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Graham Corporation

LD Micro Main Event XVI

October 4, 2023

Daniel J. Thoren, *President and Chief Executive Officer*
Christopher J. Thome, *Vice President - Finance and Chief Financial Officer*
Matthew Malone, *VP and General Manager of Barber-Nichols*

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Safe Harbor Statement

Safe Harbor Regarding Forward Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

Forward-looking statements are subject to risks, uncertainties and assumptions and are identified by words such as “expects,” “outlook,” “anticipates,” “believes,” “guidance,” “should,” ”may”, “will,” “goals,” “estimated,” “potential,” “plan” and other similar words. All statements addressing operating performance, events, or developments that Graham Corporation expects or anticipates will occur in the future, including but not limited to, profitability of future projects and the business, its ability to deliver to plan, its ability to meet customers’ shipment and delivery expectations, the future impact of low margin defense projects and related cost overruns, expected expansion and growth opportunities within its domestic and international markets, anticipated sales, revenues, gross margin, adjusted EBITDA, adjusted EBITDA margins, capital expenditures and selling, general and administrative (“SG&A”) expenses, the timing of conversion of backlog to sales, market presence, profit margins, tax rates, its ability to improve cost competitiveness and productivity, customer preferences, changes in market conditions in the industries in which it operates, the effect on its business of volatility in commodities prices, including, but not limited to, changes in general economic conditions and customer behavior, forecasts regarding the timing and scope of the economic recovery in its markets, and its acquisition and growth strategy, are forward-looking statements. Because they are forward-looking, they should be evaluated in light of important risk factors and uncertainties. These risk factors and uncertainties are more fully described in Graham Corporation’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”), included under the heading entitled “Risk Factors”, and in other reports filed with the SEC.

Should one or more of these risks or uncertainties materialize or should any of Graham Corporation’s underlying assumptions prove incorrect, actual results may vary materially from those currently anticipated. In addition, undue reliance should not be placed on Graham Corporation’s forward-looking statements. Except as required by law, Graham Corporation disclaims any obligation to update or publicly announce any revisions to any of the forward-looking statements contained in this presentation.

Use of Forward-Looking Non-GAAP Financial Measures

Forward looking adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures. The Company is unable to present a quantitative reconciliation of these forward-looking non-GAAP financial measures to their most directly comparable forward-looking generally accepted accounting principles (“GAAP”) financial measures because such information is not available, and management cannot reliably predict the necessary components of such GAAP measures without unreasonable effort largely because forecasting or predicting our future operating results is subject to many factors out of our control or not readily predictable. In addition, the Company believes that such reconciliations would imply a degree of precision that would be confusing or misleading to investors. The unavailable information could have a significant impact on the Company’s fiscal 2023 financial results. These non-GAAP financial measures are preliminary estimates and are subject to risks and uncertainties, including, among others, quarter-end, and year-end adjustments. Any variation between the Company’s actual results and preliminary financial estimates set forth in this presentation may be material.

Critical Equipment Supplier for Defense, Space, Energy & Process Industries

Our Mission:

Build Better Companies to Deliver Superior Performance

How We Do It:

Our People | ***Our Culture*** | ***Our Structure*** | ***Our Process***

NYSE: GHM

Locations: Batavia, NY; Arvada, CO; Ahmedabad, India; Suzhou, China

Products: Condensers, ejectors, heat exchangers, pumps and regulators

$172 million	Market capitalization	10.7 million	Shares outstanding
$16.10	Recent price	69%	Institutional holders
$7.45 - $17.95	52-week range	6%	Insider ownership/ Including management and ESOP
30,985	Avg. daily volume YTD	~530	Employees

Fiscal YE: March 31

Founded 1936

IPO 1968

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Note: Market data as of September 25, 2023; Employee count as of June 30, 2023; Ownership as of recent filings [Source: S&P Capital IQ]

Transforming Graham Corporation

Driving heat transfer and vacuum technology business into defense industry while continuing to advance successful fluid and power defense business

- *Record backlog in defense projects*
- *Reduced dependence on highly cyclical energy and petrochemical industries*
- *Focused on growing integrated systems*

Long term stability and profitability from strategic U.S. Navy programs

- *First article investments to be completed before year end*
- *Improved pricing and productivity expected to drive margin expansion*
- *High marks from U.S. Navy customers drove $33 million in Q1 FY24 orders, including $13.5 million strategic investment*

Diverse market participation provides growth opportunities

- *Investing in new product development and technology transfer to create competitive advancements in Space, New Energy and Refining/Petrochemical markets*

Transformed business with new platform and defined strategy for growth

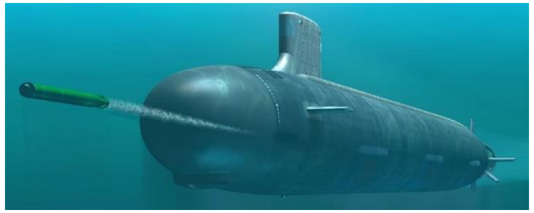
Strategy to Drive Steady Growth and Stronger Profitability

Targeted Markets	• Focused on markets where product and technology differentiation matters: critical equipment for critical applications
Operational Excellence	• Invest in process optimization including digital & automated tools
Elite Team with Passion	• Provide healthy environment for individual and team growth • Invest in people
Stakeholder Engagement	• Look "outside in" for support, ideas and improvement

Proven Critical Supplier for U.S. Navy

Secured Contracts	• Long-term U.S. Navy contracts drive visibility and recurring revenue
Strategic Investment	• Secured $13.5 million strategic investment from defense customer in support of the Naval Nuclear Propulsion Program
Advantage over Competition	• Sole supplier with high barriers to entry
Margin Expansion	• Improved efficiencies, execution, and supply chain management • Better pricing on recent and future orders
Opportunities	• Potential revenue for repair and maintenance • SSN(X) next gen attack submarine design has begun

Growth Potential of U.S. Navy Projects

	Build Plan[1]	Build Timeline[1] *(based on current plan)*	GHM Future Revenue Potential[2]
 **CVN Ford Class Carrier**	**2 Completed** **2 Under Construction** **8 Remaining**	**1 every four years** Expected completion by FY2055	**$40M - $50M/Ship** **~$400M**
 **SSN Virginia Class Subs**	**22 Completed** **8 Under Construction** **36 Remaining**	**2 per year** Expected completion ~FY2050	**~$300M** • GHM typically building ahead on blocks with advanced funding • ~30 ships remaining
 **SSBN Columbia Class Subs**	**1 Under Construction** **11 Remaining**	**1 per year** Expected completion by FY2035	**~$40M/Sub** **~$400M** • GHM typically building ahead with advanced funding

~$1.0 - $1.3 Billion

Total revenue potential based on planned projects[2,3]

GHM Engineered & Manufactured Content

Condensers, ejectors, heat exchangers, pumps and torpedo power & propulsion hardware

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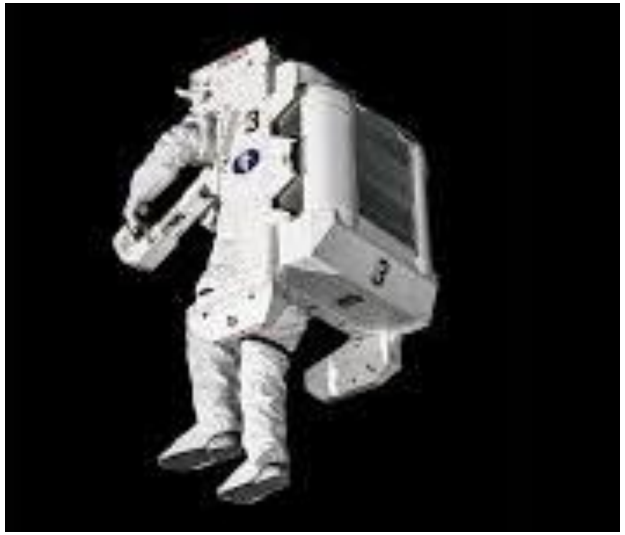
(1) Build timeline and number of builds planned based on "Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2023"
(2) GHM revenue potential equals number of planned builds multiplied by approximate value of GHM products incorporated into each build
(3) Includes torpedoes that are not build rate dependent, based on arsenal requirements

Further Revenue Diversification: Opportunities in Space

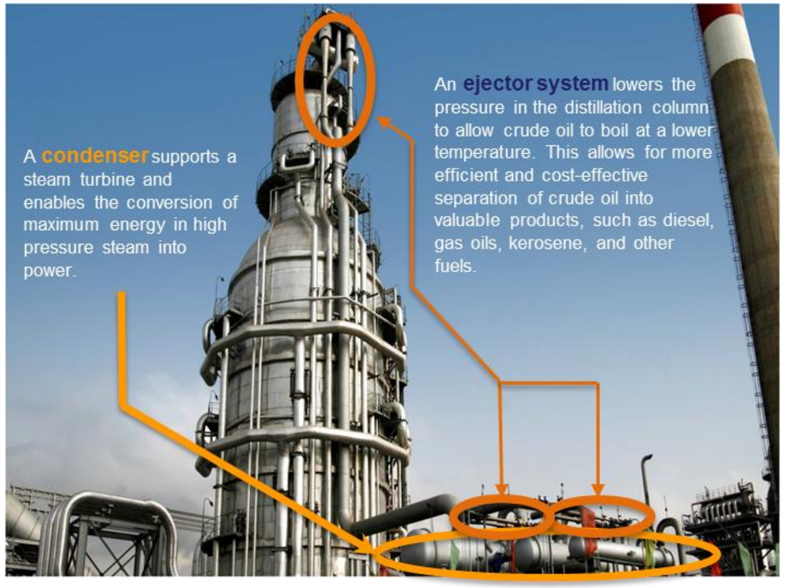
- Launch vehicle, satellite and backpack applications
- Critical supplier with key commercial players in Space
- NASA contract for blowers and pumps for jet propulsion backpack
- Key solutions: fluid movement for launch vehicles including
  - rocket engine turbo pumps
  - thermal management systems on communication satellites



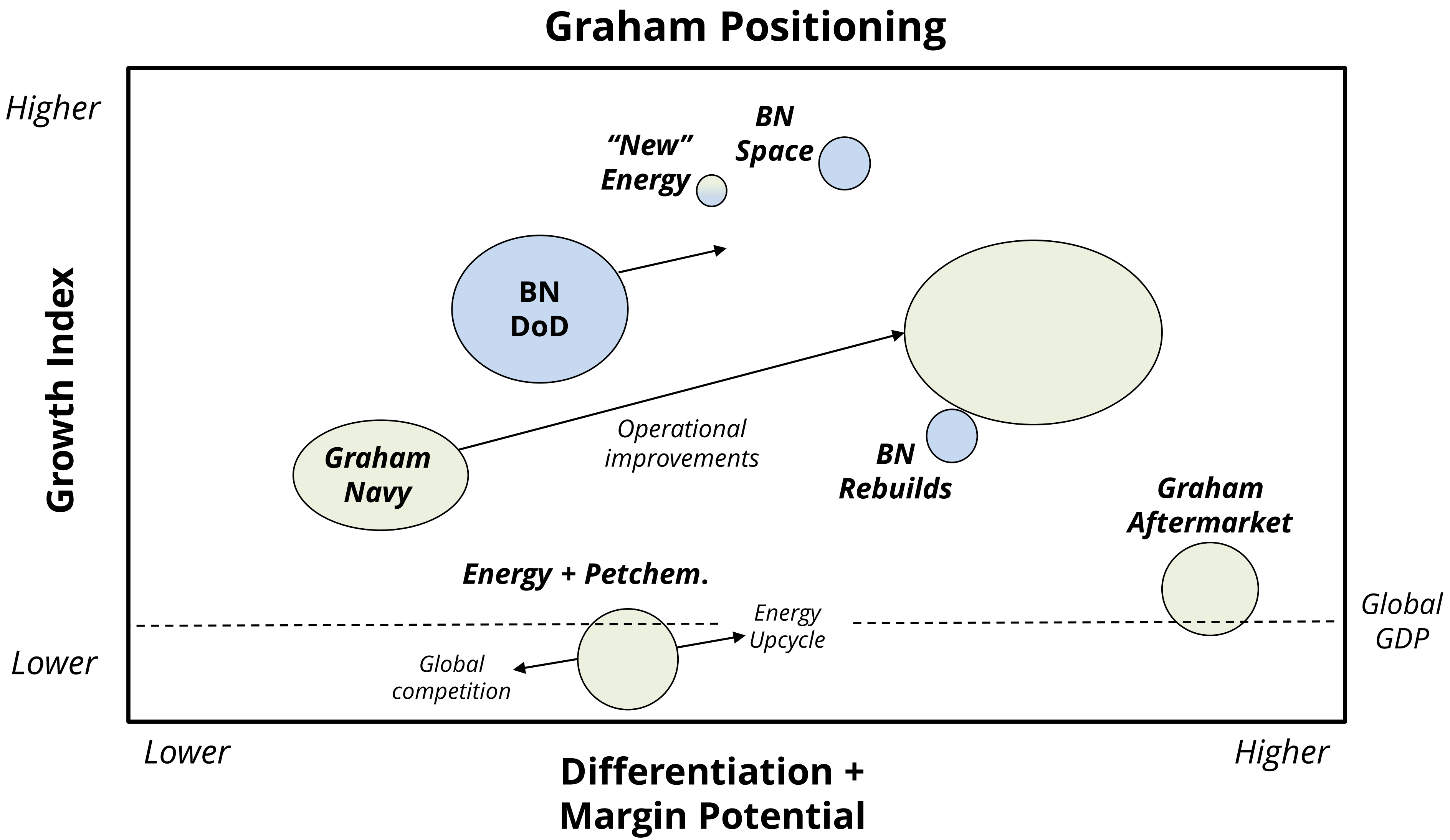
Driving New Energy Opportunities

While Leveraging Large Energy & Petrochem Installed Base

- Developing “New Energy” opportunities: hydrogen; solar; small modular nuclear
- Leveraging installed base with improved lead management process; Domestic aftermarket budgets returning after industry and pandemic downturn
- Expanding international presence into more price sensitive markets
- Developing new discipline, talent and focus to drive growth



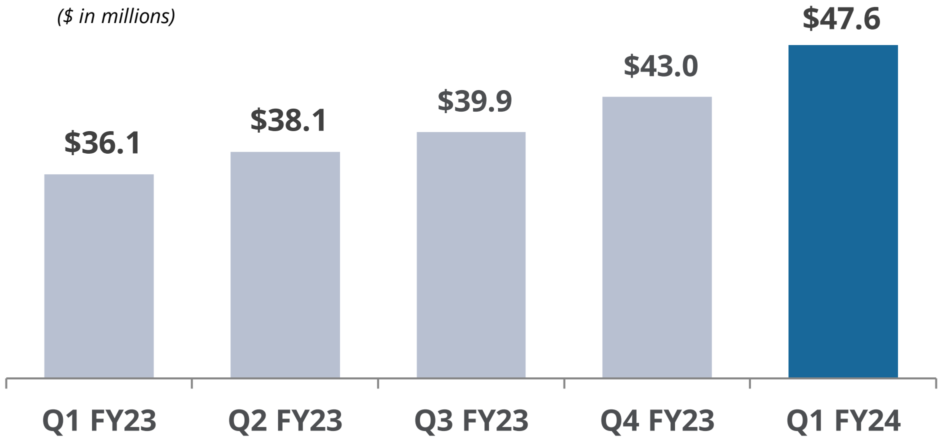
Visual: Growth Businesses with Strategies for Expanding Margins



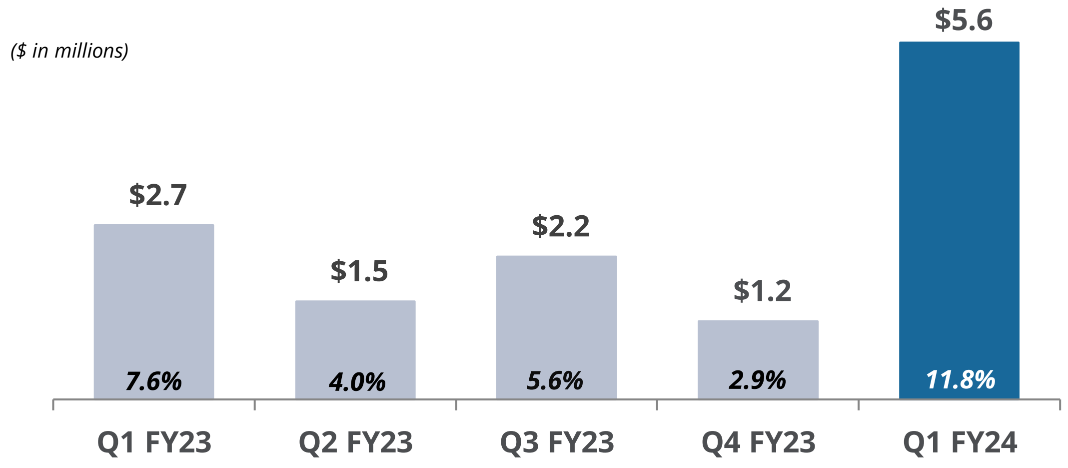
Demonstrating Steady Progress Through Solid Execution

($ in millions, except per share data)

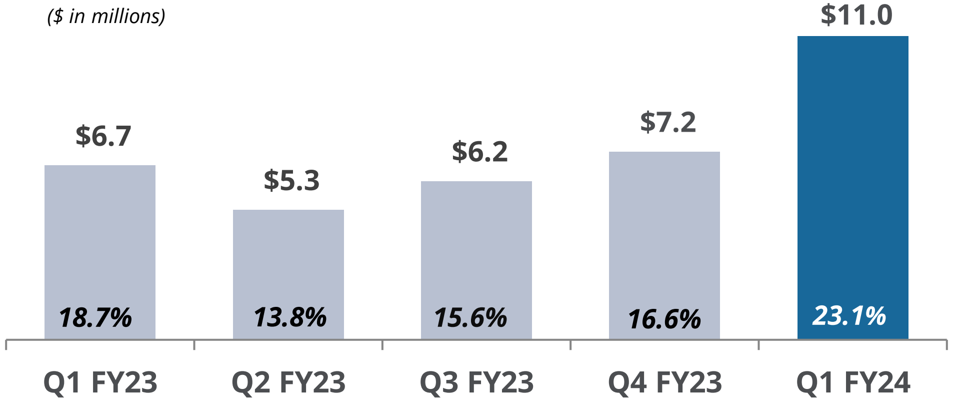
Sales



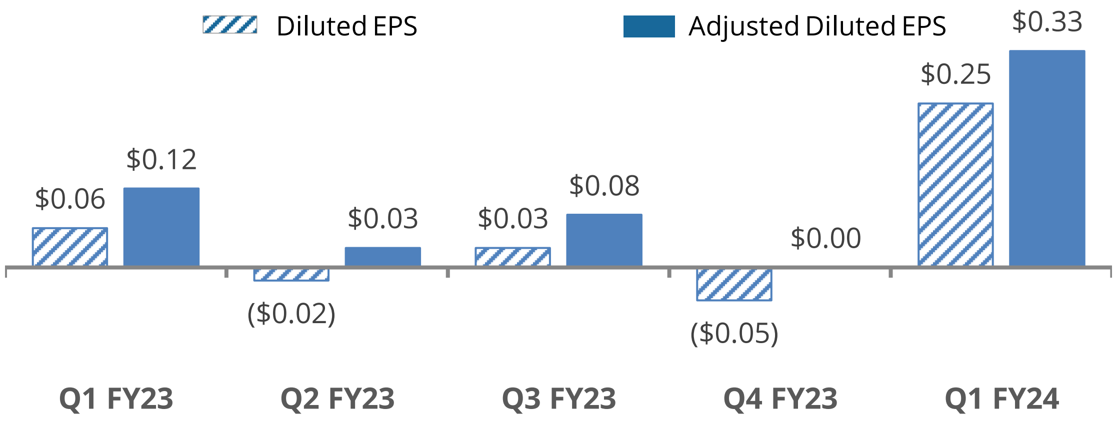
Adjusted EBITDA and Margin[1]



Gross Margin



Diluted EPS and Adjusted Diluted EPS[1]



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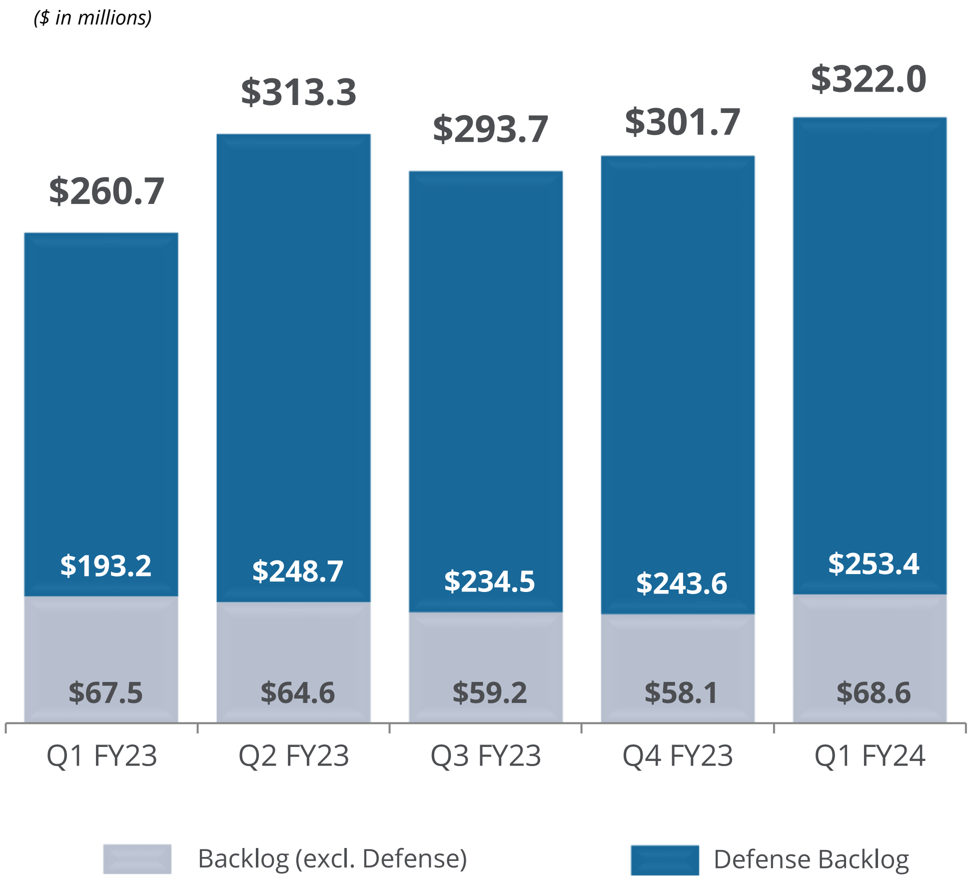
(1) See supplemental slides for additional important disclosures regarding Graham's use of the non-GAAP measures of Adjusted EBITDA, Adjusted EBITDA margin. and Adjusted diluted EPS as well as the reconciliation of net income/(loss) to Adjusted EBITDA, and diluted EPS to Adjusted diluted EPS.

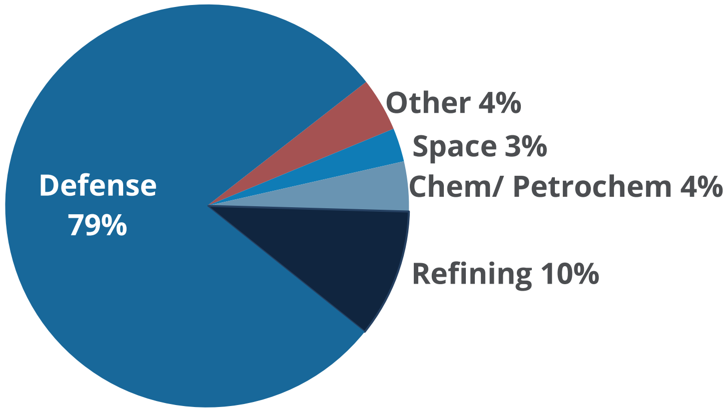
Diversified Revenue Base & Strong Defense Backlog

TOTAL BACKLOG (1)



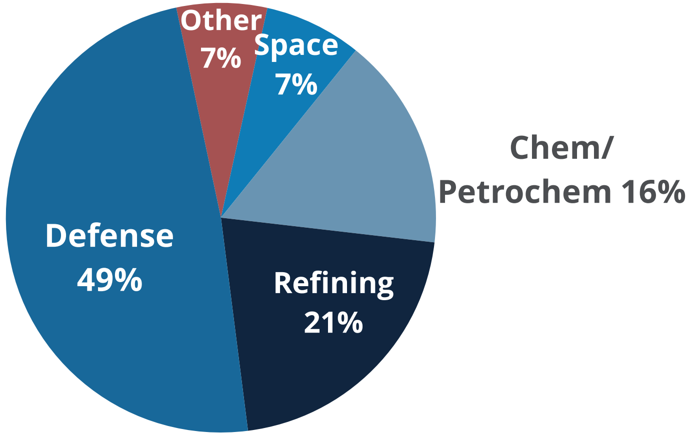
Totals shown in graph may not equal the sum of the segments due to rounding

BACKLOG BY INDUSTRY



Q1 2024 ORDERS : $67.9 MILLION

Q1 2024 Book to Bill of 140%



(1) Backlog is defined as the total dollar value of orders received for which revenue has not yet been recognized

Increased Fiscal 2024 Outlook[1] ; On Track to Achieve FY27 Goals

Revenue: $170 million to $180 million

Gross margin: ~18% to 19%

SG&A *(includes amortization)*: **~15% to 16% of sales**

Adjusted EBITDA[2]: ~$11.5 million to $13.5 million

Effective tax rate: ~22% to 23%

FY27 Strategic Goals:

- **>$200 million** in revenue
- **Low to mid-teen** adj. EBITDA margin

FY24 Guidance

- Implies ~11% revenue growth at midpoint of range
- Implies ~7% adj. EBITDA margin[2] at midpoint of range

The revenue, gross margin, SG&A, and adjusted EBITDA expectations for fiscal 2024 are based on the assumptions that Graham will be able to operate its production facilities at planned capacity, has access to its global supply chain including subcontractors as required, does not experience any further impact from the Virgin Orbit bankruptcy and does not experience significant health-related disruptions or any other unforeseen events.

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(1) FY2024 guidance as of August 7, 2023

(2) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA excludes approximately $2 million to $3 million of BN performance bonus and approximately $0.5 million to $1.0 million of ERP conversion costs. See Use of Forward-Looking Non-GAAP Financial Measures on Slide 2 for more information

Graham Corporation

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Supplemental Information

Disclaimer Regarding Key Performance Metrics

Key Performance Indicators

In addition to the foregoing non-GAAP measures, management uses the following key performance metrics to analyze and measure the Company's financial performance and results of operations: orders, backlog, and book-to-bill ratio. Management uses orders and backlog as measures of current and future business and financial performance, and these may not be comparable with measures provided by other companies. Orders represent written communications received from customers requesting the Company to provide products and/or services. Backlog is defined as the total dollar value of net orders received for which revenue has not yet been recognized. Management believes tracking orders and backlog are useful as it often times is a leading indicator of future performance. In accordance with industry practice, contracts may include provisions for cancellation, termination, or suspension at the discretion of the customer.

The book-to-bill ratio is an operational measure that management uses to track the growth prospects of the Company. The Company calculates the book-to-bill ratio for a given period as net orders divided by net sales.

Given that each of orders, backlog, and book-to-bill ratio is an operational measure, and that the Company's methodology for calculating orders, backlog, and book-to-bill ratio does not meet the definition of a non-GAAP measure, as that term is defined by the U.S. Securities and Exchange Commission, a quantitative reconciliation for each is not required or provided.

Adjusted EBITDA Reconciliation

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022
Net income	**$ 2,640**	**$ 676**
Acquisition & integration costs	-	54
Barber-Nichols performance bonus	767	-
Debt amendment costs	-	153
Net interest expense (income)	185	157
Income taxes	766	215
Depreciation & amortization	1,239	1,475
Adjusted EBITDA	**$ 5,597**	**$ 2,730**
Adjusted EBITDA margin %	*11.8%*	*7.6%*

Non-GAAP Financial Measure:

Adjusted EBITDA is defined as consolidated net income (loss) before net interest expense, income taxes, depreciation, amortization, other acquisition related (income) expenses and other nonrecurring expenses. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of sales. Adjusted EBITDA and Adjusted EBITDA margin are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP. Nevertheless, Graham believes that providing non-GAAP information, such as Adjusted EBITDA and Adjusted EBITDA margin, are important for investors and other readers of Graham's financial statements, as it is used as an analytical indicator by Graham's management to better understand operating performance. Moreover, Graham's credit facility also contains ratios based on EBITDA. Because Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures and are thus susceptible to varying calculations, Adjusted EBITDA and Adjusted EBITDA margin, as presented, may not be directly comparable to other similarly titled measures used by other companies.

Adjusted Net Income and Adjusted Diluted EPS Reconciliation

	Three Months Ended June 30,	
	2023	2022
Net income	**$ 2,640**	**$ 676**
Acquisition & integration costs	-	54
Amortization of intangible assets	446	619
Barber-Nichols performance bonus	767	-
Debt amendment costs	-	153
Normalized tax rate[1]	(279)	(173)
Adjusted net income	**$ 3,574**	**$ 1,329**
GAAP diluted net income per share	*$ 0.25*	*$ 0.06*
Adjusted diluted earnings per share	*$ 0.33*	*$ 0.12*
Diluted weighted average common shares outstanding	10,719	10,630

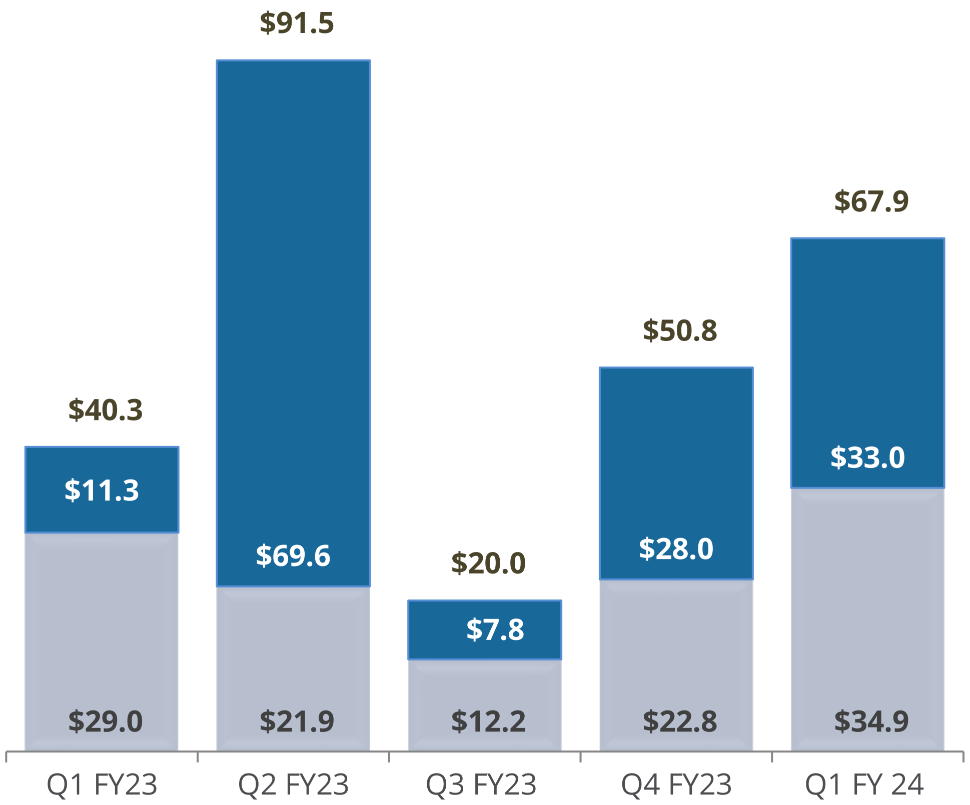
[1] Applies a normalized tax rate to non-GAAP adjustments, which are pre-tax, based upon the full year expected effective tax rate.

Non-GAAP Financial Measure:
Adjusted net income (loss) and adjusted diluted EPS are defined as net income (loss) and diluted EPS as reported, adjusted for certain items and at a normalized tax rate. Adjusted net income (loss) and adjusted diluted EPS are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP, and may not be comparable to the measures as used by other companies. Nevertheless, Graham believes that providing non-GAAP information, such as adjusted net income (loss) and adjusted diluted EPS, is important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's net income (loss) and diluted EPS to the historical periods' net income (loss) and diluted EPS. Graham also believes that adjusted EPS, which adds back intangible amortization expense related to acquisitions, provides a better representation of the cash earnings of the Company.

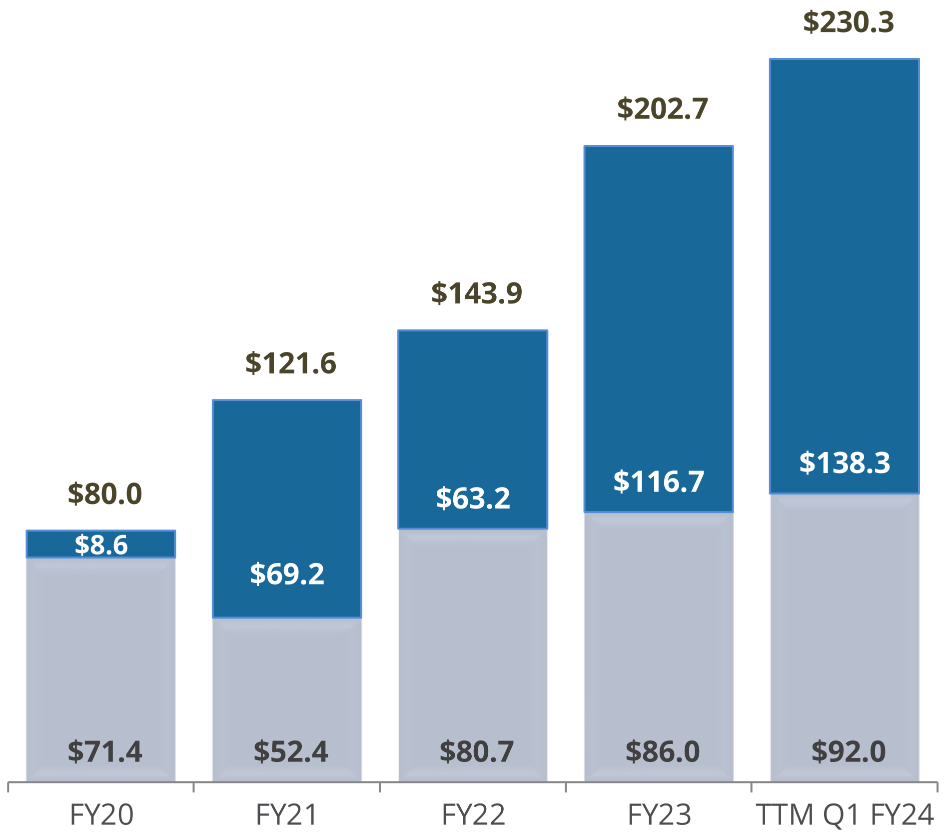
Orders History and Trend

($ in millions)

QUARTERLY ORDER TREND



YEARLY ORDER TREND



Net Orders (excl. Defense) Defense Orders

Totals shown in graph may not equal the sum of the segments due to rounding

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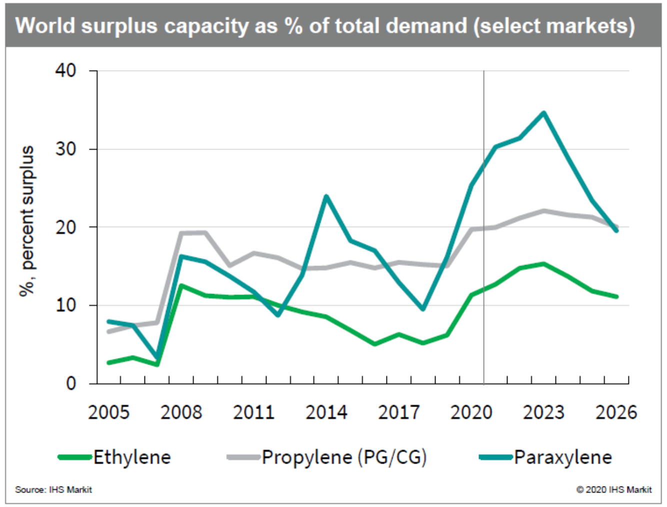
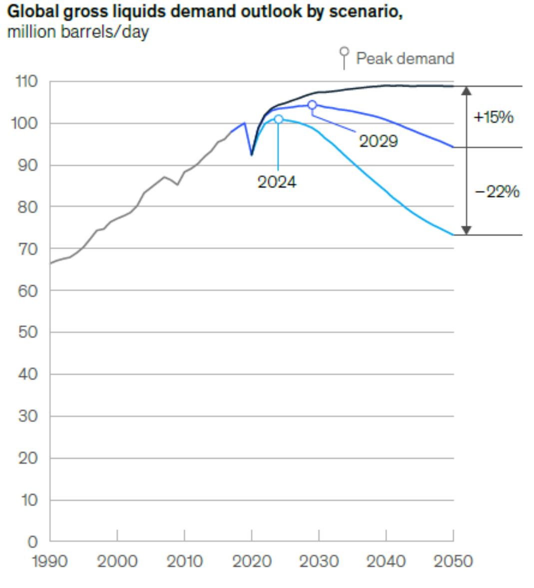
Expected Energy / Petrochem Market Trends

- Oil demand could peak in 2029, depends on scenario
- India refinery capacity grows at 4% CAGR and doubles petrochemical capacity by 2025
- China E&C growth slowing
- Petrochemical market setting up for next big buildout *(5-year lead time)*
- Asian & Indian pricing below domestic market
- Domestic aftermarket budgets returning
  after industry and COVID-19 downturn
  - Capital equipment should follow





Source: IEA; McKinsey Energy Insights Global Energy Perspective 2021

Scenarios description

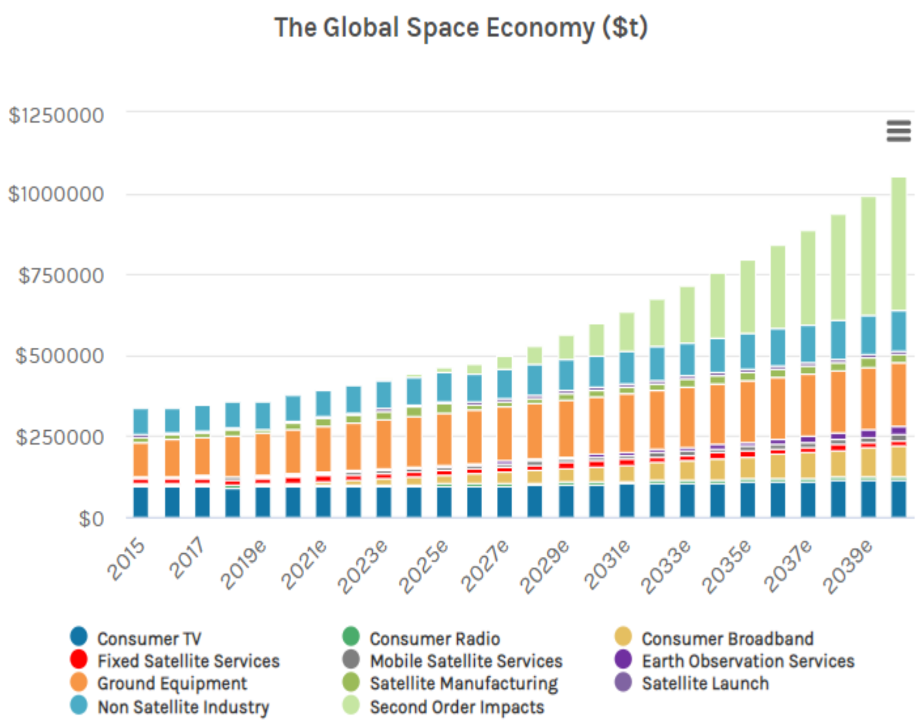
Energy transition (reference case)
Consensus view on key drivers of oil demand, including global trade, rate of car ownership, and electrification of road transport; EVs reach cost parity with internal-combustion-engine (ICE) vehicles in next decade, while hydrogen could become competitive for long-haul trucks around 2030.

Delayed transition
Slower uptake of electric vehicles (EVs) due to supply delays and limited government subsidies or industry targets. Less recycling and avoidance of plastics in packaging due to long-lasting lower oil prices and lack of regulation.

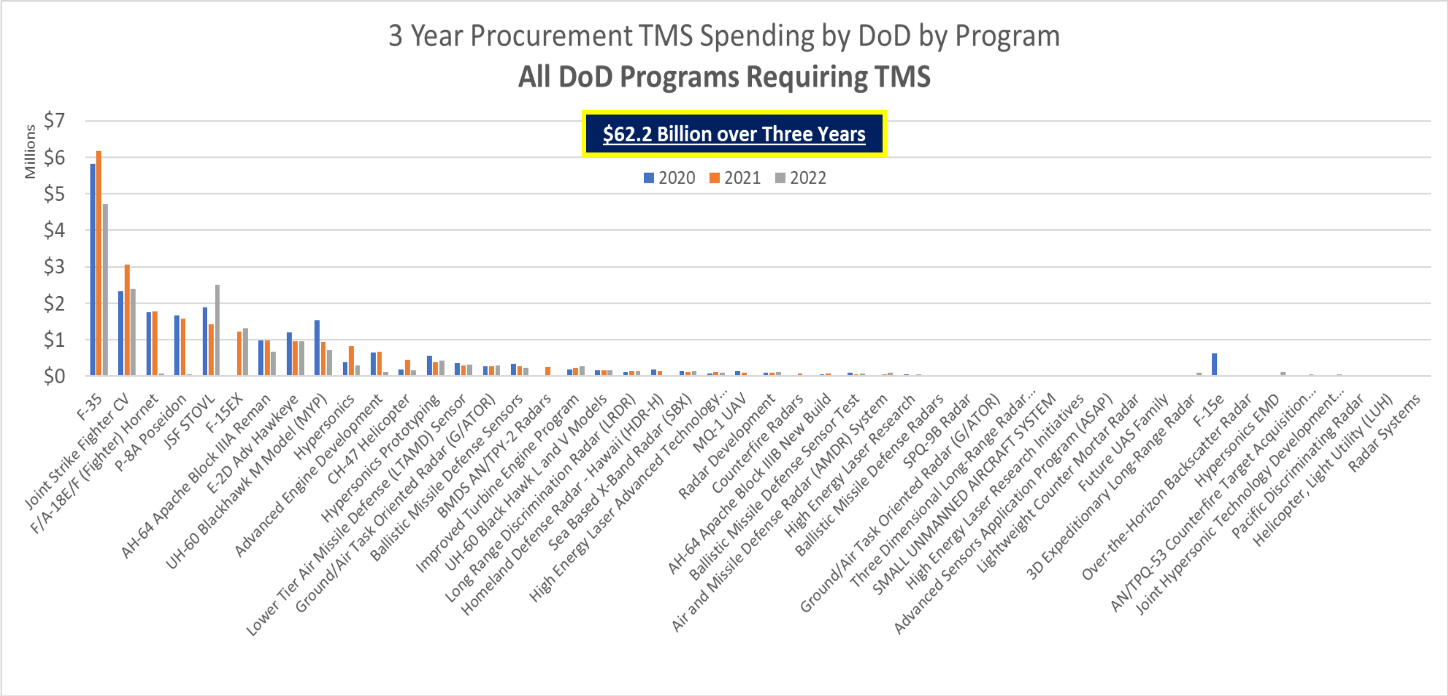
Accelerated transition
Stronger governmental push for subsidizing EV purchases or banning ICE vehicles, combined with strong uptake of alternative fuels in aviation and maritime. Stricter regulations for minimal recycling levels and avoiding plastics in packaging.

Space & Defense Industry Markets Expected to Continue Growth

Space

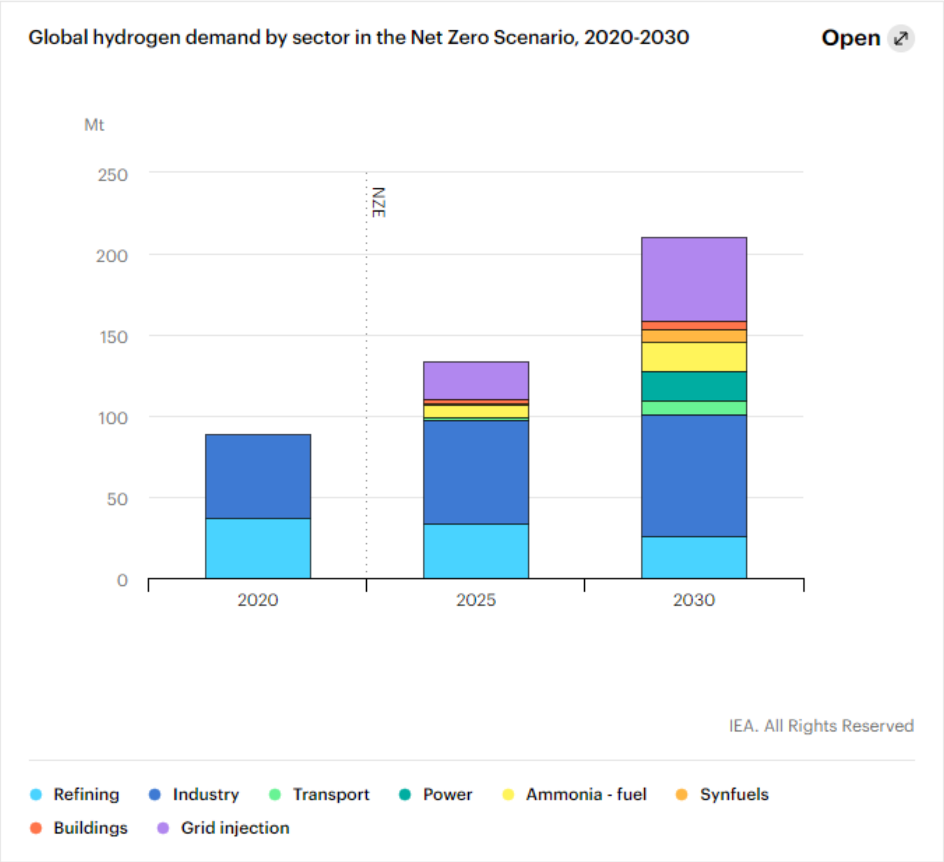


Thermal Management Systems - Defense



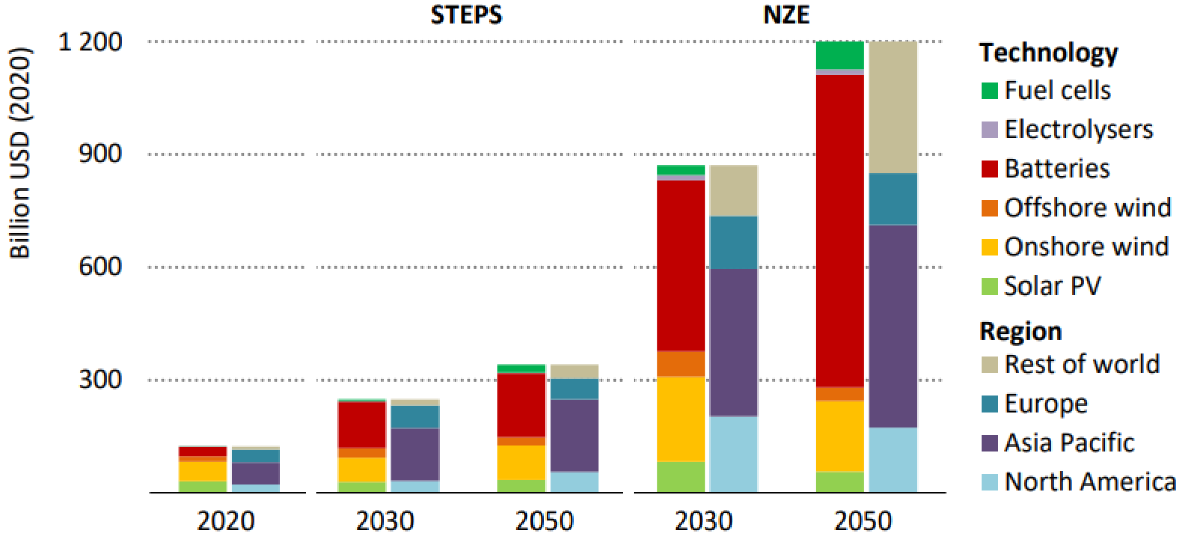
New Energy Markets Expected to Grow Significantly

Hydrogen



Clean Energy Technologies

Figure 1.3 ▹ **Estimated market size for selected clean energy technologies by technology and region, 2020-2050**



There is explosive growth in clean energy technologies over the next decade in the NZE, leading to a clean energy market worth a cumulative USD 27 trillion by 2050

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Competition

North American Market	Competitors
Naval Nuclear Propulsion Program/Defense	DC Fabricators; Joseph Oat; PCC; Triumph Aerospace; Xylem
Refining vacuum distillation	Croll Reynolds Company, Inc.; Gardner Denver, Inc.; GEA Wiegand GmbH
Chemicals/Petrochemicals	Croll Reynolds Company, Inc.; Gardner Denver, Inc.; Schutte Koerting
Defense and aerospace/space - turbomachinery	Kratos Defense & Security Solns; Honeywell, Concepts NREC; Ametek, Inc.; Curtiss Wright, Florida Turbine Technologies
Turbomachinery OEM – refining, petrochemical	Donghwa Entec Co., Ltd..; KEMCO; Oeltechnik GmbH
Turbomachinery OEM – power and power producer	Holtec; KEMCO; Maarky Thermal Systems; Thermal Engineering International (USA), Inc.

International Market	Competitors
Refining vacuum distillation	Edwards, Ltd.; Gardner Denver, Inc.; GEA Wiegand GmbH; Korting Hannover AG
Chemicals/Petrochemicals	Croll Reynolds Company, Inc.; Edwards, Ltd.; Gardner Denver, Inc.; GEA Wiegand GmbH; Korting Hannover AG; Schutte Koerting
Turbomachinery OEM – refining, petrochemical	Chem Process Systems; KEMCO; Donghwa Entec Co., Ltd.; Mazda (India); Hangzhou Turbine Equipment Co., Ltd.; Oeltechnik GmbH
Turbomachinery OEM – power and power producer	Chem Process Systems; Holtec; KEMCO; Mazda (India); SPX Heat Transfer; Thermal Engineering International

Representative List of Customers

Aerojet Rocketdyne	*China State-owned Refiners*	*Jacobs Engineering Group Inc.*	*Northrop Grumman*
Air Liquide	*Cummins*	*Kairos Power*	*Oak Ridge National Laboratory*
Applied Research Laboratory at Pennsylvania State University	*DuPont*	*Koch Fertilizer ENID LLC*	*Raytheon Technologies*
Aramco	*Dow Chemical*	*Lockheed Martin*	*SAIC*
Bechtel Plant Machinery Inc.	*General Atomics*	*MHI Compressor International Corporation*	*Sierra Space*
Blue Origin	*General Dynamics Electric Boat*	*NASA*	*United Launch Alliance*
Boeing	*ExxonMobil*	*Newport News Shipbuilding*	*U.S. Navy*
CERN	*Fluor Corporation*		

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