

Press Information

Release Date: November 3, 2023

IMMEDIATE

Moog Inc. Reports Record Fiscal Year 2023 Sales and Continuing Margin Expansion Into Fiscal Year 2024

East Aurora, NY -- Moog Inc. (NYSE: MOG.A and MOG.B), a worldwide designer, manufacturer and systems integrator of high-performance precision motion and fluid controls and controls systems, today reported fiscal year 2023 diluted earnings per share of \$5.34 and adjusted diluted earnings per share of \$6.15.

| (in millions, except per share results) | Three Months Ended | | | Twelve Months Ended | | |
|---|--------------------|---------|---------|---------------------|----------|---------|
| | Q4 2023 | Q4 2022 | Deltas | Q4 2023 | Q4 2022 | Deltas |
| Net sales | \$ 872 | \$ 768 | 14 % | \$ 3,319 | \$ 3,036 | 9 % |
| Operating margin | 10.1 % | 8.6 % | 150 bps | 10.3 % | 9.3 % | 100 bps |
| Adjusted operating margin | 12.5 % | 10.4 % | 210 bps | 10.9 % | 10.2 % | 70 bps |
| Diluted net earnings per share | \$ 1.23 | \$ 0.92 | 34 % | \$ 5.34 | \$ 4.83 | 11 % |
| Adjusted diluted net earnings per share | \$ 2.10 | \$ 1.36 | 54 % | \$ 6.15 | \$ 5.56 | 11 % |
| Adjusted free cash flow | \$ 105 | \$ 19 | \$ 86 | \$ (37) | \$ 7 | \$ (45) |

See the reconciliations of adjusted financial results to reported results included in the financial statements herein for the quarters ended September 30, 2023 and October 1, 2022.

Quarter Highlights

- Record net sales of \$872 million, an increase of 14%, with double-digit growth in each of our segments.
- Adjusted operating margin expanded 210 basis points to 12.5%, benefiting from pricing and simplification.
- Adjusted diluted earnings per share increased 54% due to incremental operating profit.
- Adjusted free cash flow increased \$86 million, driven by strong collections and timing of payments.

Year Highlights

- Net sales increased 9% to a record \$3.3 billion, or 11% excluding divestitures and foreign exchange impacts.
- Adjusted operating margin expanded 70 basis points to 10.9%, benefiting from pricing and simplification.
- Adjusted diluted earnings per share increased 11%, driven by the growth in operating profit, offset by higher interest expense.
- Adjusted free cash flow use resulted from growth in net working capital, primarily physical inventories.
- Record twelve-month backlog of \$2.4 billion supports continued sales growth in aerospace and defense programs.

"We had an exceptional quarter that rounded out a great year for our company," said Pat Roche, CEO. "Sales were very strong, and margin enhancement through our pricing and simplification initiatives are delivering results. We are on-track to deliver our long-term Investor Day financial targets."

Quarter Results

Sales in the fourth quarter of 2023 increased across all segments compared to the fourth quarter of 2022. Aircraft Controls' sales increased 16% to \$377 million, as the continued market recovery in OEM widebody aircraft and business jet activity increased commercial aircraft sales 42%. Sales in Space and Defense Controls increased 11% to \$241 million due to higher demand for defense products in both space and defense applications. Industrial Systems' sales increased 12% to \$254 million due to higher demand for industrial automation programs and flight simulation systems.

Adjusted operating margin increased 210 basis points to 12.5% in the fourth quarter of 2023 compared to the fourth quarter of 2022. Aircraft Controls' adjusted operating margin increased 210 basis points driven by retroactive pricing and 80/20 initiatives. These benefits were tempered by additional charges on near-complete funded development programs. Space and Defense Controls' adjusted operating margin expanded 340 basis points due to lower charges associated with our space vehicles development programs and pricing benefits. Adjusted operating margin for Industrial Systems increased 110 basis points as a result of pricing initiatives.

Non-operating expenses in the fourth quarter of 2023 included the benefits of a favorable litigation settlement and lower effective tax rate, which were not anticipated in our prior guidance. These benefits were moderated by incremental interest expense.

Year Results

Sales in fiscal 2023 increased across all segments compared to fiscal 2022. Aircraft Controls' sales increased 11% to \$1.4 billion, reflecting the commercial recovery, partially offset by lower funded development activities for military programs. Space and Defense Controls' sales of \$947 million increased 11%, after adjusting for the divestiture of the security business last year, due to growth in defense programs across our product portfolio. Industrial Systems' sales of \$983 million increased 12%, excluding last year's sonar business divestiture and foreign exchange impacts, due to increased demand for industrial automation and flight simulation programs.

Adjusted operating margin increased 70 basis points to 10.9% compared to 2022. Adjusted operating margin increased 200 basis points in Industrial Systems and increased 70 basis points in Aircraft Controls due largely to pricing benefits. Also within Aircraft Controls, margin expansion was impacted by additional charges for military funded development programs. Space and Defense Controls' adjusted operating margin decreased 40 basis points as charges associated with our space vehicles development programs more than offset underlying stronger operational results.

Free Cash Flow Results

Free cash flow was \$105 million in the fourth quarter of 2023. Higher collections from customers and the timing of compensation and vendor payments contributed to the reduction in working capital. Capital expenditures were \$48 million in the quarter. Free cash flow in 2023 was a cash use of \$37 million, as growing customer demand as well as supply chain constraints drove working capital pressures, primarily in physical inventories. Capital expenditures were \$173 million in the year, reflecting necessary investments in facilities and equipment to support customer demand.

2024 Financial Guidance

"Fiscal year 2024 will be another positive step on our journey towards our long-term financial targets," said Jennifer Walter, CFO. "Our operating margin will expand by over 100 basis points and earnings per share will increase over 10%."

(in millions, except per share results)

| | <u>FY 2024 Guidance</u> | |
|--------------------------------|-------------------------|--------|
| | Initial | |
| Net sales | \$ | 3,450 |
| Operating margin | | 12.0 % |
| Diluted net earnings per share | \$ | 6.80 |

Earnings per share figures are forecasted to be within range of +/- \$0.20.

Conference call information

In conjunction with today's release, Pat Roche, CEO, and Jennifer Walter, CFO, will host a conference call today beginning at 10:00 a.m. ET, which will be simultaneously broadcast live online. Listeners can access the call live, or in replay mode, at www.moog.com/investors/communications. Supplemental financial data will be available on the website approximately 90 minutes prior to the conference call.

Cautionary Statement

Information included or incorporated by reference in this press release that does not consist of historical facts, including statements accompanied by or containing words such as "may," "will," "should," "believes," "expects," "expected," "intends," "plans," "projects," "approximate," "estimates," "predicts," "potential," "outlook," "forecast," "anticipates," "presume" and "assume," are forward-looking statements. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not guarantees of future performance and are subject to several factors, risks and uncertainties, the impact or occurrence of which could cause actual results to differ materially from the expected results described in the forward-looking statements. In evaluating these forward-looking statements, you should carefully consider the factors set forth below.

Although it is not possible to create a comprehensive list of all factors that may cause actual results to differ from the results expressed or implied by our forward-looking statements or that may affect our future results, some of these factors and other risks and uncertainties that arise from time to time are described in Item 1A "Risk Factors" of our Annual Report on Form 10-K and in our other periodic filings with the SEC and include the following:

Strategic risks

- We operate in highly competitive markets with competitors who may have greater resources than we possess;
- Our research and development and innovation efforts are substantial and may not be successful, which could reduce our sales and earnings;
- If we are unable to adequately enforce and protect our intellectual property or defend against assertions of infringement, our business and our ability to compete could be harmed; and
- Our sales and earnings may be affected if we cannot identify, acquire or integrate strategic acquisitions, or as we conduct portfolio shaping and footprint rationalization initiatives.

Market condition risks

- The markets we serve are cyclical and sensitive to domestic and foreign economic conditions and events, which may cause our operating results to fluctuate;
- We depend heavily on government contracts that may not be fully funded or may be terminated, and the failure to receive funding or the termination of one or more of these contracts could reduce our sales and increase our costs;
- The loss of The Boeing Company or Lockheed Martin as a customer or a significant reduction in sales to either company could adversely impact our operating results; and
- We may not realize the full amounts reflected in our backlog as revenue, which could adversely affect our future revenue and growth prospects.

Operational risks

- A constrained supply chain, as well as inflated prices, across various raw materials and third-party provided components and sub-assemblies have had, and could continue to have, a material impact on our ability to manufacture and ship our products, in addition to adversely impacting our operating profit and balance sheet;
- If our subcontractors or suppliers fail to perform their contractual obligations, our prime contract performance and our ability to obtain future business could be materially and adversely impacted;
- We face, and may continue to face, risks related to information systems interruptions, intrusions or new software implementations, which may adversely affect our business operations;
- We may not be able to prevent, or timely detect, issues with our products and our manufacturing processes, which may adversely affect our operations and our earnings; and
- The failure or misuse of our products may damage our reputation, necessitate a product recall or result in claims against us that exceed our insurance coverage, thereby requiring us to pay significant damages.

Financial risks

- We make estimates in accounting for over-time contracts, and changes in these estimates may have significant impacts on our earnings;
- We enter into fixed-price contracts, which could subject us to losses if we have cost overruns;
- Our indebtedness and restrictive covenants under our credit facilities and indenture governing our senior notes could limit our operational and financial flexibility;
- Significant changes in discount rates, rates of return on pension assets, mortality tables and other factors could adversely affect our earnings and equity and increase our pension funding requirements;
- A write-off of all or part of our goodwill or other intangible assets could adversely affect our operating results and net worth; and
- Unforeseen exposure to additional income tax liabilities may affect our operating results.

Legal and compliance risks

- Contracting on government programs is subject to significant regulation, including rules related to bidding, billing and accounting standards, and any false claims or non-compliance could subject us to fines, penalties or possible debarment;
- Our operations in foreign countries expose us to currency, political and trade risks and adverse changes in local legal and regulatory environments could impact our results of operations;
- Government regulations could limit our ability to sell our products outside the United States and otherwise adversely affect our business;
- We are involved in various legal proceedings, the outcome of which may be unfavorable to us;
- Our operations are subject to environmental laws and complying with those laws may cause us to incur significant costs;
- We may face reputational, regulatory or financial risks from a perceived, or an actual, failure to achieve our sustainability goals; and
- The recently received invalidation of our facility security clearance by the U.S. Defense Counterintelligence and Security Agency could impact potential future business as well as adversely affect our operating results.

General risks

- Future terror attacks, war, natural disasters or other catastrophic events beyond our control could negatively impact our business; and
- Our performance could suffer if we cannot maintain our culture as well as attract, retain and engage our employees.

While we believe we have identified and discussed above the material risks affecting our business, there may be additional factors, risks and uncertainties not currently known to us or that we currently consider immaterial that may affect the forward-looking statements made herein. Given these factors, risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictive of future results. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any obligation to update any forward-looking statement made in this report, except as required by law.

Contact

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Moog Inc.
CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
(dollars in thousands, except per share data)

| | Three Months Ended | | Twelve Months Ended | |
|-------------------------------------|-----------------------|--------------------|-----------------------|--------------------|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net sales | \$ 872,051 | \$ 767,999 | \$ 3,319,122 | \$ 3,035,783 |
| Cost of sales | 623,808 | 564,642 | 2,423,245 | 2,211,384 |
| Inventory write-down | 4,345 | 191 | 4,345 | 3,598 |
| Gross profit | 243,898 | 203,166 | 891,532 | 820,801 |
| Research and development | 29,444 | 25,209 | 106,551 | 109,527 |
| Selling, general and administrative | 118,041 | 111,829 | 469,836 | 448,531 |
| Interest | 18,227 | 11,381 | 63,578 | 36,757 |
| Asset impairment | 12,974 | 2,125 | 14,628 | 18,053 |
| Restructuring | 3,260 | 1,140 | 7,997 | 9,509 |
| Loss on sale of businesses | 900 | 19,492 | 900 | 3,346 |
| Gain on sale of buildings | — | (9,075) | (10,030) | (9,075) |
| Pension settlement | 12,542 | — | 12,542 | — |
| Other | (599) | (1,969) | 9,478 | 1,174 |
| Earnings before income taxes | 49,109 | 43,034 | 216,052 | 202,979 |
| Income taxes | 9,527 | 13,618 | 45,054 | 47,802 |
| Net earnings | \$ 39,582 | \$ 29,416 | \$ 170,998 | \$ 155,177 |
| Net earnings per share | | | | |
| Basic | \$ 1.24 | \$ 0.92 | \$ 5.37 | \$ 4.85 |
| Diluted | \$ 1.23 | \$ 0.92 | \$ 5.34 | \$ 4.83 |
| Average common shares outstanding | | | | |
| Basic | 31,893,646 | 31,945,478 | 31,831,687 | 31,977,482 |
| Diluted | 32,187,501 | 32,086,583 | 32,044,226 | 32,117,028 |

Moog Inc.

RECONCILIATION TO ADJUSTED NET EARNINGS BEFORE TAXES, INCOMES TAXES, NET EARNINGS AND DILUTIVE NET EARNINGS PER SHARE (UNAUDITED)

(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|-----------------|---------------------|-----------------|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| As Reported: | | | | |
| Earnings before income taxes | \$ 49,109 | \$ 43,034 | \$ 216,052 | \$ 202,979 |
| Income taxes | 9,527 | 13,618 | 45,054 | 47,802 |
| Effective income tax rate | 19.4 % | 31.6 % | 20.9 % | 23.6 % |
| Net earnings | 39,582 | 29,416 | 170,998 | 155,177 |
| Diluted net earnings per share | \$ 1.23 | \$ 0.92 | \$ 5.34 | \$ 4.83 |
| Loss on Sale of Businesses: | | | | |
| Earnings before income taxes | \$ 900 | \$ 19,492 | \$ 900 | \$ 3,346 |
| Income taxes | 212 | 970 | 212 | (3,303) |
| Net earnings | 688 | 18,522 | 688 | 6,649 |
| Diluted net earnings per share | \$ 0.02 | \$ 0.58 | \$ 0.02 | \$ 0.21 |
| Gain on Sale of Buildings: | | | | |
| Earnings before income taxes | \$ — | \$ (9,075) | \$ (10,030) | \$ (9,075) |
| Income taxes | — | (2,142) | (2,086) | (2,142) |
| Net earnings | — | (6,933) | (7,944) | (6,933) |
| Diluted net earnings per share | \$ — | \$ (0.22) | \$ (0.25) | \$ (0.22) |
| Pension Settlement: | | | | |
| Earnings before income taxes | \$ 12,542 | \$ — | \$ 12,542 | \$ — |
| Income taxes | 2,960 | — | 2,960 | — |
| Net earnings | 9,582 | — | 9,582 | — |
| Diluted net earnings per share | \$ 0.30 | \$ — | \$ 0.30 | \$ — |
| Asset Impairment: | | | | |
| Earnings before income taxes | \$ 12,974 | \$ 2,125 | \$ 14,628 | \$ 18,053 |
| Income taxes | 937 | 502 | 1,285 | 4,219 |
| Net earnings | 12,037 | 1,623 | 13,343 | 13,834 |
| Diluted net earnings per share | \$ 0.37 | \$ 0.05 | \$ 0.42 | \$ 0.43 |
| Inventory Write-down, Restructuring and Other: | | | | |
| Earnings before income taxes | \$ 7,605 | \$ 1,332 | \$ 13,391 | \$ 13,107 |
| Income taxes | 1,746 | 343 | 3,050 | 3,228 |
| Net earnings | 5,859 | 989 | 10,341 | 9,879 |
| Diluted net earnings per share | \$ 0.18 | \$ 0.03 | \$ 0.32 | \$ 0.31 |
| As Adjusted: | | | | |
| Earnings before income taxes | \$ 83,130 | \$ 56,908 | \$ 247,483 | \$ 228,410 |
| Income taxes | 15,382 | 13,291 | 50,475 | 49,804 |
| Effective income tax rate | 18.5 % | 23.4 % | 20.4 % | 21.8 % |
| Net earnings | 67,748 | 43,617 | 197,008 | 178,606 |
| Diluted net earnings per share | \$ 2.10 | \$ 1.36 | \$ 6.15 | \$ 5.56 |

The diluted net earnings per share associated with the adjustments in the table above may not reconcile when totaled due to rounding.

Results shown above have been adjusted to exclude impacts associated with the sale of our Navigation Aids business formerly in Aircraft Controls; the sale of buildings formerly used in Industrial Systems, a one-time pension settlement charge stemming from those participants that opted to take a one time lump sum distribution in lieu of continuing monthly payments; asset impairment resulting from inventory write-downs, an announced program retirement; as well as, restructuring and other charges related to the impact of continued portfolio shaping activities and the Ukraine crisis. While management believes that these adjusted financial measures may be useful in evaluating the financial condition and results of operations of the Company, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP.

Moog Inc.
CONSOLIDATED SALES AND OPERATING PROFIT (UNAUDITED)
(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|--|-----------------------|--------------------|-----------------------|---------------------|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net sales: | | | | |
| Aircraft Controls | \$ 376,859 | \$ 323,859 | \$ 1,389,147 | \$ 1,256,461 |
| Space and Defense Controls | 241,211 | 217,494 | 947,251 | 872,343 |
| Industrial Systems | 253,981 | 226,646 | 982,724 | 906,979 |
| Net sales | \$ 872,051 | \$ 767,999 | \$ 3,319,122 | \$ 3,035,783 |
| Operating profit: | | | | |
| Aircraft Controls | \$ 45,335 | \$ 34,811 | \$ 144,803 | \$ 123,620 |
| | 12.0 % | 10.7 % | 10.4 % | 9.8 % |
| Space and Defense Controls | 29,563 | 16,102 | 95,949 | 86,844 |
| | 12.3 % | 7.4 % | 10.1 % | 10.0 % |
| Industrial Systems | 12,982 | 14,986 | 102,165 | 72,384 |
| | 5.1 % | 6.6 % | 10.4 % | 8.0 % |
| Total operating profit | 87,880 | 65,899 | 342,917 | 282,848 |
| | 10.1 % | 8.6 % | 10.3 % | 9.3 % |
| Deductions from operating profit: | | | | |
| Interest expense | 18,227 | 11,381 | 63,578 | 36,757 |
| Equity-based compensation expense | 2,461 | 2,135 | 10,582 | 8,882 |
| Pension settlement | 12,542 | — | 12,542 | — |
| Non-service pension expense | 2,986 | 1,673 | 12,324 | 6,072 |
| Corporate and other expenses, net | 2,555 | 7,676 | 27,839 | 28,158 |
| Earnings before income taxes | \$ 49,109 | \$ 43,034 | \$ 216,052 | \$ 202,979 |

Moog Inc.
RECONCILIATION TO ADJUSTED OPERATING PROFIT AND MARGINS (UNAUDITED)
(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Aircraft Controls operating profit - as reported | \$ 45,335 | \$ 34,811 | \$ 144,803 | \$ 123,620 |
| Inventory write-down | 1,616 | — | 1,616 | 202 |
| Asset impairment | 235 | — | 1,670 | 15,487 |
| Loss (gain) on sale of business | 900 | — | 900 | (16,146) |
| Restructuring and other | 168 | — | 443 | 3,795 |
| Aircraft Controls operating profit - as adjusted | \$ 48,254 | \$ 34,811 | \$ 149,432 | \$ 126,958 |
| | 12.8 % | 10.7 % | 10.8 % | 10.1 % |
| Space and Defense Controls operating profit - as reported | \$ 29,563 | \$ 16,102 | \$ 95,949 | \$ 86,844 |
| Inventory write-down | — | 192 | — | 1,692 |
| Asset impairment | — | — | 219 | — |
| Loss on sale of business | — | 4,112 | — | 4,112 |
| Restructuring and other | 1,348 | 139 | 2,902 | 2,063 |
| Space and Defense Controls operating profit - as adjusted | \$ 30,911 | \$ 20,545 | \$ 99,070 | \$ 94,711 |
| | 12.8 % | 9.4 % | 10.5 % | 10.9 % |
| Industrial Systems operating profit - as reported | \$ 12,982 | \$ 14,986 | \$ 102,165 | \$ 72,384 |
| Inventory write-down | 2,729 | — | 2,729 | 1,705 |
| Asset impairment | 12,739 | 2,125 | 12,739 | 2,767 |
| Loss on sale of business | — | 15,379 | — | 15,379 |
| Gain on sale of buildings | — | (9,075) | (10,030) | (9,075) |
| Restructuring and other | 1,744 | 1,001 | 5,701 | 3,450 |
| Industrial Systems operating profit - as adjusted | \$ 30,194 | \$ 24,416 | \$ 113,304 | \$ 86,610 |
| | 11.9 % | 10.8 % | 11.5 % | 9.5 % |
| Total operating profit - as adjusted | \$ 109,359 | \$ 79,772 | \$ 361,806 | \$ 308,279 |
| | 12.5 % | 10.4 % | 10.9 % | 10.2 % |

Moog Inc.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(dollars in thousands)

| | September 30, 2023 | October 1, 2022 |
|--|-----------------------|--------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 68,959 | \$ 101,990 |
| Restricted cash | 185 | 15,338 |
| Receivables, net | 434,723 | 375,502 |
| Unbilled receivables | 706,601 | 614,760 |
| Inventories, net | 724,002 | 588,466 |
| Prepaid expenses and other current assets | 50,862 | 60,349 |
| Total current assets | 1,985,332 | 1,756,405 |
| Property, plant and equipment, net | 814,696 | 668,908 |
| Operating lease right-of-use assets | 56,067 | 69,072 |
| Goodwill | 821,301 | 805,320 |
| Intangible assets, net | 71,637 | 85,410 |
| Deferred income taxes | 8,749 | 8,630 |
| Other assets | 50,254 | 38,096 |
| Total assets | \$ 3,808,036 | \$ 3,431,841 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Current installments of long-term debt | \$ — | \$ 916 |
| Accounts payable | 264,573 | 232,104 |
| Accrued compensation | 111,154 | 93,141 |
| Contract advances and progress billings | 377,977 | 296,899 |
| Accrued liabilities and other | 211,769 | 215,376 |
| Total current liabilities | 965,473 | 838,436 |
| Long-term debt, excluding current installments | 863,092 | 836,872 |
| Long-term pension and retirement obligations | 157,455 | 140,602 |
| Deferred income taxes | 37,626 | 63,527 |
| Other long-term liabilities | 148,303 | 115,591 |
| Total liabilities | 2,171,949 | 1,995,028 |
| Shareholders' equity | | |
| Common stock - Class A | 43,822 | 43,807 |
| Common stock - Class B | 7,458 | 7,473 |
| Additional paid-in capital | 608,270 | 516,123 |
| Retained earnings | 2,496,979 | 2,360,055 |
| Treasury shares | (1,057,938) | (1,047,012) |
| Stock Employee Compensation Trust | (114,769) | (73,602) |
| Supplemental Retirement Plan Trust | (93,126) | (58,989) |
| Accumulated other comprehensive loss | (254,609) | (311,042) |
| Total shareholders' equity | 1,636,087 | 1,436,813 |
| Total liabilities and shareholders' equity | \$ 3,808,036 | \$ 3,431,841 |

Moog Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(dollars in thousands)

| | Twelve Months Ended | |
|--|-----------------------|--------------------|
| | September 30, 2023 | October 1, 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net earnings | \$ 170,998 | \$ 155,177 |
| Adjustments to reconcile net earnings to net cash provided (used) by operating activities: | | |
| Depreciation | 78,692 | 75,238 |
| Amortization | 11,541 | 13,151 |
| Deferred income taxes | (34,700) | 11,739 |
| Equity-based compensation expense | 10,582 | 8,882 |
| Loss on sale of businesses | 900 | 3,346 |
| Gain on sale of buildings | (10,030) | (9,075) |
| Asset impairment and inventory write-down | 18,973 | 21,651 |
| Pension settlement | 12,542 | — |
| Other | 6,244 | 6,818 |
| Changes in assets and liabilities providing (using) cash: | | |
| Receivables | (56,575) | 7,668 |
| Unbilled receivables | (87,915) | (94,535) |
| Inventories | (130,378) | (28,677) |
| Accounts payable | 28,641 | 43,349 |
| Contract advances and progress billings | 79,983 | 42,097 |
| Accrued expenses | (1,692) | (4,445) |
| Accrued income taxes | 22,038 | 3,070 |
| Net pension and post retirement liabilities | 13,940 | 18,093 |
| Other assets and liabilities | 2,151 | (26,745) |
| Net cash provided by operating activities | <u>135,935</u> | <u>246,802</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisitions of businesses, net of cash acquired | — | (11,832) |
| Purchase of property, plant and equipment | (173,286) | (139,431) |
| Net proceeds from businesses sold | 1,892 | 57,315 |
| Net proceeds from buildings sold | 19,702 | 13,297 |
| Other investing transactions | (11,455) | (4,573) |
| Net cash used by investing activities | <u>(163,147)</u> | <u>(85,224)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from revolving lines of credit | 1,044,101 | 840,475 |
| Payments on revolving lines of credit | (1,017,420) | (827,801) |
| Payments on long-term debt | (916) | (80,364) |
| Payments on finance lease obligations | (4,620) | (2,524) |
| Payment of dividends | (34,074) | (32,970) |
| Proceeds from sale of treasury stock | 19,785 | 18,414 |
| Purchase of outstanding shares for treasury | (29,306) | (48,558) |
| Proceeds from sale of stock held by SECT | 15,713 | 13,250 |
| Purchase of stock held by SECT | (14,251) | (14,830) |
| Other financing transactions | (2,027) | — |
| Net cash used by financing activities | <u>(23,015)</u> | <u>(134,908)</u> |
| Effect of exchange rate changes on cash | 2,043 | (10,256) |
| Increase (decrease) in cash, cash equivalents and restricted cash | (48,184) | 16,414 |
| Cash, cash equivalents and restricted cash at beginning of period | 117,328 | 100,914 |
| Cash, cash equivalents and restricted cash at end of period | <u>\$ 69,144</u> | <u>\$ 117,328</u> |

Moog Inc.

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW AND
ADJUSTED FREE CASH FLOW (UNAUDITED)

(dollars in thousands)

| | Three Months Ended | | Twelve Months Ended | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | September 30, 2023 | October 1, 2022 | September 30, 2023 | October 1, 2022 |
| Net cash provided by operating activities | \$ 153,032 | \$ 62,538 | \$ 135,935 | \$ 246,802 |
| Purchase of property, plant and equipment | (48,212) | (32,718) | (173,286) | (139,431) |
| Free cash flow | 104,820 | 29,820 | (37,351) | 107,371 |
| Securitization | — | (10,900) | — | (100,000) |
| Adjusted free cash flow | \$ 104,820 | \$ 18,920 | \$ (37,351) | \$ 7,371 |

Amounts may not reconcile when totaled due to rounding.

Free cash flow is defined as net cash provided by operating activities less capital expenditures. Adjusted free cash flow is defined as free cash flow adjusted for securitization activity. The securitization under GAAP reduced 2022 receivables and net debt and increased cash flow from operations. Free cash flow and adjusted free cash flow are not measures determined in accordance with GAAP and may not be comparable with the measures as used by other companies, however management believes these adjusted financial measures may be useful in evaluating the financial condition and results of operations of the Company. This information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP.