

Q2 sales growth was tempered by **order booking delays** and handful of **customer-driven project delivery delays**

### TTM Sales Summary



**1<sup>st</sup> Half Results Reinforce CECO Continued Growth**

**1H'24 in line previous 1H's** with respect to “% of Total Year Revenues” generated in Q1+Q2

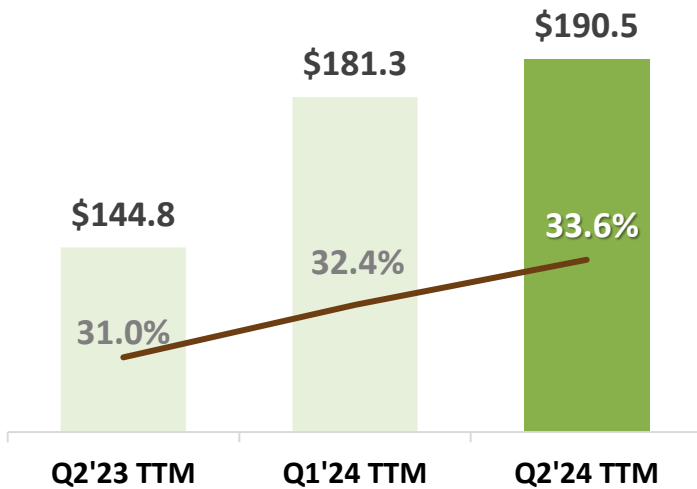
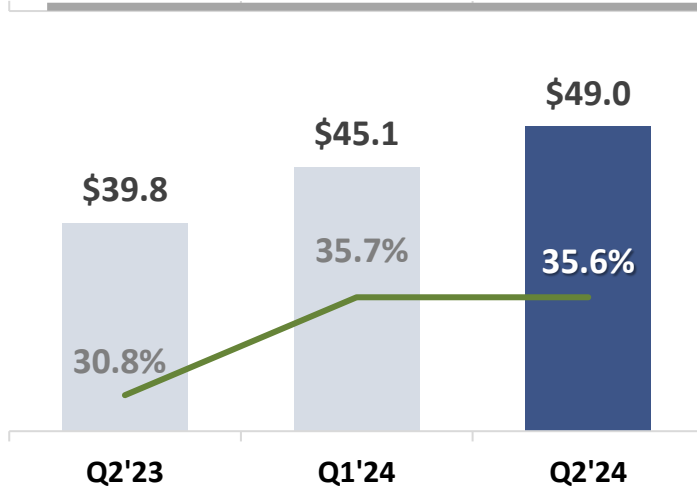
**1H +9% YoY** despite delays in orders and project timing

# Delivering On Our Focus To Increase Margins

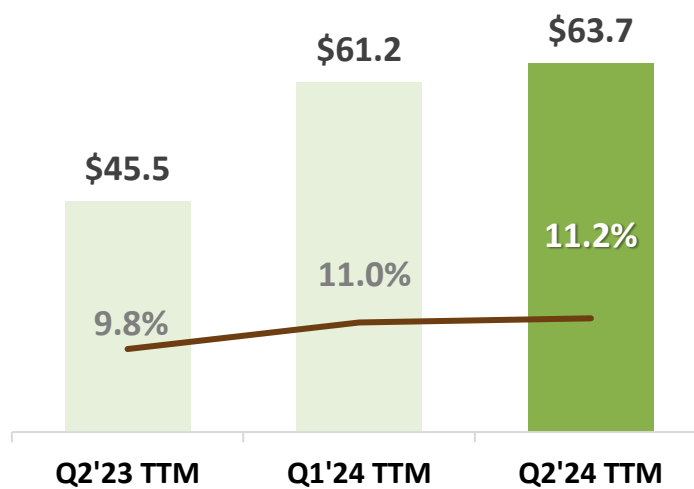
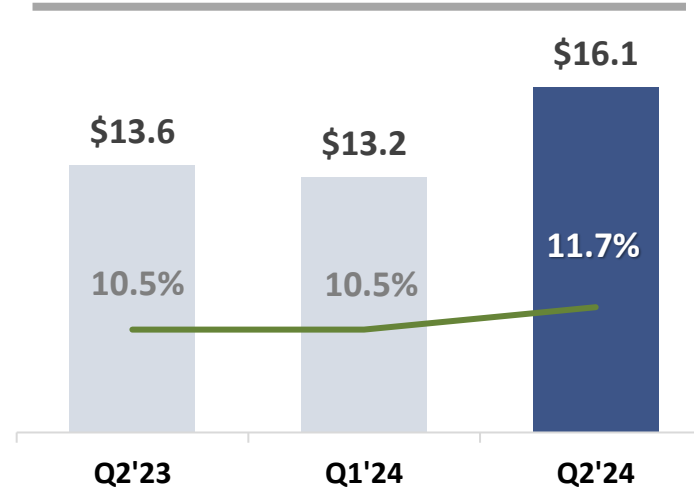
(\$MM)

TTM = Trailing 12 Month

## Gross Profit



## Adj. EBITDA



### ↑ Gross Profit

YoY margins + 490 bps driven by backlog mix, execution and productivity

Continued benefits from sourcing and execution

Margins flat sequentially on higher volume and costs timing tailwind

Strong incremental profitability > 40%

### ↑ Adjusted EBITDA

Record EBITDA margin for any Q2 in company history

EBITDA margins up ~120 bps YoY driven by volume leverage and favorable mix.

Continued investments in G&A focused on operating excellence teams and global support

Strong incremental profitability ~ 20%



# Cash Position and Liquidity: Capacity Supports Capital Deployment

(\$MM)

## Cash Position and Liquidity

**Cash 12.31.23** **\$55.4**

### Sources

Cash from Operations	\$7.9
<u>Net Borrowings</u>	<u>\$0.0</u>
Total	\$7.9

### Uses

M&A	\$0.0
Capex	\$(7.2)
<u>Net Repayments</u>	<u>\$(6.7)</u>
Total	\$(13.9)

### Other

FX	\$(3.0)
<u>Other</u>	<u>\$(9.4)<sup>a)</sup></u>
Total	\$(12.5)

**Cash 06.30.24** **\$36.9**

### Ref:

Cash Interest	\$(6.6)
Cash Taxes	\$(3.8)

Notes:

a) Includes \$5M to stock repurchases

1/ Net Debt = Gross Debt - Cash

2/ TTM Bank EBITDA as defined in Credit Facility

3/ Leverage Ratio = Net Debt / TTM Bank EBITDA

4/ Capacity = Current Facility Capacity + Net US Cash

5/ excludes JV Debt

6/ exclude JV debt repayment in 2024

## Leverage and Investment Capacity <sup>5/</sup>

**Gross Debt 12.31.23** **\$133.2**

### Borrowings

On revolver	\$21.7
On term loan	\$0.0
<u>Other</u>	<u>\$0.0</u>
Total	\$21.7

### Repayments

On revolver	\$(23.2)
On term loan	\$ (4.4)
<u>Other</u>	<u>\$ (2.5)</u>
Total	\$(30.1)

Net Borrowings, Q2 2024 <sup>6/</sup> **\$(8.4)**

**Gross Debt 06.30.24** **\$124.8**

	<u>12.31.22</u>	<u>12.31.23</u>	<u>06.30.24</u>
Net Debt <sup>1/5/</sup>	\$58.3	\$77.8	\$87.9
TTM Bank EBITDA <sup>2/</sup>	\$42.7	\$56.6	\$58.5
<b>Leverage Ratio<sup>3/</sup></b>	<b>1.4x</b>	<b>1.4x</b>	<b>1.5x</b>
<b>Capacity<sup>4/</sup></b>	<b>~\$74</b>	<b>~\$117</b>	<b>~\$120</b>

# Revenue Excluding Acquisitions

<i>(dollars in millions)</i>	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023	Q1 2024	Q2 2024	Annual 2024	TTM
Revenue as report in accordance with G AAP	\$ 422.6	\$ 112.6	\$ 129.2	\$ 149.4	\$ 153.7	\$ 544.9	\$ 126.3	\$ 137.5	\$ 263.8	\$ 566.9
Less revenue attributable to acquisitions	(18.7)	(11.0)	(7.9)	(15.1)	(17.1)	(51.1)	(10.0)	(4.7)	(14.7)	(46.9)
Organic Revenue	\$ 403.9	\$ 101.6	\$ 121.3	\$ 134.3	\$ 136.6	\$ 493.8	\$ 116.3	\$ 132.8	\$ 249.1	\$ 520.0

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Non-GAAP Operating Income and Margin

<i>(dollars in millions)</i>	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023	Q1 2024	Q2 2024	Annual 2024	TTM
Operating Income as reported in accordance with GAAP	\$ 22.2	\$ 5.5	\$ 8.6	\$ 7.9	\$ 12.7	\$ 34.7	\$ 7.7	\$ 9.3	\$ 16.9	\$ 37.6
Operating Margin in accordance with GAAP	5.3%	4.9%	6.7%	5.3%	8.3%	6.4%	6.1%	6.8%	6.4%	6.6%
Acquisition and integration expense	4.5	0.5	0.3	1.4	0.3	2.5	0.2	0.5	0.7	2.4
Amortization expense	7.0	1.7	1.8	1.9	2.1	7.5	2.2	2.2	4.4	8.4
Earn-out and retention expense (income)	(0.2)	-	0.5	0.1	0.1	0.7	-	-	-	0.2
Restructuring expense	0.1	-	-	0.2	1.1	1.3	0.1	0.4	0.6	1.8
Executive transition expense	1.2	-	0.1	1.3	-	1.4	-	-	-	1.3
Asbestos litigation expense	-	-	-	-	-	-	-	0.2	0.2	0.2
<b>Non-GAAP Operating Income</b>	<b>\$ 34.8</b>	<b>\$ 7.7</b>	<b>\$ 11.3</b>	<b>\$ 12.8</b>	<b>\$ 16.3</b>	<b>\$ 48.1</b>	<b>\$ 10.2</b>	<b>\$ 12.6</b>	<b>\$ 22.8</b>	<b>\$ 51.9</b>
<i>Non-GAAP Operating Margin</i>	8.2%	6.8%	8.7%	8.6%	10.6%	8.8%	8.1%	9.2%	8.6%	9.2%

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Non-GAAP Net Income, Adjusted EBITDA, and Margin

<i>(dollars in millions)</i>	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023	Q1 2024	Q2 2024	Annual 2024	TTM
Net Income as reported in accordance with GAAP	\$ 17.4	\$ 2.0	\$ 3.7	\$ 3.3	\$ 3.9	\$ 12.9	\$ 1.5	\$ 4.5	\$ 6.0	\$ 13.2
Acquisition and integration expense	4.5	0.5	0.3	1.4	0.3	2.5	0.2	0.5	0.7	2.4
Amortization expense	7.0	1.7	1.8	1.9	2.1	7.5	2.2	2.2	4.4	8.4
Earn-out and retention expense (income)	(0.2)	-	0.5	0.1	0.1	0.7	-	-	-	0.2
Restructuring expense	0.1	-	-	0.2	1.1	1.3	0.1	0.4	0.6	1.8
Executive transition expense	1.2	-	0.1	1.3	-	1.4	-	-	-	1.3
Asbestos litigation expense	-	-	-	-	-	-	-	0.2	0.2	0.2
Foreign currency remeasurement	(1.3)	(0.1)	(0.8)	0.8	(1.0)	(1.0)	0.9	0.6	1.5	1.3
Tax benefit (cost) of expenses	(2.8)	(0.5)	(0.5)	(1.4)	3.6	1.3	(0.9)	(1.0)	(1.9)	0.3
<b>Non-GAAP Net Income</b>	<b>\$ 25.9</b>	<b>\$ 3.6</b>	<b>\$ 5.1</b>	<b>\$ 7.6</b>	<b>\$ 10.1</b>	<b>\$ 26.6</b>	<b>\$ 4.0</b>	<b>\$ 7.4</b>	<b>\$ 11.6</b>	<b>\$ 29.1</b>
Depreciation expense	3.6	1.3	1.0	1.2	1.6	5.1	1.3	1.3	2.6	5.5
Non-cash stock compensation	3.9	0.8	1.2	1.1	1.4	4.5	1.7	2.2	3.8	6.4
Other (income) / expense	(5.6)	0.7	0.7	(0.6)	-	0.8	0.6	0.1	0.7	0.1
Interest expense	5.4	2.4	3.8	3.3	3.9	13.4	3.4	3.3	6.7	13.9
Income tax expense	8.2	0.5	1.5	2.0	1.8	5.7	1.6	1.4	3.0	6.8
Non-Controlling Interest	0.8	0.5	0.3	0.4	0.4	1.6	0.6	0.4	1.0	1.8
<b>Adjusted EBITDA</b>	<b>\$ 42.2</b>	<b>\$ 9.8</b>	<b>\$ 13.6</b>	<b>\$ 15.0</b>	<b>\$ 19.2</b>	<b>\$ 57.7</b>	<b>\$ 13.2</b>	<b>\$ 16.1</b>	<b>\$ 29.3</b>	<b>\$ 63.5</b>
<i>Non-GAAP Operating Margin</i>	10.0%	8.7%	10.5%	10.0%	12.5%	10.6%	10.5%	11.7%	11.1%	11.2%
Basic Shares Outstanding	34,672,007	34,441,905	34,619,216	34,771,742	34,823,663	34,665,473	34,844,838	34,918,412	34,881,625	34,764,865
Diluted Shares Outstanding	35,005,159	35,198,668	35,143,782	35,301,429	35,687,092	35,334,090	36,175,998	36,302,664	36,239,331	35,577,075
Earnings per share:										
Basic	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.09	\$ 0.11	\$ 0.37	\$ 0.04	\$ 0.13	\$ 0.17	\$ 0.38
Diluted	\$ 0.50	\$ 0.06	\$ 0.11	\$ 0.10	\$ 0.11	\$ 0.37	\$ 0.04	\$ 0.12	\$ 0.17	\$ 0.37
Non-GAAP earnings per share:										
Basic	\$ 0.75	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.29	\$ 0.77	\$ 0.11	\$ 0.21	\$ 0.33	\$ 0.84
Diluted	\$ 0.74	\$ 0.10	\$ 0.15	\$ 0.22	\$ 0.28	\$ 0.75	\$ 0.11	\$ 0.20	\$ 0.32	\$ 0.82

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.

# Adjusted Free Cash Flow

<i>(dollars in millions)</i>	Annual 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Annual 2023	Q1 2024	Q2 2024	Annual 2024	TTM
Net Cash provided by (used in) operating activities	\$ 29.6	\$ (12.0)	\$ 11.4	\$ 30.1	\$ 15.1	\$ 44.6	\$ 1.2	\$ 6.7	\$ 7.9	\$ 53.1
Add: E am-outs classified as operating	1.0	-	-	-	-	-	-	-	-	-
Capital Expenditures	(3.4)	(2.5)	(1.4)	(1.6)	(2.9)	(8.4)	(3.1)	(4.1)	(7.2)	(11.7)
<b>Adjusted Free Cash Flow</b>	<b>\$ 27.2</b>	<b>\$ (14.5)</b>	<b>\$ 10.0</b>	<b>\$ 28.5</b>	<b>\$ 12.2</b>	<b>\$ 36.2</b>	<b>\$ (1.9)</b>	<b>\$ 2.6</b>	<b>\$ 0.7</b>	<b>\$ 41.4</b>
TTM Adjusted FCF	\$ 32.5	\$ 13.8	\$ 4.6	\$ 33.0	\$ 36.1	\$ 36.1	\$ 48.8	\$ 41.4	\$ 41.4	\$ 41.4
TTM EBITDA	\$ 42.2	\$ 42.3	\$ 45.4	\$ 51.2	\$ 57.4	\$ 57.4	\$ 61.0	\$ 63.5	\$ 63.5	\$ 63.5
TTM FCF / EBITDA conversion	77.0%	32.6%	10.1%	64.5%	62.9%	62.9%	80.0%	65.2%	65.2%	65.2%

NOTE: Amounts are computed independently each quarter. Accordingly, the sum of each quarter's amounts may not equal the total amounts for the respective year.