

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported) **August 16, 2023**

**TWIN DISC, INCORPORATED**

(Exact name of registrant as specified in its charter)

**WISCONSIN**  
(State or other jurisdiction  
of incorporation)

**001-7635**  
(Commission  
File Number)

**39-0667110**  
(IRS Employer  
Identification No.)

**222 East Erie Street, Suite 400, Milwaukee, Wisconsin 53202**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(262)638-4000**

**1328 Racine Street, Racine, Wisconsin 53403**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (No Par Value)	TWIN	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01 Regulation FD Disclosure**

The executive officers of Twin Disc intend to present materials at meetings with investors and analysts and at investor conferences on or after August 16, 2023. A copy of the presentation materials to be used at those meetings and from time to time thereafter is filed as Exhibit 99.1 hereto. The presentation materials will also be posted on the Company's website, [www.twindisc.com](http://www.twindisc.com). The Company does not intend to file any update of these presentation materials. The fact that these presentation materials are being furnished should not be deemed an admission as to the materiality of any information contained in the materials.

The information included in the presentation includes financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's management uses these non-GAAP measures in its analysis of the Company's performance. The Company believes that the presentation of certain non-GAAP measures provides useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

The information in this Form 8-K being furnished under Item 7.01 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the Company's expectations and involve risks and uncertainties that could cause the Company's actual results to differ materially from those set forth in the statements. These risks are discussed in the Company's filings with the Securities and Exchange Commission, including an extensive discussion of these risks in the Company's Annual Report on Form 10-K for the year ended June 30, 2022.

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**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

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EXHIBIT NUMBER	DESCRIPTION
99.1	<a href="#">Presentation Materials – Earnings Presentation</a>
99.2	<a href="#">Presentation Materials – Company Overview Presentation</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 16, 2023

Twin Disc, Incorporated  
By: /s/ Jeffrey S. Knutson  
Jeffrey S. Knutson  
Vice President-Finance, Chief Financial  
Officer, Treasurer & Secretary



# TWIN DISC, INC

## Investor Presentation



## Safe Harbor Statement

This presentation contains statements that are forward-looking within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on management's current expectations that are based on assumptions that are subject to risks and uncertainties. Actual results may vary because of variations between these assumptions and actual performance. Investors are referred to Twin Disc's fiscal year 2022 Annual Report and Form 10-K, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Information," which outlines certain risks regarding the Company's forward-looking statements. Copies of the Company's SEC filings may be obtained from the SEC, and are available on Twin Disc's web site ([www.twindisc.com](http://www.twindisc.com)), or by request from the Investor Relations department at the Company.

## Non-GAAP Financial Disclosures

Financial information excluding the impact of asset impairments, restructuring charges, foreign currency exchange rate changes and the impact of acquisitions, if any, in this press release are not measures that are defined in U.S. Generally Accepted Accounting Principles ("GAAP"). These items are measures that management believes are important to adjust for in order to have a meaningful comparison to prior and future periods and to provide a basis for future projections and for estimating our earnings growth prospects. Non-GAAP measures are used by management as a performance measure to judge profitability of our business absent the impact of foreign currency exchange rate changes and acquisitions. Management analyzes the company's business performance and trends excluding these amounts. These measures, as well as EBITDA, provide a more consistent view of performance than the closest GAAP equivalent for management and investors. Management compensates for this by using these measures in combination with the GAAP measures. The presentation of the non-GAAP measures in this press release are made alongside the most directly comparable GAAP measures.

## Definitions

Earnings before interest, taxes, depreciation and amortization (EBITDA) is calculated as net earnings or loss excluding interest expense, the provision or benefit for income taxes, depreciation and amortization expenses.

Net debt is calculated as total debt less cash.

Leverage Ratio is calculated as net debt divided by the sum of EBITDA over the last twelve months.

## Financial

- Q4 sales +10.5% to \$83.9 million vs. YA
- Gross margin improved ~340 bps sequentially to 29.5% in the quarter
- FY23 EBITDA +7.6% to \$25.8 million
- Solid operating cash flow of \$16.0 million; Free cash flow of \$14.9 million
- Veth 6-month backlog continues to increase, reaching record high

## Strategic

- Expanded Veth business through Europe, North America, and Asia Pacific
- Fiscal 2023 hybrid and electric application inquiries increased 100%+ vs. prior year
- Continued progress securing multiple sources for key components
- Realized benefits of strategic global footprint rationalization
- Positive customer response to E-Frac

- Strong demand across end markets; seeing an uptick in activity for U.S. and Canada
- Solid projects in pipeline; pricing in full effect
- Belgium plant is fully booked for fiscal 2023; now booking into late 2024
- Veth seeing continued strength in Europe and expansion in North America and Asia Pacific
- Veth and Rolla partnered to produce the Elite Drive for the mega yacht market





- Significant Oil & Gas demand, especially in North America and China
- Positive feedback on E-Frac; Opportunity for first E-Frac sales in USA starting Q1 of fiscal 2024
- Third-party engine manufacturer delays impact timing of orders for new transmissions
- Lack of investment over past few years has led to increase of fleet utilization and rebuild activity; typically done two or three times, now seeing fifth and sixth rebuilds in some cases



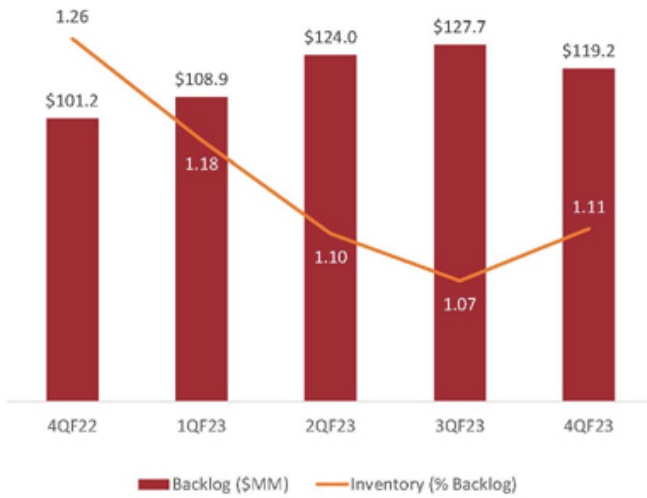
- Delivering results in-line with expectations
- Stable demand globally across end markets
- Addressing supply chain and sourcing headwinds with certain components
- Hybrid and electrification projects underway in partnership with OEMs



# IMPROVING INVENTORY & HEALTHY BACKLOG



## BACKLOG AND INVENTORY % OF BACKLOG



- Supply chain headwinds moderating; shipments improving
- Improved past-due orders driving healthier backlog
- Inventory as a percentage of backlog approaching historical levels

Note: Backlog figures are reflective of a six-month period. The six-month order backlog is considered more representative of operating conditions than total backlog.

Leading Hybrid/Electric solution provider for niche marine and land-based applications

Continued expansion of Veth product to reach new markets and geographies

Rationalize global footprint for efficiency and customer response

Increased focus on controls and system integration rather than individual components

M&A priorities: Industrial and Marine Technology (Hybrid focus)



Technical drawing of a mechanical assembly, likely a disc pack or similar component. The drawing includes various views and dimensions. Key dimensions shown include 388.1 (15.28), 455.4 (17.93), 301.7 (35.50), 237.5 (9.35), 74.7 (2.94), 238.0, 8.50, 8.50, 344, 344, 218.7, 218.7, 487.1, and 344. Labels include INLET, TOWER 1, TOWER 2, and OUTLET. A red banner with the text 'FINANCIAL OVERVIEW' is overlaid on the drawing.

# FINANCIAL OVERVIEW



## SALES

(\$ in millions)



- Healthy demand across global markets
- Supply chain and shipment improvements converting strong backlog to sales growth
- Pricing and mix benefits for entire quarter

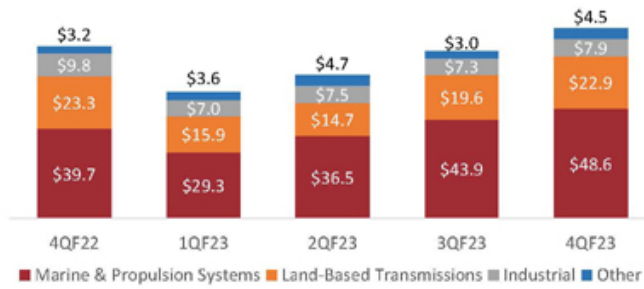
## EARNINGS PER SHARE



- Continued momentum driving sequential improvement through fiscal 2023
- Higher margins drove favorable operating income in the fourth quarter

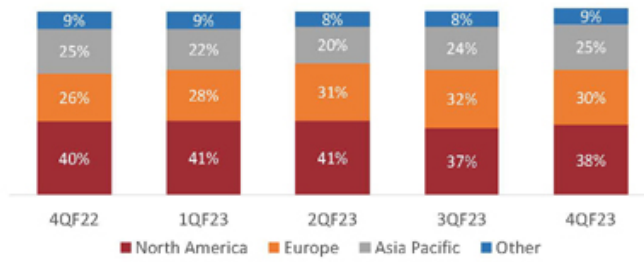
## SALES BY PRODUCT GROUP

(\$ in millions)



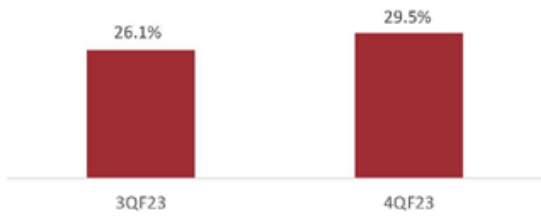
- Continue to see strength within Marine and Propulsion Systems and Land-Based Transmissions :
  - Strong end market demand
  - Geographic expansion
  - Strategic partnerships
- Industrial sales in line with expectations

## SALES MIX BY GEOGRAPHY



- Sales growth consistent across geographies
- Strong Veth sales across Europe and North America

## TWIN DISC GROSS MARGIN



## FOURTH QUARTER GROSS MARGIN DRIVERS

- Sequential margin improvement
- Increased volume; favorable product mix
- First full quarter benefit of Q3 price increases

## FOURTH QUARTER GROSS PROFIT BY PRODUCT GROUP



■ Marine & Propulsion Systems ■ Land-Based Transmissions ■ Industrial ■ Other

## INFLATION & SUPPLY CHAIN EXPECTATIONS

- Improving supply chain and inflationary headwinds; trend expected to continue
- Low single-digit pricing actions expected in fiscal 2024 vs. higher pricing in 2023
- Starting to see commodity pricing improve

# STRONG BALANCE SHEET



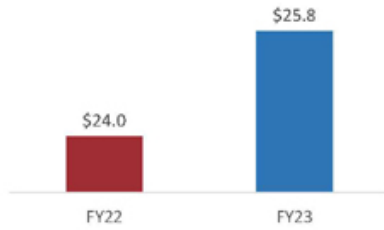
## BALANCE SHEET

(\$ in millions)

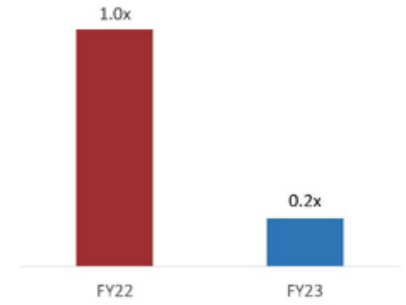


## EBITDA

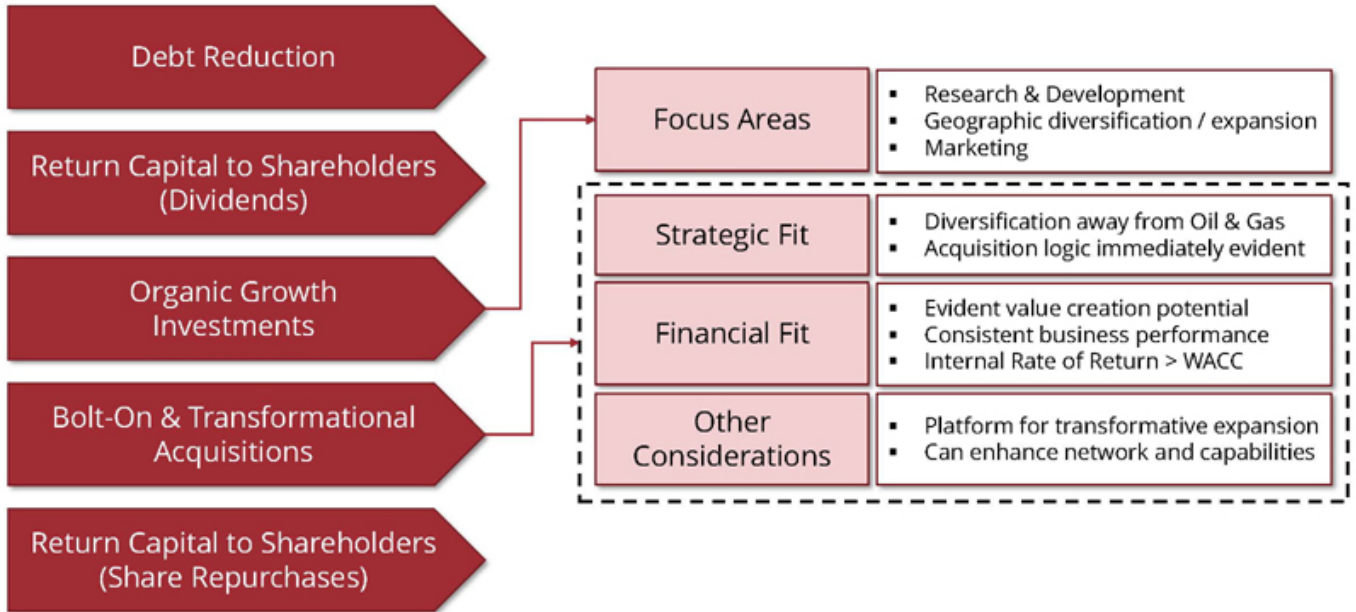
(\$ in millions)



## LEVERAGE RATIO







# REAFFIRMING MEDIUM-TERM TARGETS



MEDIUM-TERM: 3-5 YEARS

Revenue  
\$400 million

- Hybrid/Electric leadership
- Veth global expansion
- Industrial focus
- M&A

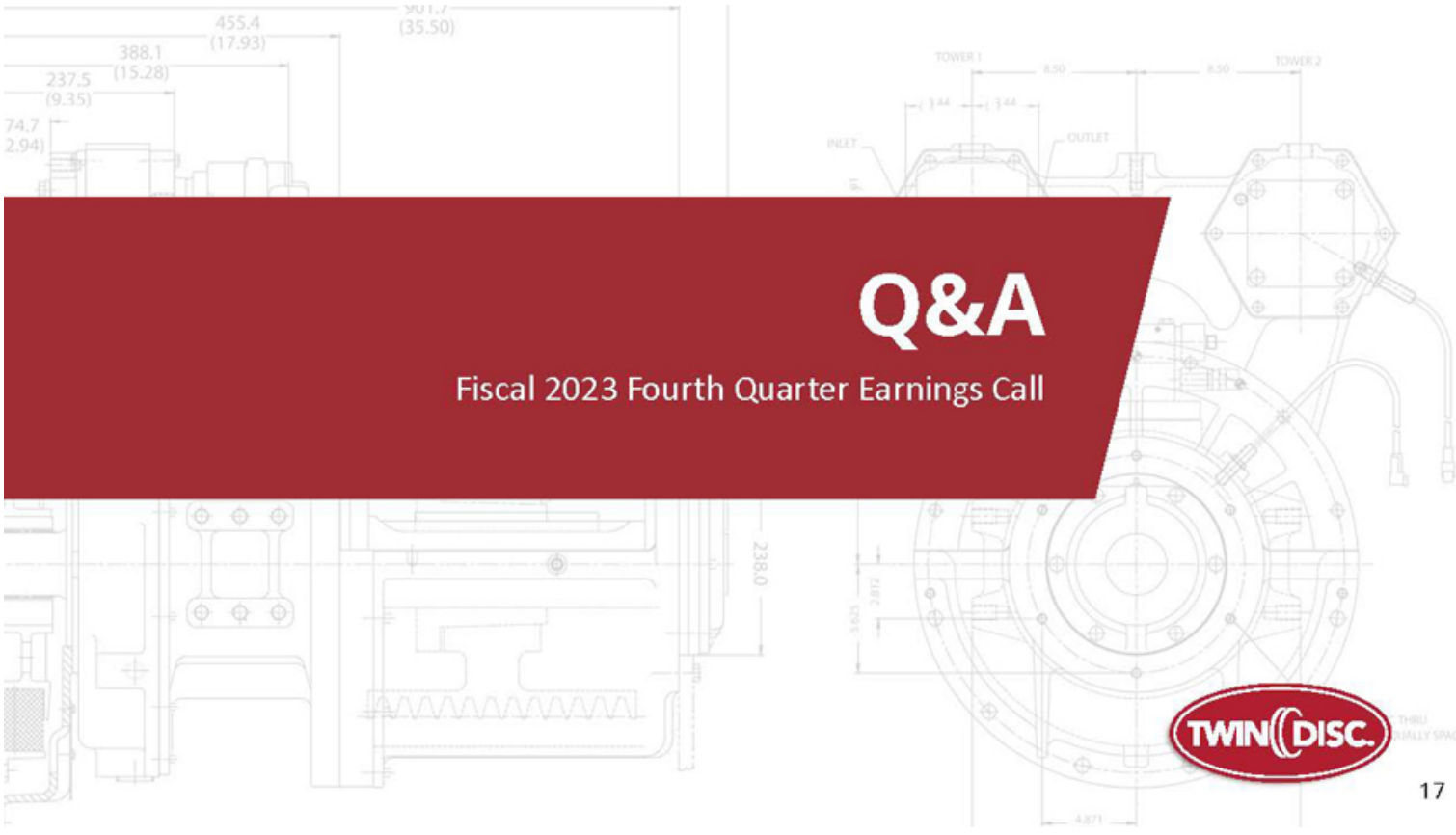
Gross Margin  
30%

- European cost structure
- Operational efficiencies
- Greater pass-through content

Free Cash Flow  
Conversion  
60%

- Supply chain processes
- Manufacturing footprint
- Capital spending discipline

- Robust product group and end market demand driving performance improvement and expected to continue through Q1
- Improved shipments and healthier backlog set the foundation for fiscal 2024
- Supply chain headwinds moderating as actions to address legacy challenges successfully implemented
- Free cash flow strongest since 2014
- Expect inflationary pressures to improve slightly in fiscal 2024; focused on specific categories, e.g., labor
- Balance sheet strength gives confidence in macroeconomic and geopolitical uncertainty; enables strategic deployment of capital



# Q&A

Fiscal 2023 Fourth Quarter Earnings Call





Technical drawing of a mechanical assembly, likely a disc pack or similar component. The drawing includes various views and dimensions. Key dimensions shown include 388.1 (15.28), 455.4 (17.93), 301.7 (35.50), 237.5 (9.35), 74.7 (2.94), 238.0, 8.50, 3.44, 2.87, 2.87, 4.87, and 3.63. Labels include INLET, TOWER 1, TOWER 2, and OUTLET. A red banner with the word APPENDIX is overlaid on the drawing.

# APPENDIX



# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## RECONCILIATION OF TOTAL DEBT TO NET DEBT (In thousands; unaudited)

	June 30, 2023	June 30, 2022
Current maturities of long-term debt	2,010	2,000
Long-term debt	16,617	34,543
<b>Total debt</b>	<b>\$18,627</b>	<b>\$36,543</b>
Less cash	13,263	12,521
<b>Net debt</b>	<b>\$5,364</b>	<b>\$24,022</b>

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## RECONCILIATION OF CONSOLIDATED NET INCOME TO EBITDA (In thousands; unaudited)

	FY23	4QF23	3QF23	2QF23	1QF23	4QF22
Net Income (loss) attributable to Twin Disc	\$10,380	\$8,596	\$2,674	\$1,139	\$(2,029)	\$7,779
Interest expense	2,253	571	522	594	566	534
Income tax expense	3,788	1,439	548	2,489	(688)	66
Depreciation and amortization	9,359	2,423	2,670	2,126	2,140	2,230
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$25,781	\$13,029	\$6,414	\$6,348	\$(11)	\$10,609

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	FY23	FY22
Net debt	\$5,364	\$24,022
EBITDA	25,781	23,965
Leverage Ratio	0.2x	1.0x





# TWIN DISC, INC

## Investor Presentation



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01.

Robust backlog supported by healthy demand growth across product groups



02.

Innovative technologies in Marine and Industrial scalable across attractive end markets



03.

Strategic playbook focused on margin expansion and cash generation



04.

Accelerating growth across end markets through Industrial and Marine Technology M&A opportunities



05.

Niche capabilities and specific product group offerings capitalize on global demographic & secular tailwinds

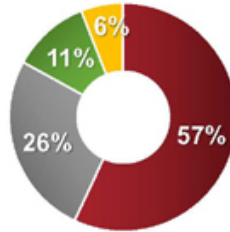


# OVERVIEW



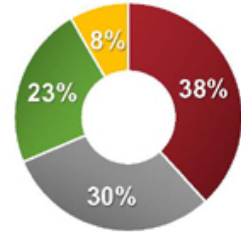
Founding Year	1918
Headquarters	Milwaukee, WI
Employees	~800
Reporting Segments	Manufacturing Distribution
Revenue	\$277.0M
EBITDA Margin	9.3%

FY23 Revenue by Product Group



■ Marine & Propulsion Systems ■ Land-Based Systems  
■ Industrial ■ Other

FY23 Revenue by Geography

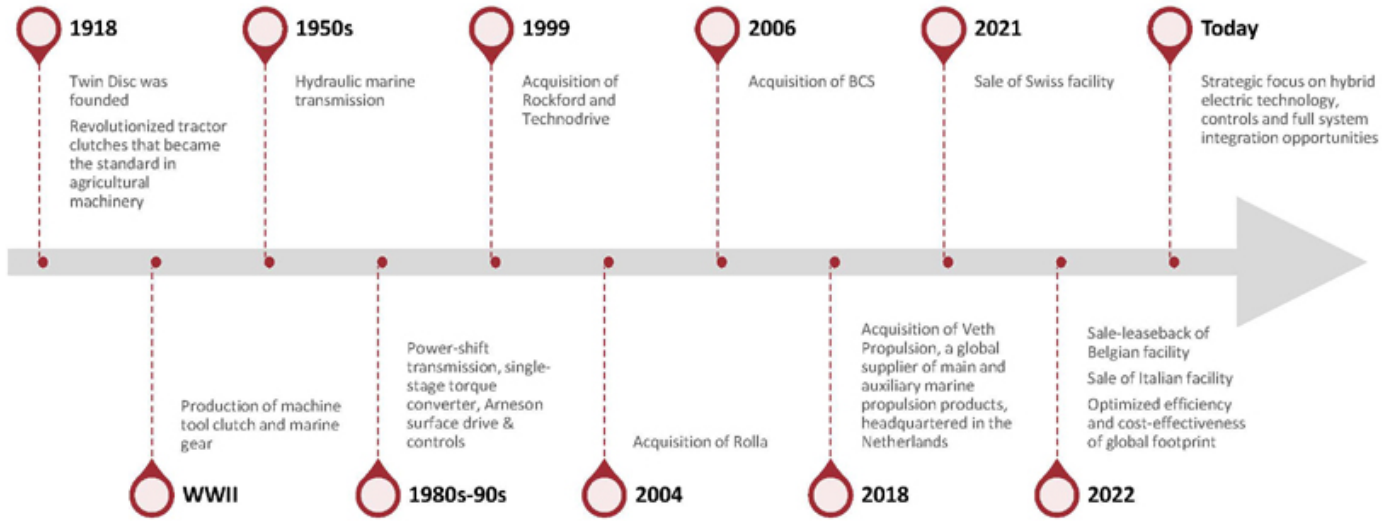


■ North America ■ Europe ■ Asia Pacific ■ Other

### Key Market Differentiators

- ▶ A century of expertise putting horsepower to work and delivering world-class solutions to our global customer base
- ▶ Leveraging our leadership position in drive train technology to deliver solutions for today and tomorrow - i.e., traditional diesel, hybrid, and fully electric solutions
- ▶ Veth Propulsion provides an edge in Marine markets, with industry-leading technology known for innovation and reliability

# TWIN DISC EVOLUTION



# PRODUCT GROUP OVERVIEW



## Marine & Propulsion Systems

*Diesel powered planing & displacement vessels*

- Positioned to capitalize on paradigm shifts in propulsion
- Robust, world-wide distribution network
- Strong opportunity for organic and inorganic growth



## Land-Based Transmission

*Diesel powered off-highway and all-terrain specialty vehicles*

- Increasing global demand for Oil & Gas
- E-Frac and Hybrid solutions expand Twin Disc's addressable market
- Capability to rebuild transmissions when new engine availability is limited



## Industrial

*Heavy duty industrial disconnect applications*

- Competitive advantage by focusing on full systems and technology for controllers
- R&D investments drive new product launches and increased customer applications

Leveraging Proprietary Offerings, Technology, In-House Expertise, and Scale Across Markets

## Twin Disc's Unique Position

- Veth acquisition provided complementary products and powerful new technologies
- In-house hybrid and electrification expertise
- Expansion into new markets and geographies
- Strong Veth and Rolla partnership encourages innovation and expands growth opportunities

## Substantial Growth Opportunities Across End Markets

- Commercial Craft
- Fast Commercial Craft
- Passenger Vessels
- Patrol Craft
- Pleasure Craft





## Twin Disc's Unique Position

- Over a century of experience in power transmission product design and innovation
- Strong North American customer base provides a solid foundation for growth
- In-house diesel and hybrid / electrification expertise

## Substantial Growth Opportunities Across End Markets

- Airport Rescue and Fire
- Energy
- Military



## Twin Disc's Unique Position

- Best-in-class quality
- Proprietary technology in controls, hybrid, EV
- In-house engineering capabilities
- Accelerating activity with new customers and application expansion among existing customers

## Substantial Growth Opportunities Across End Markets

- Agriculture
- Construction
- Energy
- Forestry
- Irrigation
- Municipal
- Recycling
- Transport





# STRATEGY



Leading Hybrid/Electric solution provider for niche marine and land-based applications

Continued expansion of Veth product to reach new markets and geographies

Rationalize global footprint for efficiency and customer response

Increased focus on controls and system integration rather than individual components

M&A priorities: Industrial and Marine Technology (Hybrid focus)

*Transforming the global Off-Highway, Industrial, and Marine markets with our sustainable Hybrid and Electric powertrains, empowering customers to meet business goals as well as regulatory requirements*

- Expertise in drive train technology provides edge in hybrid technology
- Veth Propulsion provides a competitive advantage in electrification
- In midst of global paradigm shift toward sustainable energy sources and technology

## 5x to 10x

**More Content**  
(vs. standard application)

### Land-Based E-Frac

- Initial E-Frac applications achieving performance beyond expectations
- Significant volume anticipated starting in late FY23
- Signed 18-month exclusive agreement with Sewart Supply for E-Frac applications

### Pleasure Craft

- Initial Hinckley Silent Jet combines the benefits of diesel and electric propulsion
- Seamless transition between diesel and electric power
- Benefits of silent operation under electric power or high-performance diesel propulsion

### Passenger Vessel

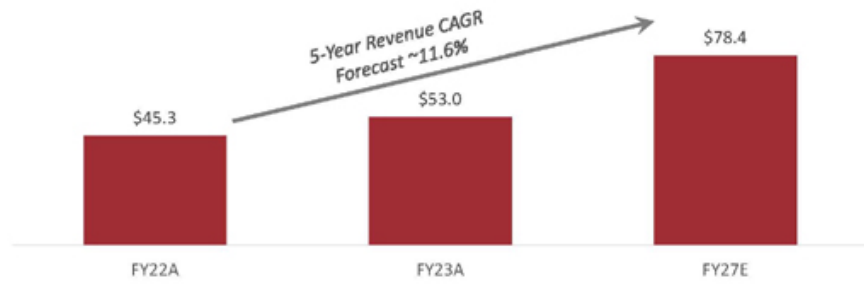
- No noise
- No diesel fumes
- No exhaust stacks obscuring views

# VETH EXPANSION



Global supplier of main and auxiliary Marine propulsion products

## Veth Sales



### Strategic Fit

- Complementary products and powerful new technologies
- Enhances engineering talent and product development capabilities
- Prior history working with Veth enables efficient integration
- Accelerates sales and marketing opportunities

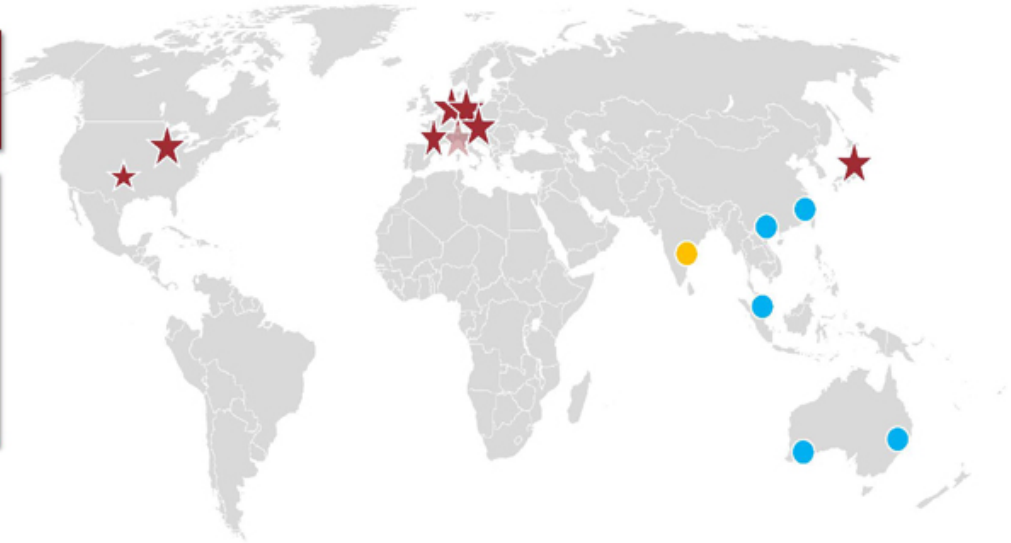


# OPTIMIZE GEOGRAPHIC FOOTPRINT



**\$178.9 million**  
Fiscal 2023 International Sales

- World-wide distribution network
- Six countries with manufacturing operations
- Customers across 50 countries



★ Manufacturing location    ● Company owned distribution / service location    ● Purchasing / sourcing offices

## Control and full-system integration focus to accelerate growth

Twin Disc products across all end markets are built with our control systems, utilizing multiple components and sophisticated controls to manage power output

Ability to package a **full system solution** to virtually any customer's specific application requirements

**R&D investment** continues to drive innovation while optimizing performance, reliability, and safety

**Expanding market opportunity as Twin Disc hybrid systems** ensure maximum efficiency and reduce fuel consumption

**Driving force for growth opportunity** in Marine and Industrial end markets



## Bolt-on & Transformational Acquisitions Framework

### M&A Priorities

✓ Marine Technology, Hybrid-focused

✓ Industrial

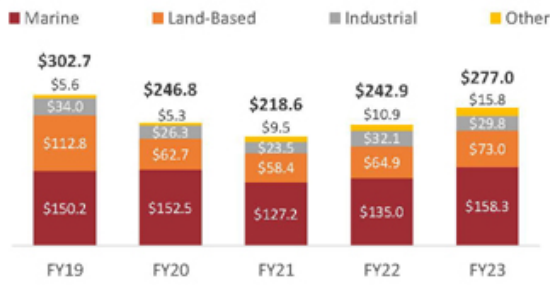
Strategic Fit	<ul style="list-style-type: none"><li>▪ Diversification away from Oil &amp; Gas</li><li>▪ Acquisition logic immediately evident</li></ul>
Financial Fit	<ul style="list-style-type: none"><li>▪ Evident value creation potential</li><li>▪ Consistent business performance</li><li>▪ Internal Rate of Return &gt; Weighted Average Cost of Capital</li></ul>
Other Considerations	<ul style="list-style-type: none"><li>▪ Platform for transformative expansion</li><li>▪ Can enhance network and capabilities</li></ul>

# FINANCIAL OVERVIEW



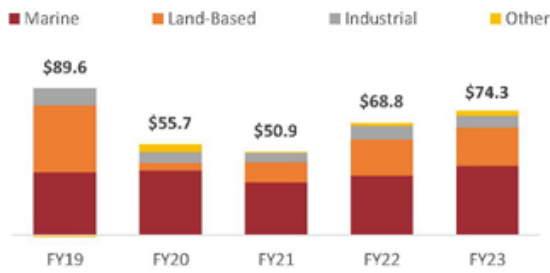
## NET SALES

(\$ in millions)



## GROSS PROFIT BY PRODUCT GROUP

(\$ in millions)



## DILUTED EARNINGS PER SHARE



\* Unadjusted for change in accounting method; \*\* Adjusted for change in accounting method

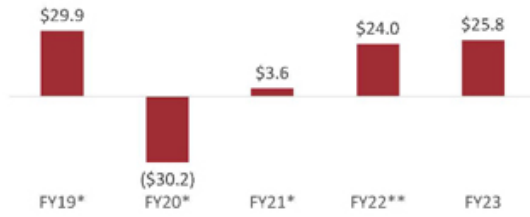
## NET DEBT

(\$ in millions)

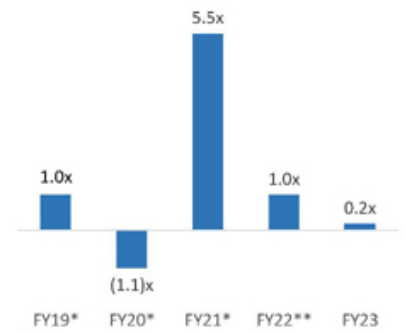


## EBITDA

(\$ in millions)

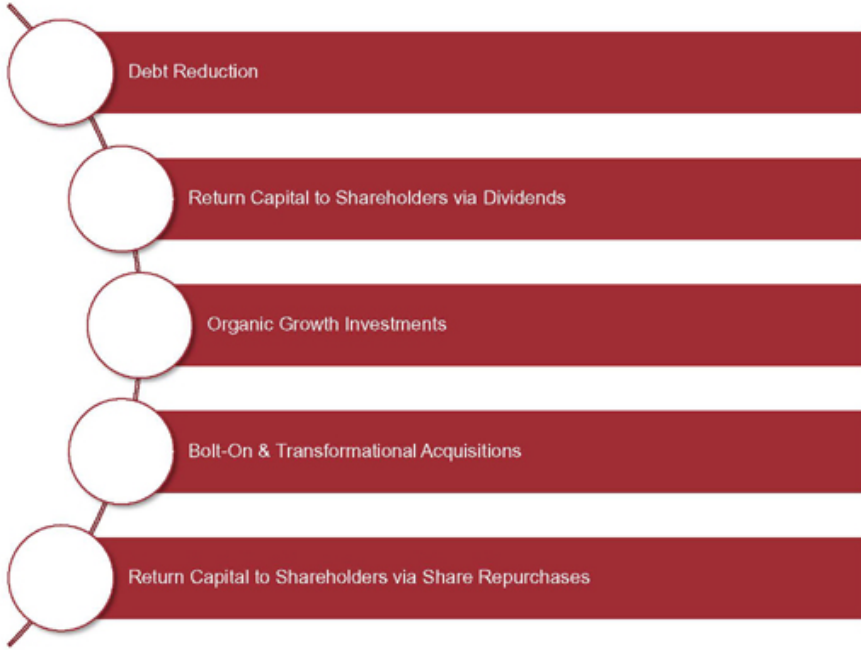


## LEVERAGE RATIO



\* Unadjusted for change in accounting method; \*\* Adjusted for change in accounting method

# CAPITAL ALLOCATION PRIORITIES



## MEDIUM-TERM: 3-5 YEARS

Revenue  
\$400 million

- Hybrid/Electric leadership
- Veth global expansion
- Industrial focus
- M&A

Gross Margin  
30%

- European cost structure
- Operational efficiencies
- Greater pass-through content

Free Cash Flow  
Conversion  
60%

- Supply chain processes
- Manufacturing footprint
- Capital spending discipline

- 1 Robust backlog supported by healthy demand growth across product groups
- 2 Innovative technologies in Marine and Industrial scalable across attractive end markets
- 3 Strategic playbook focused on margin expansion and cash generation
- 4 Accelerating growth across end markets through Industrial and Marine Technology M&A opportunities
- 5 Niche capabilities and specific product group offerings capitalize on global demographic & secular tailwinds



# APPENDIX





# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## RECONCILIATION OF TOTAL DEBT TO NET DEBT (In thousands; unaudited)

	FY23	FY22	FY21	FY20	FY19
Current maturities of long-term debt	2,010	2,000	2,000	4,691	2,000
Long-term debt	16,617	34,543	30,085	37,896	40,491
<b>Total debt</b>	<b>\$18,627</b>	<b>\$36,543</b>	<b>\$32,085</b>	<b>\$42,587</b>	<b>\$42,491</b>
Less cash	13,263	12,521	12,340	10,688	12,362
<b>Net debt</b>	<b>\$5,364</b>	<b>\$24,022</b>	<b>\$19,745</b>	<b>\$31,899</b>	<b>\$30,129</b>

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## RECONCILIATION OF CONSOLIDATED NET INCOME TO EBITDA (In thousands; unaudited)

	FY23	FY22**	FY21*	FY20*	FY19*
Net Income (loss) attributable to Twin Disc	\$10,380	\$10,467	(\$29,719)	(\$39,817)	\$10,673
Interest expense	2,253	2,128	2,358	1,860	1,927
Income tax expense (benefit)	3,788	1,823	19,681	(4,169)	3,711
Depreciation and amortization	9,359	9,547	11,243	11,925	13,612
Earnings before interest, taxes, depreciation and amortization (EBITDA)	\$25,781	\$23,965	\$3,563	(\$30,201)	\$29,923

\* Unadjusted for change in accounting method; \*\* Adjusted for change in accounting method

# RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO REPORTED FINANCIAL MEASURES



## NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	FY23	FY22**	FY21*	FY20*	FY19*
Net debt	\$5,364	\$24,022	\$19,745	\$31,899	\$30,129
EBITDA	25,781	23,965	3,563	(30,201)	29,923
Leverage Ratio	0.2x	1.0x	5.5x	(1.1)x	1.0x

\* Unadjusted for change in accounting method; \*\* Adjusted for change in accounting method