



# 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 2024 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 presentation 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

Organic net sales is defined respectively as net sales excluding the recent acquisitions of Katsa Oy and Kobelt while adjusting for the effects of foreign currency exchange.

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.

Free cash flow is calculated as net cash provided (used) by operating activities less acquisition of fixed assets.



A leader in global power transmission technology with an increasingly diversified IP-protected portfolio

Well-positioned to benefit from tailwinds in defense markets and hybrid transmissions supported by robust backlog

Margin enhancement and operational initiatives driving favorable financial results

Track record of successfully integrating acquisitions

Strong cash flow generation and balance sheet to support growth

## Strategic

- Strategic acquisitions enhancing market reach and capabilities across hybrid/electric systems
- Streamlining operations to improve margins and profitability
- Strong tailwinds for defense orders across segments
- Sustained demand with a solid six-month backlog supporting future growth
- Reaffirming our FY 2030 targets demonstrating strong long term value creation

## Financial

- FY sales +15.5% vs. YA to \$340.7 million
  - Organic sales +1.0% vs. YA
- EBITDA of \$19.0 million which includes a currency translation loss, stock based compensation and other items
- Operating Cash Flow of \$24.0 million
- Free cash flow of \$8.8 million
- Six-month backlog of \$150.5 million higher sequentially supported by healthy ongoing demand

# CAPTURING ROBUST DEFENSE MARKET DEMAND WITH RUNWAY FOR GROWTH



## Robust Defense Activity

# +13%

YoY Increase in 2026 US Defense Spending <sup>(1)</sup>

# +150%

YoY Increase in NATO Defense Spend Target as percentage of GDP <sup>(2) (3)</sup>

Sources: 1) U.S. Department of Defense, FY2026 Defense Budget Briefing; 2) NATO, "Funding NATO"; 3) Atlantic Council, "Who's at 2 Percent?";

## TWIN Well Positioned

### Select Defense Products



Marine Transmissions, Controls & Steering Systems



Propulsions Systems



Transmissions, Gearboxes, and Transfer Cases

### Major Geographies

North America

Europe

Asia Pacific

### Select Defense End Users



## Delivering Results

# ~15%

Defense as a percentage of Total Backlog

# +45%

YoY Increase in Defense as percentage of Total Backlog\*

# \$50-75M

Defense Related Pipeline

Note: Total Backlog figures are reflective of greater than six-month period.

- Sales increased by 12.2% vs. YA
- Supported by robust activity in workboats, government contracts, and Veth's ELITE thruster products
- Strong momentum for orders for unmanned U.S. Navy vessels
- Marine aftermarket strength driven by continued utilization of military and commercial fleets





- Sales increased by 4.5% vs. YA
- Strong ARFF transmissions shipments and backlog growth in the quarter
- In China, Oil & Gas shipment declined as tariff uncertainties impact new build pace
- Continue to see customer inquiries for new E-Frac systems, initial order received in Q1 FY26
- Lower aftermarket demand driven by rebuild volumes tied to idle fleets

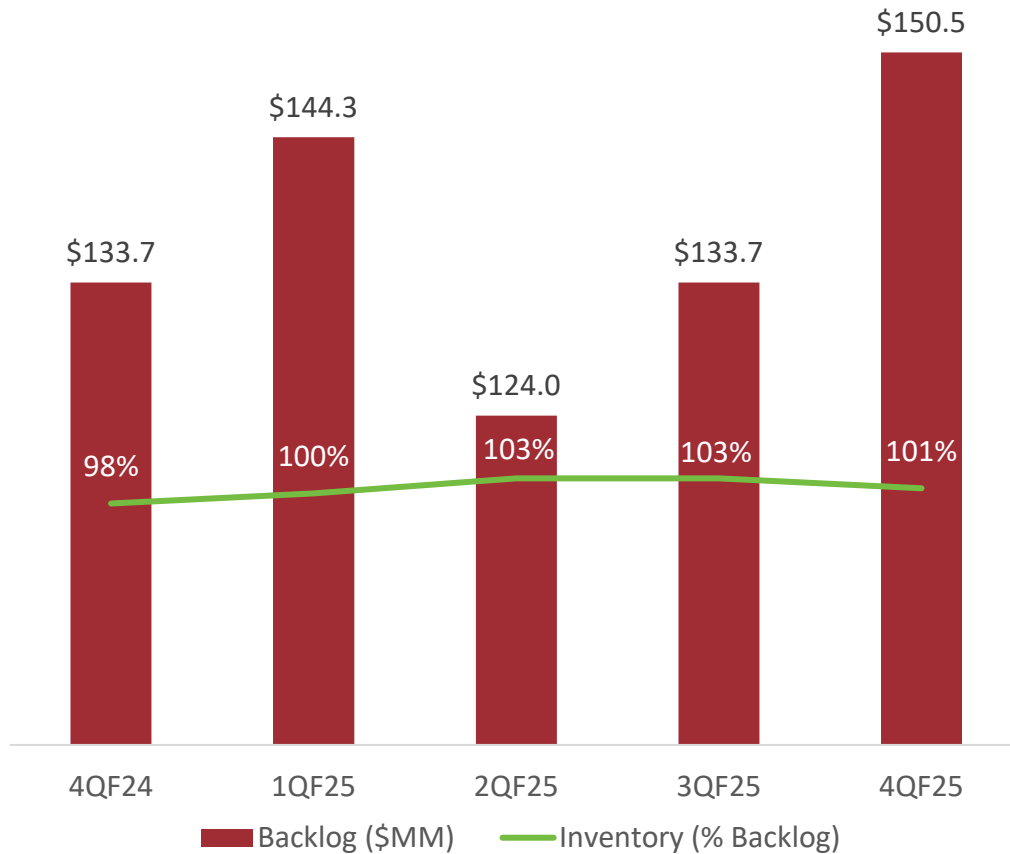
- Sales increased by 82.0% vs. YA
  - Sales excluding Katsa and Kobelt increased 13.1% vs. YA
- Continued sequential stabilization in demand and order trends
- Steady demand for higher-content solutions



# CONTINUED BACKLOG GROWTH



## BACKLOG AND INVENTORY % OF BACKLOG



- 6-month backlog higher sequentially and on a year-over-year basis on high shipments in the quarter
  - FX contributed \$7.0 million from prior quarter
  - Sustained demand across products, including transmission technology supporting backlog growth



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



Continued expansion of acquisitions 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)

## 2030 FY Targets

**\$500M Revenue**

**30% Gross Margins**

**>60% FCF Conversion**

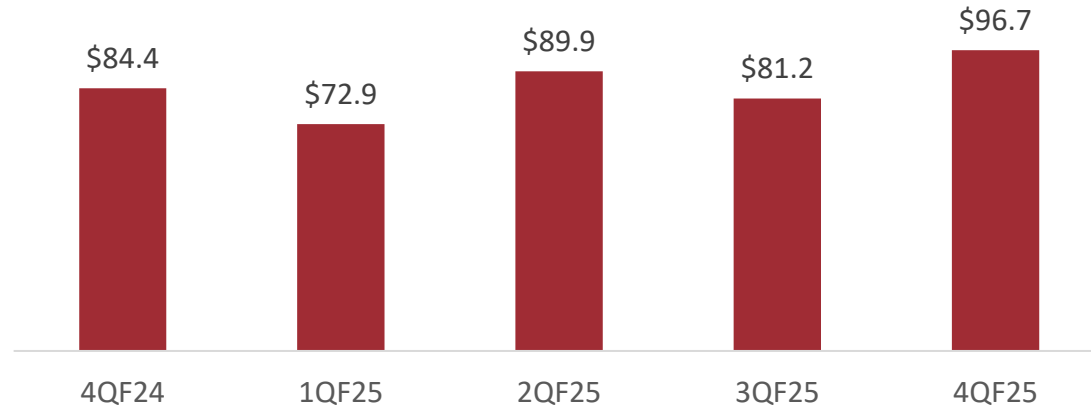
# FINANCIAL OVERVIEW

The logo for Twin Disc, featuring the company name in white capital letters inside a red oval with a white border. The background of the slide is a light gray technical line drawing of a mechanical assembly, possibly a transmission or engine component, with various parts and hoses visible.

TWIN DISC®

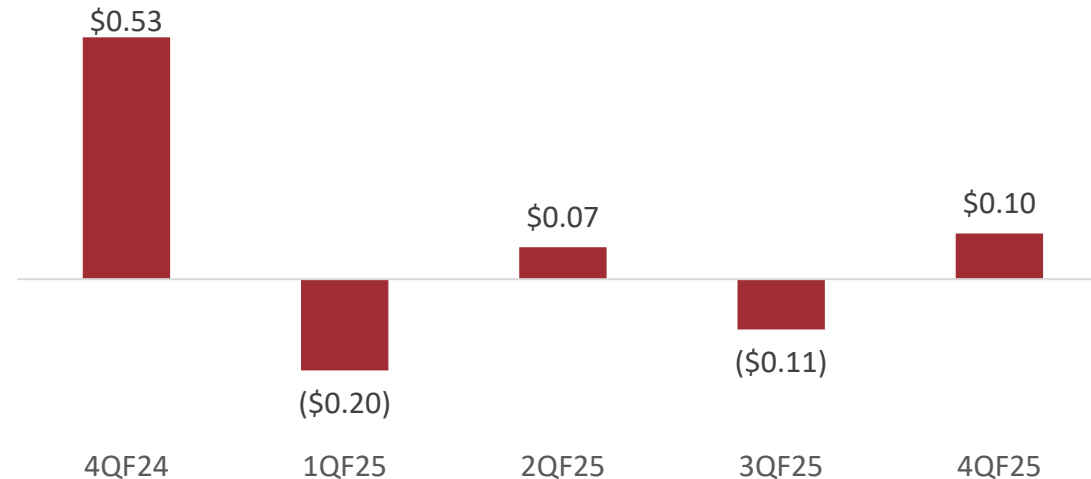
## SALES

(\$ in millions)



- Continued healthy demand across global markets
- Operational execution driving performance

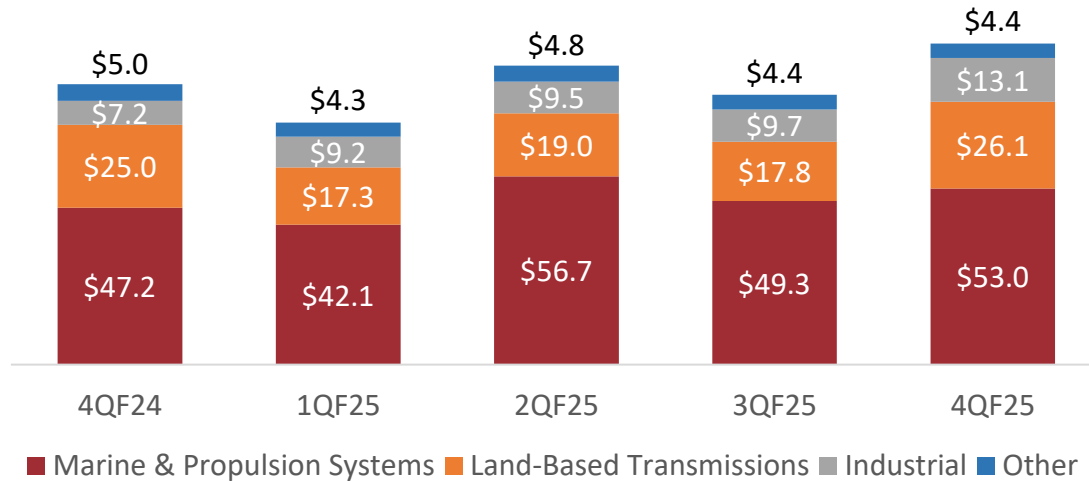
## EARNINGS PER SHARE



- EPS impacted by increased FX losses, higher operating expenses, and non-cash actuarial adjustments

## SALES BY PRODUCT GROUP

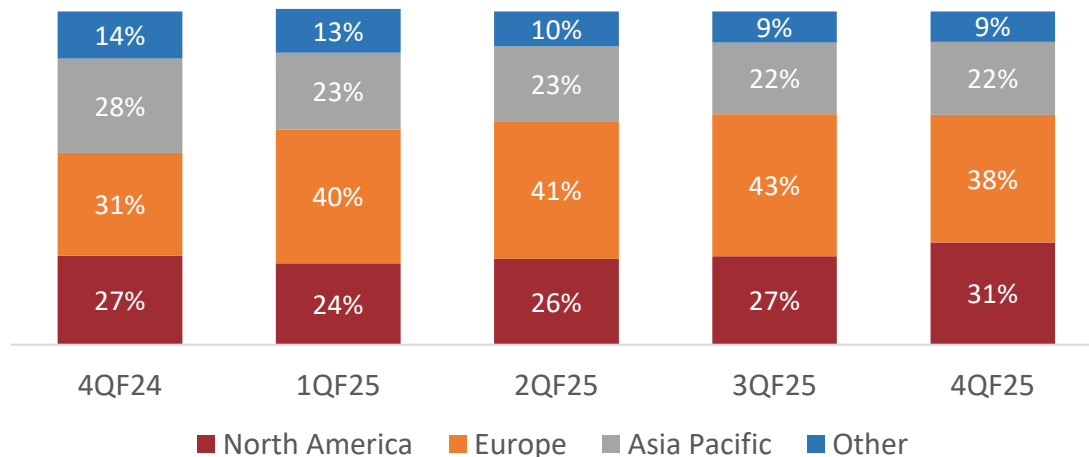
(\$ in millions)



Sales growth driven by strength within Marine and Propulsion Systems and Industrials:

- Consistent market demand
- Geographic expansion
- Recovery in Industrials sales supported by acquisitions

## SALES MIX BY GEOGRAPHY



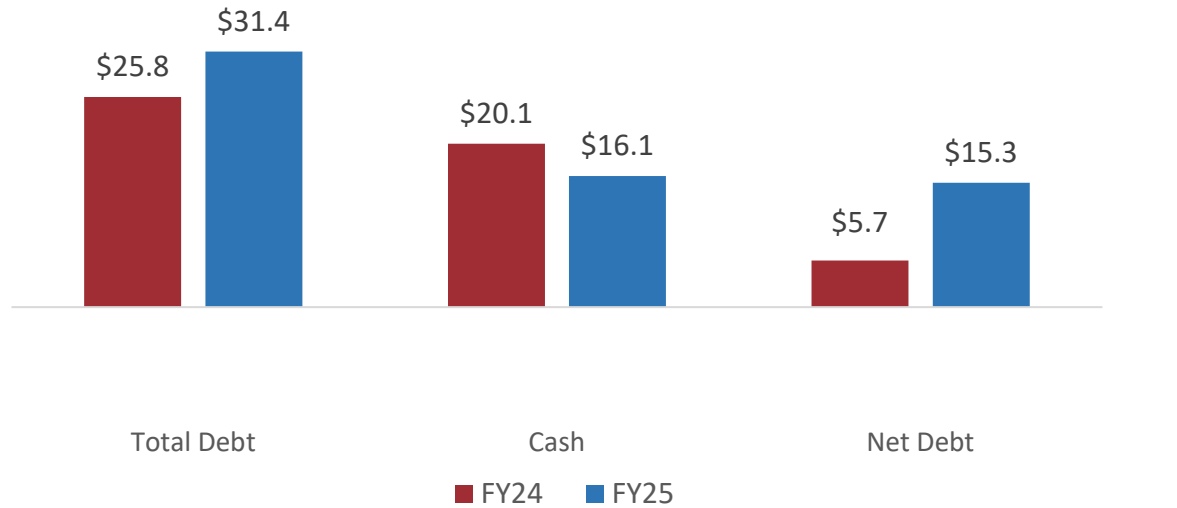
- Increased proportion of sequential sales in North American market with strong Veth demand in the region
- European market capturing a greater proportion of YoY total sales, supported by acquisitions

# STRONG BALANCE SHEET



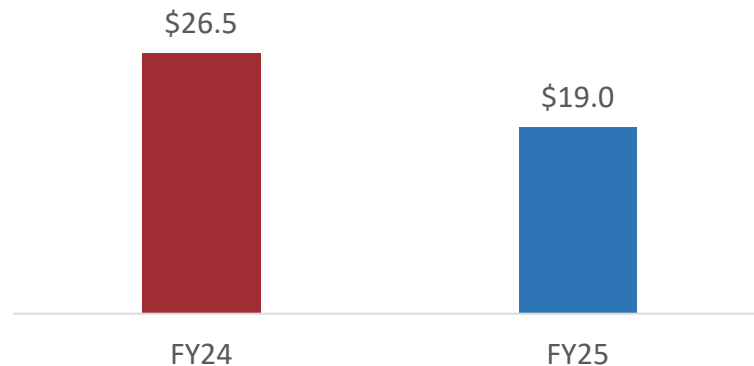
## BALANCE SHEET

(\$ in millions)

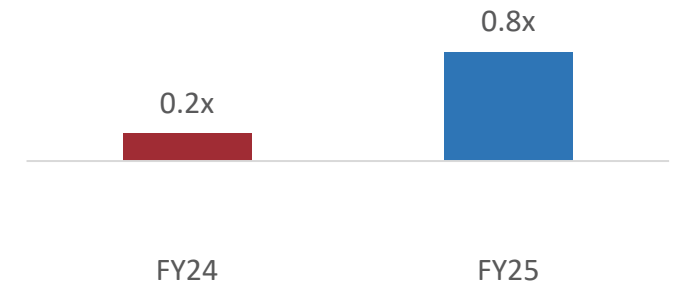


## EBITDA

(\$ in millions)

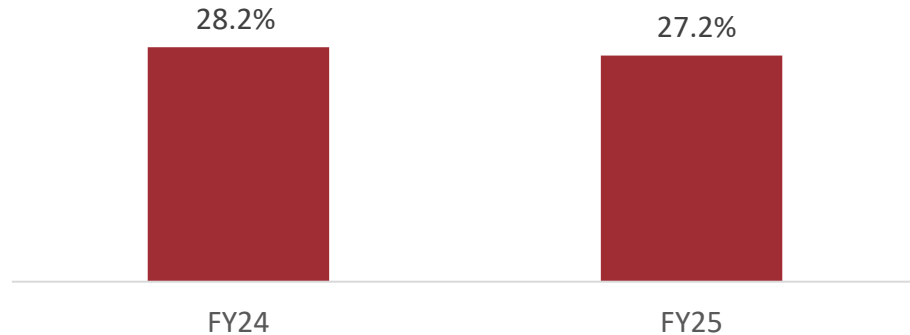


## LEVERAGE RATIO

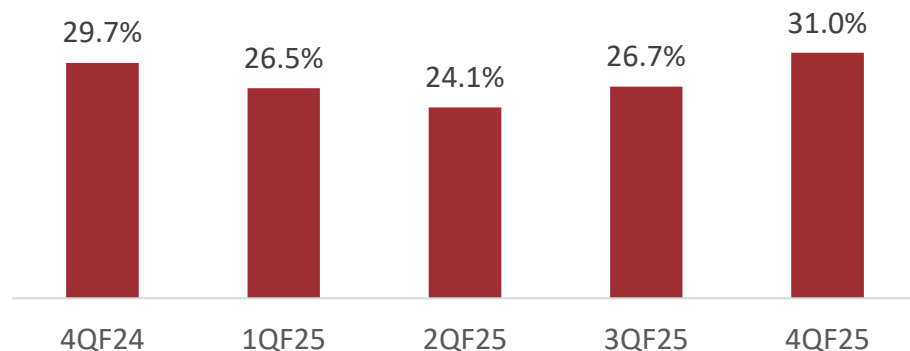


▪ Increase primarily due to acquisition of Kobelt

## FULL YEAR TWIN DISC GROSS MARGIN



## GROSS MARGIN BY QUARTER



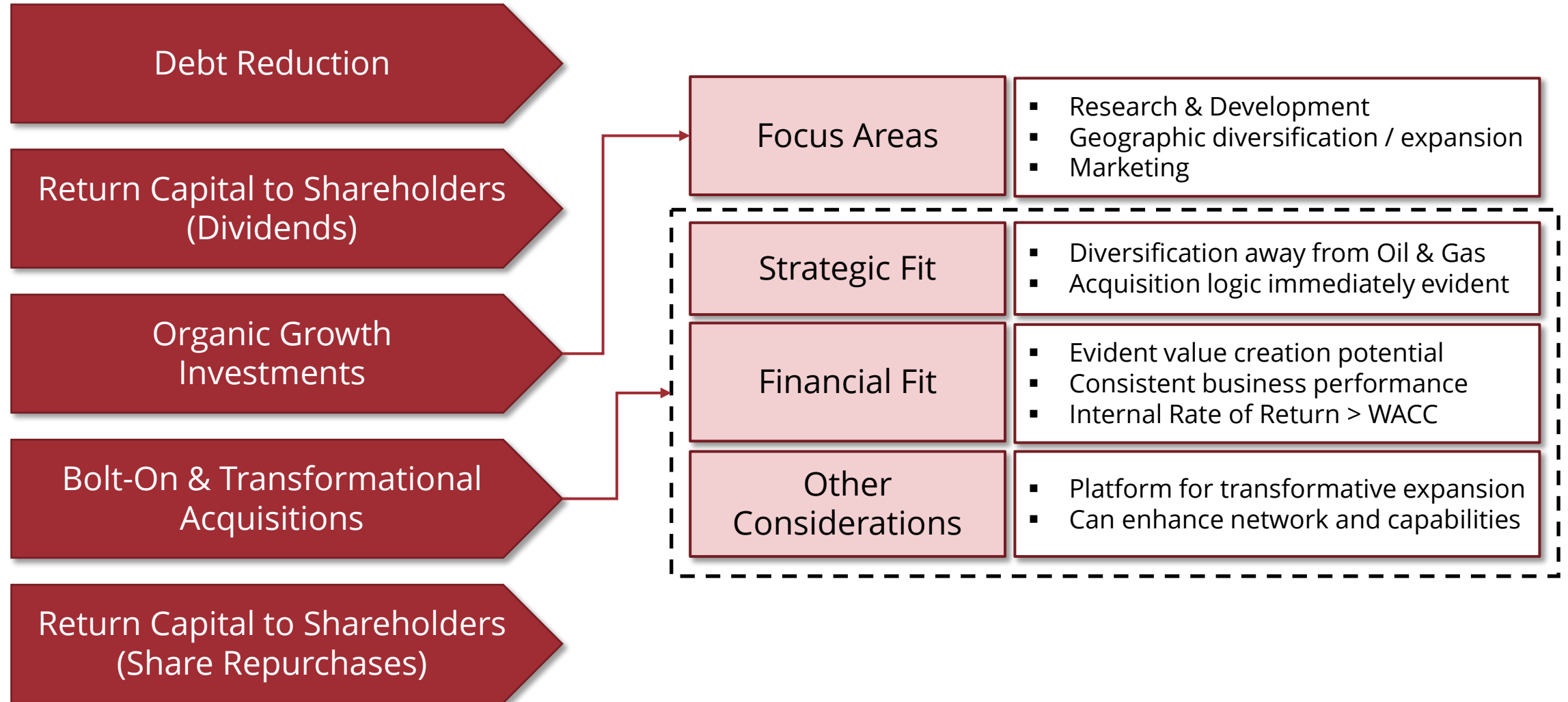
## INFLATION & SUPPLY CHAIN EXPECTATIONS

- Monitoring evolving tariff landscape and reviewing global manufacturing strategy accordingly
- Tariff impact ~1% of COGS

## FOURTH QUARTER GROSS MARGIN DRIVERS

- Gross margin increased by 130 basis points vs. YA
- Continued benefits of cost reduction initiatives, operational efficiencies, and a more favorable product mix
- 28.0% gross margin excluding Katsa inventory adjustment, up 130 basis points sequentially

# CAPITAL ALLOCATION FRAMEWORK



- Delivered a solid quarter, supported by strong margins, disciplined execution, and sustained backlog strength in Marine & Propulsion Systems and Industrial segments
- Well-positioned to capture defense tailwinds supporting strong momentum
- Strategic acquisitions strengthening competitive position, expanding global reach
- Minimal direct tariff exposure, with agile global operations enabling effective navigation of macroeconomic uncertainty
- Strong balance sheet and financial foundation driving long term growth through disciplined capital deployment



# Q&A

## Fiscal 2025 Fourth Quarter Earnings Call





# APPENDIX



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



## RECONCILIATION OF REPORTED NET SALES TO ORGANIC NET SALES (In thousands; unaudited)

	4Q25	4Q24	FY25	FY24
<b>Net Sales</b>	<b>\$96,678</b>	<b>\$84,418</b>	<b>\$340,738</b>	<b>\$295,127</b>
<b>Less: Acquisitions/Divestitures<sup>(1)</sup></b>	<b>(16,457)</b>	<b>-</b>	<b>(43,972)</b>	<b>(2,556)</b>
<b>Less: Foreign Currency Impact</b>	<b>(2,915)</b>	<b>-</b>	<b>(1,423)</b>	<b>-</b>
<b>Organic Net Sales</b>	<b>\$77,306</b>	<b>\$84,418</b>	<b>\$295,342</b>	<b>\$292,571</b>

<sup>(1)</sup>Accounts for revenue contributed by the acquisition of Katsa and Kobelt, as well as divestitures from BCS

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



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

	June 30, 2025	June 30, 2024
Current maturities of long-term debt	3,000	2,000
Long-term debt	28,446	23,811
<b>Total debt</b>	<b>\$31,446</b>	<b>\$25,811</b>
Less cash	16,109	20,070
<b>Net debt</b>	<b>\$15,337</b>	<b>\$5,741</b>

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



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

	FY25	FY24	4Q25	3Q25	2Q25	1Q25	4Q24
<b>Net Income (loss) attributable to Twin Disc</b>	<b>(\$1,894)</b>	<b>10,988</b>	<b>\$1,424</b>	<b>(\$1,472)</b>	<b>\$919</b>	<b>(\$2,765)</b>	<b>\$7,410</b>
<b>Interest expense</b>	<b>2,646</b>	<b>1,443</b>	<b>855</b>	<b>660</b>	<b>495</b>	<b>636</b>	<b>394</b>
<b>Income tax expense</b>	<b>3,368</b>	<b>4,121</b>	<b>47</b>	<b>1,142</b>	<b>1,552</b>	<b>627</b>	<b>1,515</b>
<b>Depreciation and amortization</b>	<b>14,899</b>	<b>9,981</b>	<b>4,705</b>	<b>3,659</b>	<b>3,296</b>	<b>3,238</b>	<b>2,484</b>
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>\$19,019</b>	<b>\$26,533</b>	<b>\$7,031</b>	<b>\$3,989</b>	<b>\$6,262</b>	<b>\$1,736</b>	<b>\$11,803</b>

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



## NET DEBT TO EBITDA LEVERAGE RATIO CALCULATION

	FY25	FY24
Net debt	\$15,337	\$5,741
LTM EBITDA	19,019	26,553
Leverage Ratio	0.8x	0.2x

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



## RECONCILIATION OF NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW

	4Q25	4Q24	FY25	FY24
Net cash provided by operating activities	\$16,448	\$11,499	\$23,979	\$33,716
Acquisition of property, plant, and equipment	(7,705)	(1,109)	(15,517)	(8,707)
Free cash flow	\$8,743	\$10,390	\$8,822	\$25,009