12TH ANNUAL MIDWEST IDEAS CONFERENCE

NYSE: GHM • August 25 & 26 2021

Daniel J. Thoren, President and Chief Operating Officer
Jeffrey F. Glajch, Vice President & Chief Financial Officer

© 2021 Graham Corp.

Safe Harbor Statement

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,” “estimates,” “confidence,” “projects,” “typically,” “outlook,” “anticipates,” “indicates”, “believes,” “appears,” “could,” “opportunities,” “seeking,” “plans,” “aim,” “pursuit,” “look towards” and other similar words. All statements addressing operating performance, events, “growing”, “pro forma”, or developments that Graham Corporation (“Graham or the “Company”) expects or anticipates will occur in the future, including but not limited to, effects of the COVID-19 global pandemic, the integration of the BN acquisition, the future expected contributions of BN, expected expansion and growth opportunities within its domestic and international markets, anticipated revenue, the timing of conversion of backlog to sales, market presence, profit margins, tax rates, foreign sales operations, 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, its acquisition and growth strategy and its operations in China, India and other international locations, 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, its Quarterly Reports on Form 10-Q, and its other filings with the Securities and Exchange Commission, including under the heading entitled “Risk Factors.”

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.

This presentation includes some non-GAAP financial measures, which the Company believes are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results compared in accordance with GAAP. The Company has provided a discussion of these non-GAAP financial measures and reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.

Pro forma information and Company estimates included in this presentation are used for illustrative purposes only, are not forecasts and may not reflect actual results.

© 2021 Graham Corp.

GRAHAM CORPORATION

Critical Equipment Supplier for Defense, Energy, Chem/Petrochem and Aerospace/Space

NYSE: GHM

Pivoting to Growth

Transforming and Expanding to Defense and Space

How we do it

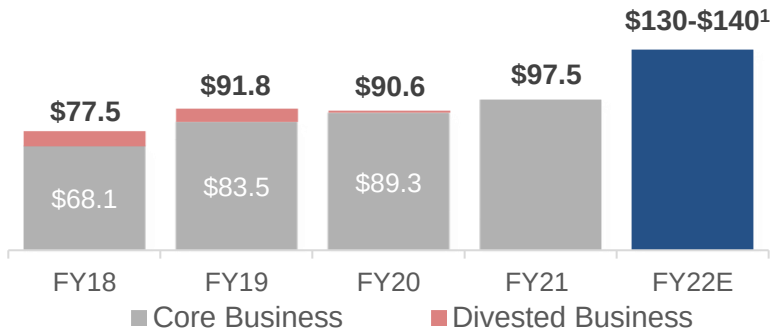
Engaged people
Continuous improvement
Unique capabilities
Smart investments
Employee-driven culture

$151 million	Market capitalization	**10.7 million**	Shares outstanding
$14.16	Recent price	**$0.44 / 3.1%**	Annualized dividend/ yield
$12.00 – $17.44	52-week range	**75%**	Institutional holders
68.3k	Avg. daily volume	**7.3%**	Insider ownership

Fiscal YE: March 31; Founded 1936 - IPO 1968

Acquisition Accelerates Growth

($ in millions)



(1) FY 2022 guidance as of August 10, 2021; Includes impact of Barber-Nichols (BN) acquisition

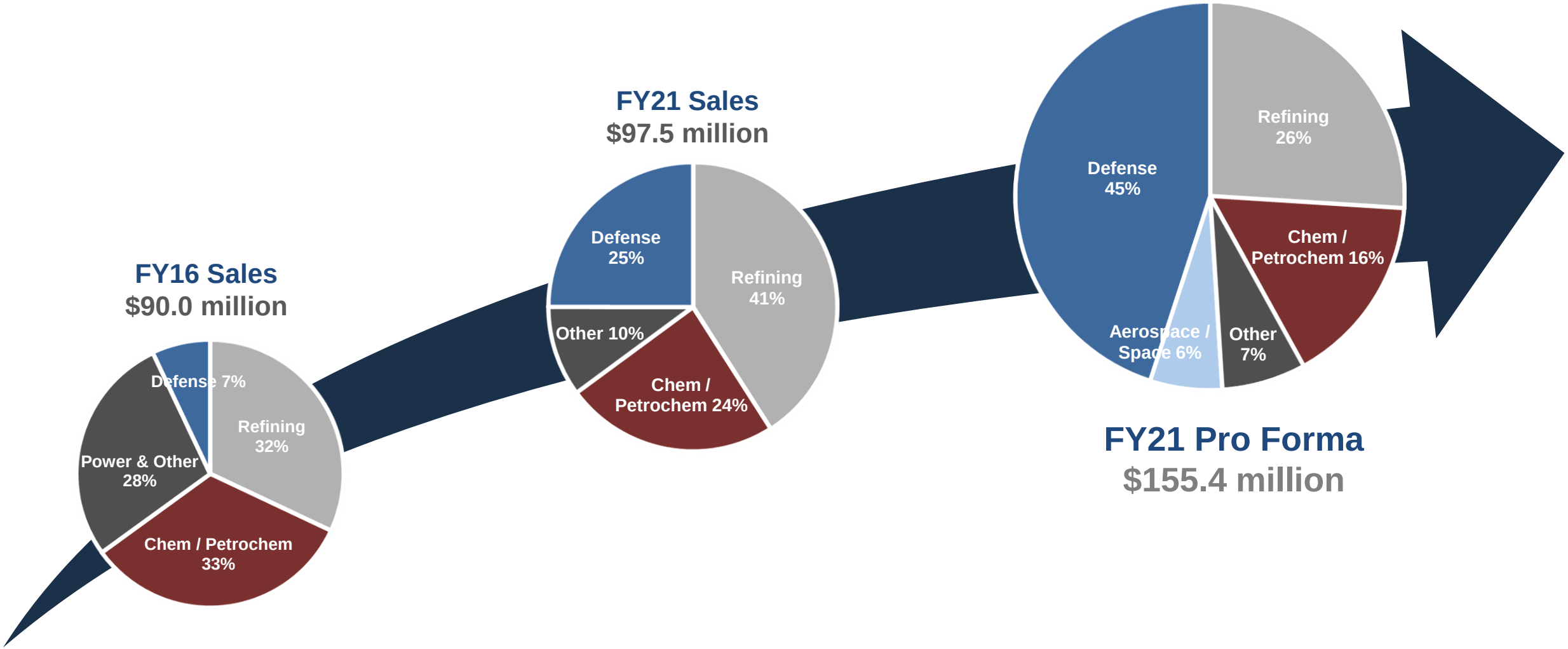
Note: Market data as of August 3, 2021 [Source: S&P Capital IQ]; ownership as of recent filings; Shares outstanding as of August 6, 2021 and includes 610,000 shares used in the BN acquisition

© 2021 Graham Corp.

GRAHAM CORPORATION

Acquisition Creates Growth Momentum

Acquisition of Barber-Nichols (BN) expands reach into more stable, higher growth markets



© 2021 Graham Corp.

BN: Compelling Strategic Rationale

© 2021 Graham Corp.

Building Opportunities on Two Primary Platforms

Defense and Space

- Strong visibility into future naval programs – ships and submarines
- Engaged in Space development programs

Energy and Chemical/Petrochemical

- Expanding geographically and into more price sensitive markets
- Expect petrochem to decouple from refinery
- Developing “Advanced Energy” opportunities

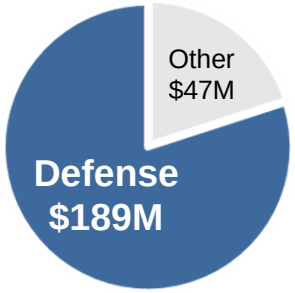
© 2021 Graham Corp.

Deepening Presence in Defense Industry

Long history with the U.S. Navy

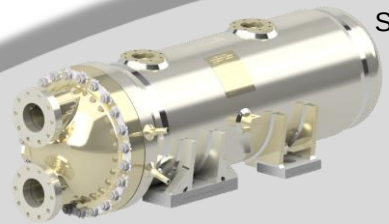
~$65M FY22 Est. Sales **>$500M** Market Opportunity(1)

- Highly specialized propulsion and ejection systems for a variety of undersea defense applications
- Customized, highly engineered surface condensers for Naval Nuclear Propulsion Program
- Employs knowledge in rotating equipment, power generation cycles, electrical and thermal management systems
- Growing lifecycle management and repair opportunities



$235.9M Total Backlog

Q1 FY22



Steam Generator Cool Down Heat Exchanger

Propulsion Turbine Condenser

Alternator & Regulator

Air Turbine Pump used for Torpedo Ejection System

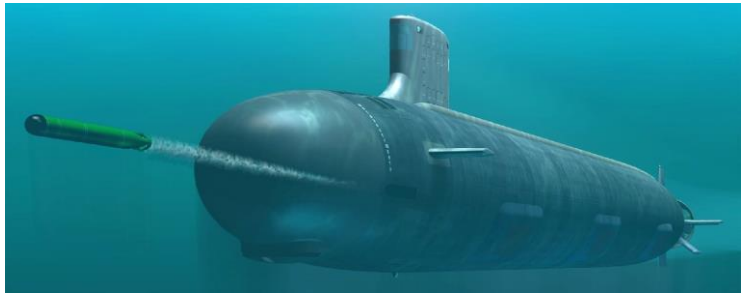
© 2021 Graham Corp.

(1) *Company estimates*

Current Defense Programs and Pipeline

CVN Carrier

SSN Virginia Class Subs



SSBN Columbia Class Subs

Content		
Condenser and various heat exchangers	PPFW HEXs*, SGCD HEX*, ATP*, ALT/Regulator for Torpedoes	Condenser, Air Ejectors, PPFW HEXs*, Pulsation Dampener, ALT/Regulator for Torpedoes
Value		
$40 to $50 million / carrier	$15 to $20+ million / sub	$25 to $35+ million / sub
Vessel build rate expectation over next 25 years		
5 to 6	66+	10 to 12

** Definitions - PPFW: power plant fresh water; HEX: heat exchanger; SGCD: steam generator cool down; ATP: Air turbine pump; ALT: Alternator*

© 2021 Graham Corp.

GRAHAM CORPORATION

New Frontier: Space

Serving the private space exploration market

NASA is long time BN customer

- Relationships at Marshall, Johnson, and Glenn centers

Critical space flight hardware

- Leader in specialized turbomachinery for cryogenic rocket engine fuels
- High-end turbomachinery and fluid transfer for life support systems

Certified with required AS 9100 quality system

- Clean room assembly to ensure exacting product conformity

© 2021 Graham Corp.

GRAHAM CORPORATION

Large Energy and Petrochemical Installed Base

End markets investing in existing facilities before new capacity

Refining

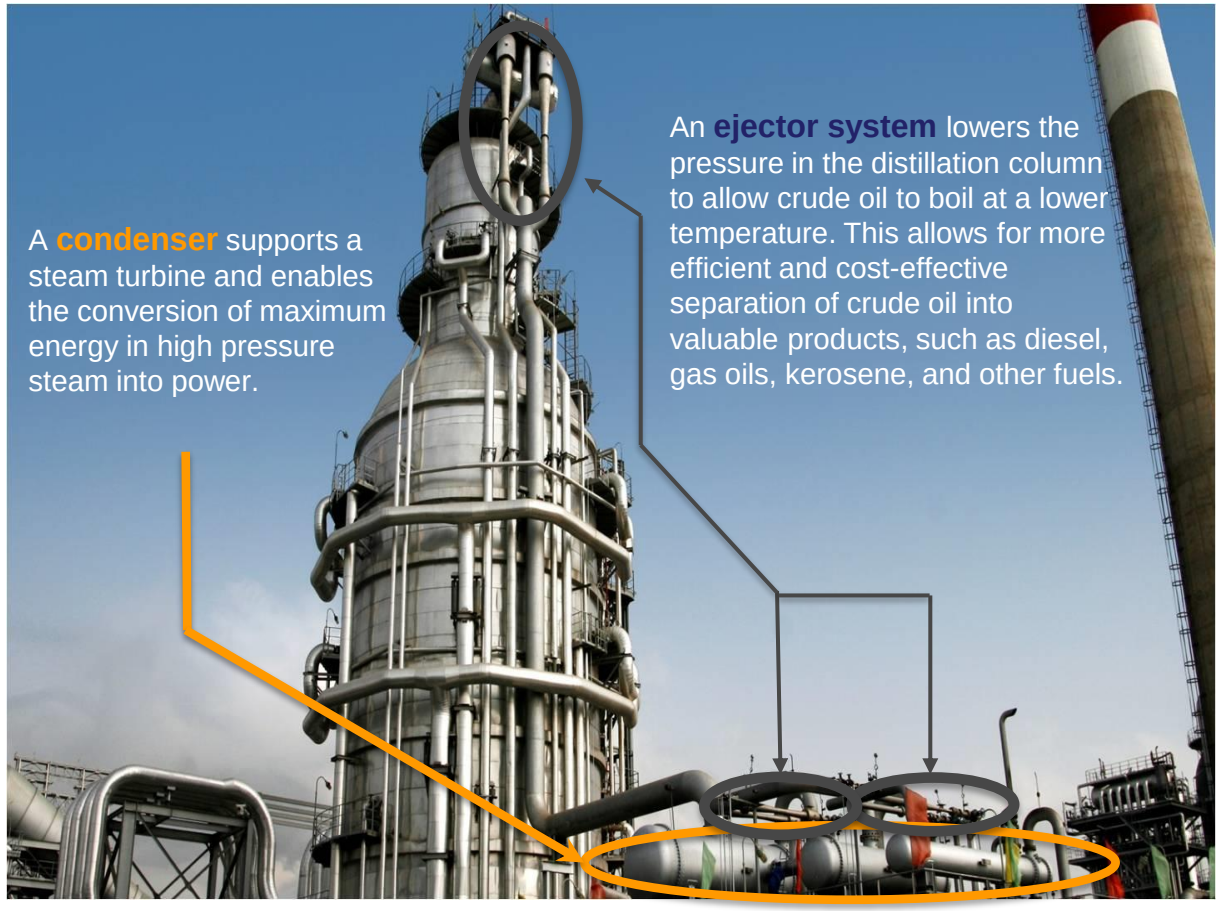
$41.7M Q1FY22 TTM Sales **$150M** Market Opportunity(1)

Chemical / Petrochemical

$20.6M Q1FY22 TTM Sales **$150M** Market Opportunity(1)

Key Drivers

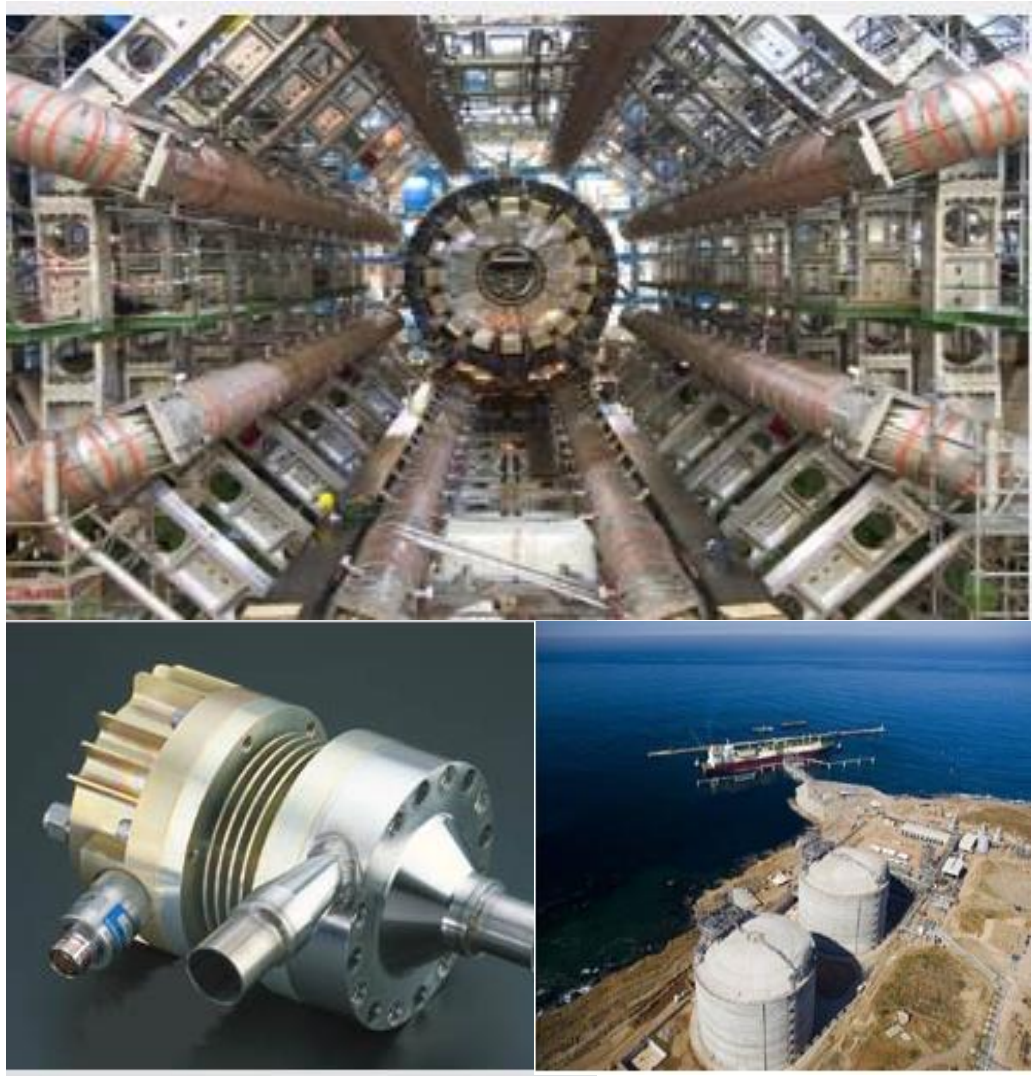
- Leveraging installed base with improved lead management process
- Expanding international presence, capability and competitiveness
- Implemented Performance Improvement engineering team
- Use technology to proactively address opportunities
- Reduced lead time



(1) *Company estimates*

© 2021 Graham Corp.

New Market: Advanced Energy Systems with Cryogenics



Top picture: the Atlas Experiment at the Large Hadron Collider at CERN

Cryogenic fluid systems for hydrogen production, distribution and fueling systems

Full systems and equipment to support organic binary and supercritical CO2 power generation systems

Among world's largest helium pumps moving liquid helium coolant through superconducting magnetic coils for ultra-pure cryogenic systems

- ATLAS EXPERIMENT at CERN detector used for particles physics research

LNG terminals – provide boil-off gas compressors

Designed and manufactured supercritical hydrogen circulator

- Oak Ridge National Laboratory's (ORNL) Spallation Neutron Source (SNS)

Among world's leading suppliers of high-speed nitrogen gas circulators used in satellite test chambers

© 2021 Graham Corp.

GRAHAM CORPORATION

Differentiation with Comprehensive Customer Support Model

Provide unique value before and throughout project life cycle

Consultative Selling Platform and Product Development	• Detailed engineering and equipment scope analysis • Solutions engineering and prototype developments • Deliver in-depth solutions quickly and accurately
Responsive Operating Model	• Low volume / high mix operations model • Frequent engineering change orders in development and manufacturing
Custom Fabrication to Tight Tolerances	• Unique capability to fabricate large weldments with special metallurgy to tight tolerances • Highly specialized manufacturing and electrochemical milling expertise on turbomachinery equipment • Strong quality control with objective quality evidence
Complex Project Management and Product Life Cycle Service	• Efficiently pause and re-initiate projects throughout project life-cycle • Provide support and overhaul capabilities to large installed base

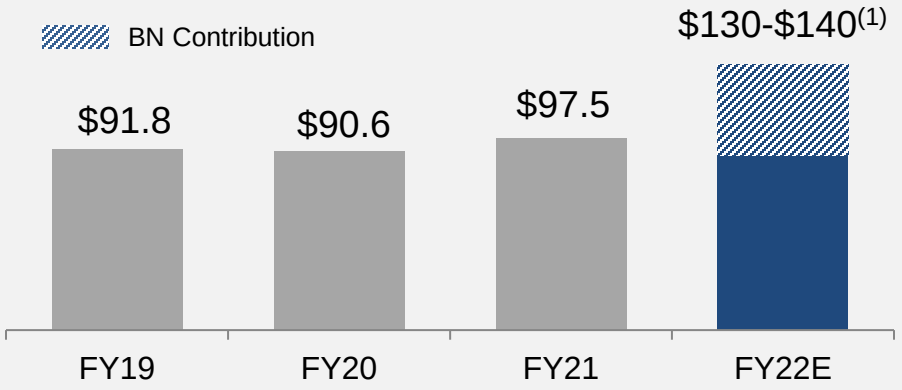
© 2021 Graham Corp.

GRAHAM CORPORATION

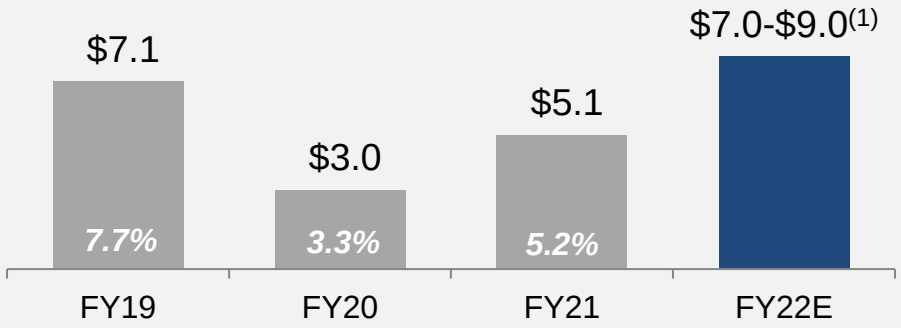
Expect Growth in FY22

($ in millions, except per share data)

Sales

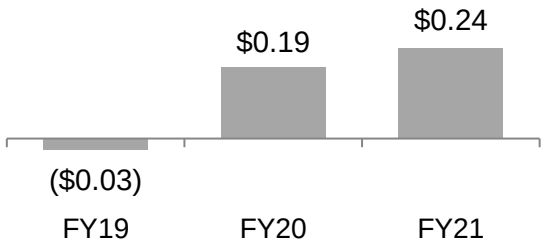


Adjusted EBITDA and Margin(2)



Operating Profit (Loss) and Margin

Diluted EPS



- Expanded defense industry platform with BN acquisition
- Expect defense revenue to grow to range of $60 million to $70 million in FY22
- Developing new products for Space applications
- Expanding share in developing markets
- Early recovery in Refining market

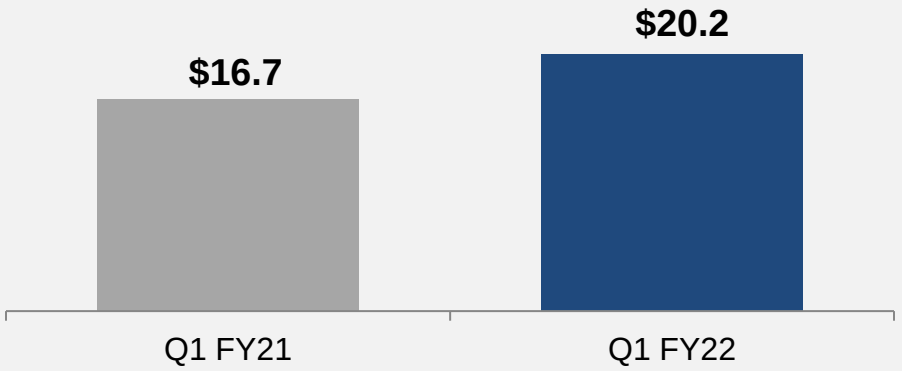
(1) FY2022 guidance as of August 10, 2021, Sales estimate includes $45-$48 million from BN
(2) See supplemental slide for Adjusted EBITDA and Adjusted EBITDA margin reconciliation and other important disclaimers regarding Graham's use of Adjusted EBITDA and Adjusted EBITDA margin

© 2021 Graham Corp.

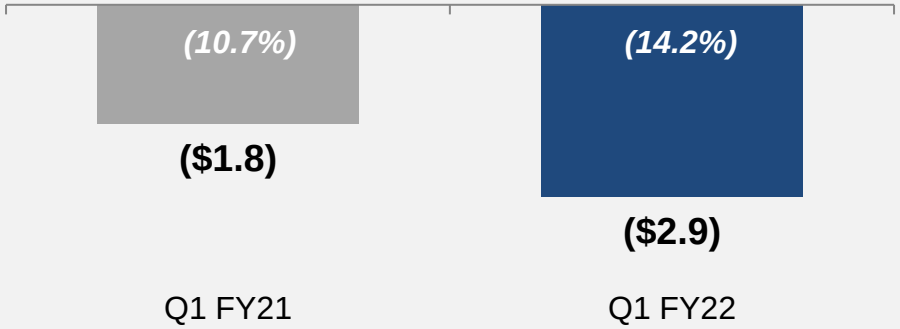
Q1 FY22 Results – *Period of Transition*

($ in millions, except per share data)

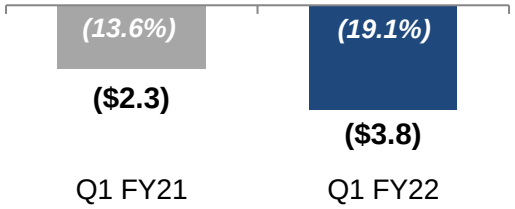
Sales



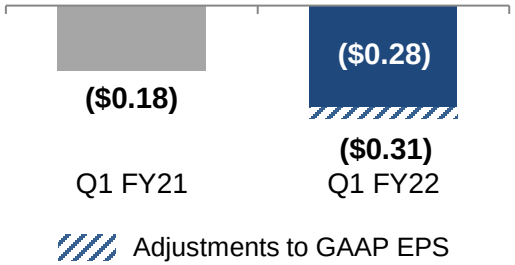
Adjusted EBITDA and Margin(1)



Operating Loss and Margin



GAAP and Adjusted Diluted EPS(1)



- Sales increased 21% over easy comparator period; reflects low order levels in FY21
  - \+ $3.5 million from BN
  - \+ Higher sales to the defense and refining industry
  - \- Lower petrochemical sales
- Margin and profitability impacts:
  - \- Poor mix of projects
  - \- Acquisition related costs
  - \- Liquidated damages due to COVID-19
  - \- Timing of expenses

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

© 2021 Graham Corp.

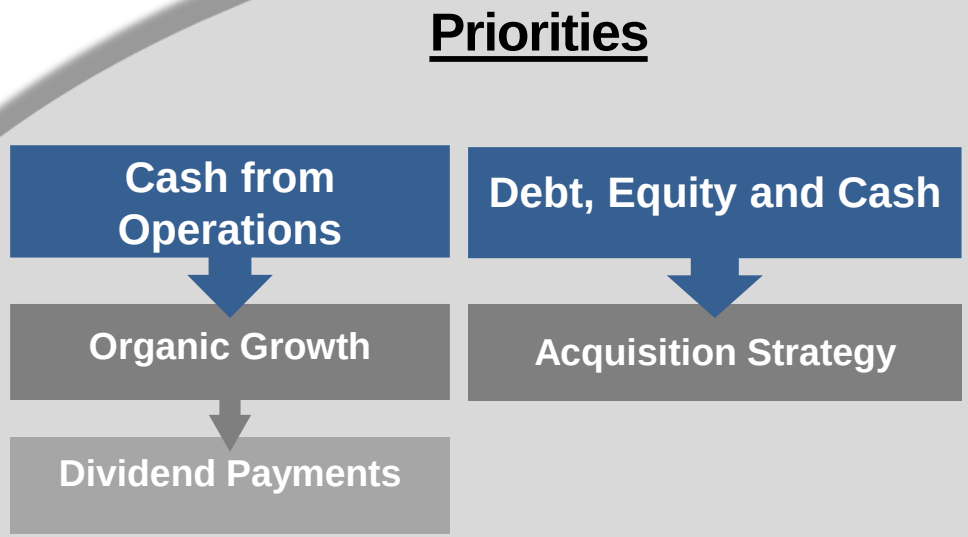
Used Large Cash Reserves to Invest in Growth

($ in millions)

CAPITALIZATION		
	June 30, 2021	**March 31, 2021**
Cash and cash equivalents and investments	$ 19.1	$ 65.0
Total debt	**22.5**	**0.0**
Shareholders' equity	103.2	97.9
Total capitalization	**$ 125.7**	**$ 97.9**
Debt / total capitalization	18%	N/A

FY22 CapEx: **$3.5 million - $4.0 million**(1)

- Accretive acquisition expected to improve return on assets
  - Put cash to work to grow the business
  - Invested $41.1 million of cash for acquisition
- Borrowed $20 million of low-cost debt for acquisition
- Strong liquidity and financial flexibility



(1) FY2022 CapEx guidance as of August 10, 2021

© 2021 Graham Corp.

Continue to Look at Acquisitions to Complement Growth

Extend core competencies, reduce volatility, improve revenue and earnings

- **Primary focus on building defense exposure**
- **Strong management team with customer and quality focus**
- **Targeting $20 million to $60 million in revenue**
- **Cash return exceeds equity cost of capital**
- **Strong acquisition pricing discipline**

Priorities

Defense:

- *Broaden participation in other programs*
- *Additional products*

Aftermarket:

- *Additional products*
- *Expand share*

Energy/Chemical:

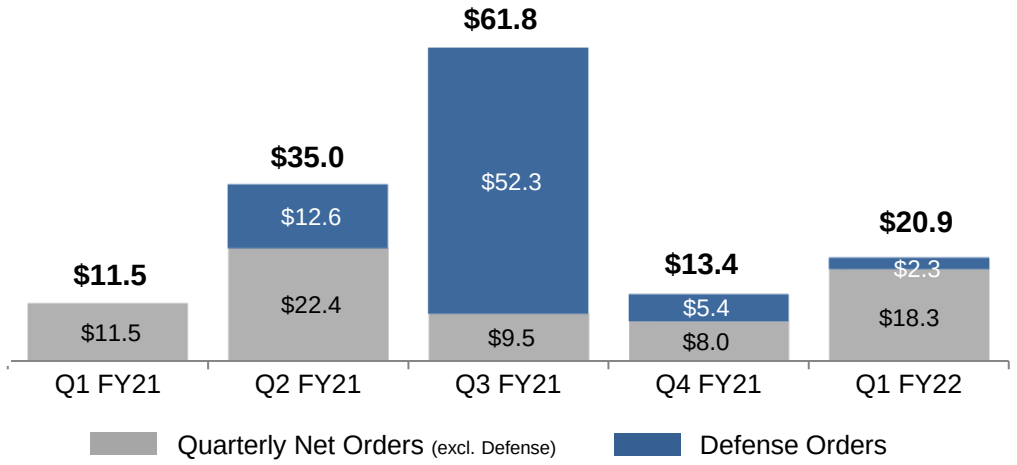
- *Additional products*
- *Cost advantage*

© 2021 Graham Corp.

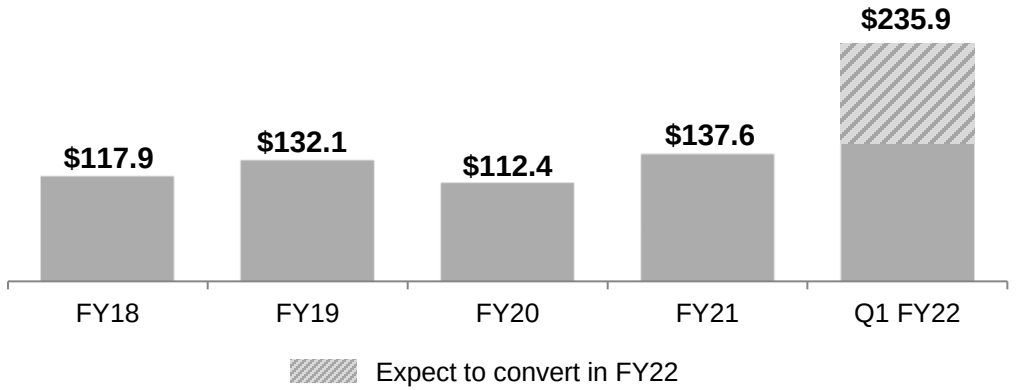
Backlog Growth Driven by Defense

($ in millions)

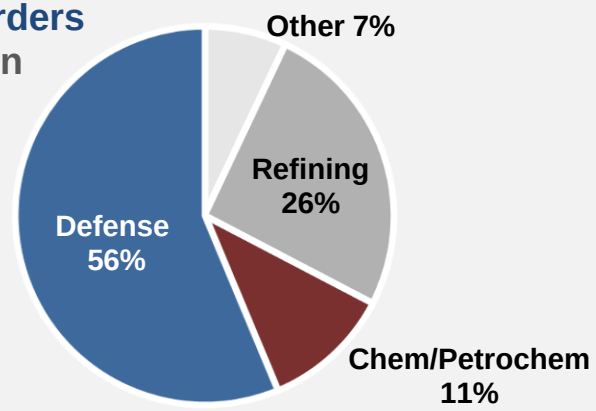
Orders



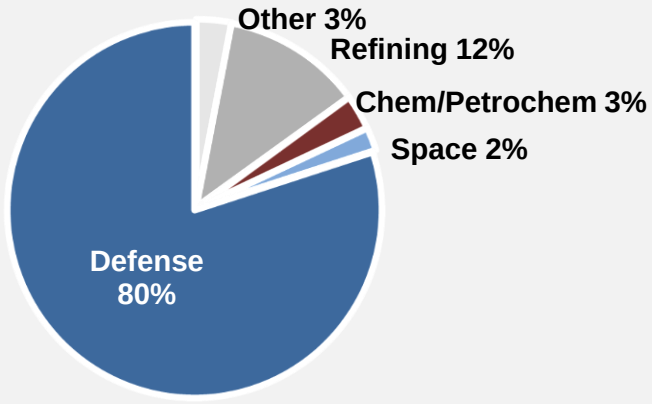
Backlog



Q1 FY22 TTM Orders
$131.1 million



Q1 FY22 Backlog
By Industry

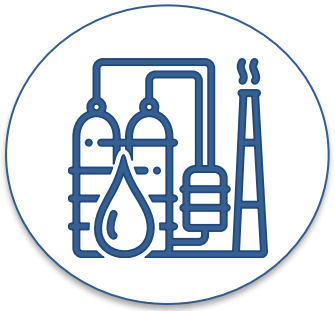


© 2021 Graham Corp.

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

Transforming to Drive Value

Leveraging transformational acquisition to **accelerate growth in defense industry**



Preparing for refining and petrochem **upcycle expansion**

Enhancing leading market positions and furthering **strong brand** recognition

More **efficient balance sheet** with capacity for additional acquisitions and financial flexibility to **invest in organic growth**

Strong operating leverage and **powerful cash** generation

© 2021 Graham Corp.

GRAHAM
CORPORATION

FOR MORE INFORMATION:

Jeffrey F. Glajch
Vice President – Finance and CFO
Phone: (585) 343-2216
jglajch@graham-mfg.com

Deborah K. Pawlowski
Kei Advisors LLC
Phone: (716) 843-3908
dpawlowski@keiadvisors.com

© 2021 Graham Corp.

Supplemental Information

© 2021 Graham Corp.

Adjusted EBITDA Reconciliation

(Unaudited, $ in thousands)

	Three Months Ended June 30,	
	2021	**2020**
Net (loss)	**$ (3,126)**	**$ (1,818)**
Acquisition related inventory step-up expense	-	-
Acquisition related costs	169	-
Net interest expense (income)	22	(89)
Income taxes	(745)	(372)
Depreciation & amortization	820	486
Adjusted EBITDA	**$ (2,860)**	**$ (1,793)**
Adjusted EBITDA margin %	*-14.2%*	*-10.7%*

Non-GAAP Financial Measure:

Adjusted EBITDA is defined as consolidated net income (loss) before net interest expense, income taxes, depreciation, amortization and other acquisition related expenses and 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, is 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 a 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.

© 2021 Graham Corp.

GRAHAM CORPORATION

Adjusted Net Income Reconciliation

(Unaudited, $ in thousands)

	Three Months Ended June 30,	
	2021	**2020**
Net (loss)	**$ (3,126)**	**$ (1,818)**
Acquisition related inventory step-up expense	-	-
Acquisition related costs	169	-
Amortization of intangible assets	225	-
Normalize tax rate to 19%[1]	(75)	-
Adjusted Net income (loss)	**$ (2,807)**	**$ (1,818)**
Adjusted diluted earnings per share	*$ (0.28)*	*$ (0.18)*

[1] Applies a normalized tax rate of 19% to GAAP pre-tax income and non-GAAP adjustments above, which are each pre-tax.

Non-GAAP Financial Measure:

Adjusted net income and diluted EPS are defined as net income and diluted EPS as reported, adjusted for certain items and at a normalized tax rate. Adjusted net income and 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 and 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 and diluted EPS to the historical periods' net income 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.

© 2021 Graham Corp.

GRAHAM CORPORATION

Barber-Nichols (BN) and Transaction Overview

- HQ: Arvada, Colorado
- Established: 1966
- Employees: 155
- 2020 revenue: $56 million
- Demonstrated growth
- Operating margin: low double digit

Item	Terms
Purchase Price	$72.0 million purchase price: split 87% cash / 13% stock • $61.1M in cash (funded with $20M term loan and $41.1M cash) • $9M in stock • $1.9M earn out 11x twelve-month forward EBITDA multiple
Cost Synergies	None assumed
Year Three Earn Out (FY'24) - All cash earn-out	Up to $14 million
Close Date	June 1, 2021
Shares Required to Close	610,000 shares (approximately 6% of GHM shares outstanding)

© 2021 Graham Corp.

BN: Highly Engineered Suite of Products

Pumps

- Electric motor driven
- Mixed flow, full and partial emission centrifugal pumps
- Mechanically sealed, hermetic and submersible configurations

Rocket Engine Turbopumps

- Robust and economical
- Designed and manufactured significant number of turbopumps compared with other U.S. companies

Compressors & Fans

- High speed electric motor driven
- Vane axial, mixed flow, full and partial emission centrifugal fans, blowers, and compressors
- Variety of bearing configurations to suit most applications

Motors, Generators & Controllers

- Permanent magnet motors & generators matched with custom controllers.
- Advanced semiconductor technologies & specialized architectures

Turbines & Power Systems

- Axial and radial inflow turbines and turbine generators
- Output capacities from 1 kW to 5 MW+
- Specialized steam, organics, refrigerants, and CO2 fluid applications

Thermal Management Solutions

- Ground and flight-qualified coolant pumps
- Complete cooling system solutions
- Engineered for most demanding environments.

© 2021 Graham Corp.

North American Competition

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, Concepts NREC, Ametek, Inc.
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.

© 2021 Graham Corp.

International Competition

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; Donghwa Entec Co., Ltd.; Hangzhou Turbine Equipment Co., Ltd.; KEMCO; Mazda (India); Oeltechnik GmbH
Turbomachinery OEM – power and power producer	Chem Process Systems; Holtec; KEMCO; Mazda (India); SPX Heat Transfer; Thermal Engineering International

© 2021 Graham Corp.

Representative List of Customers

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

© 2021 Graham Corp.

GRAHAM CORPORATION

Executive Compensation

Shareholder alignment

Base Salary

- *Reviewed annually by our compensation committee and determined based on company performance, individual performance, job responsibilities, and internal pay equity*
- *Provides compensation that is not "at-risk" to compensate executive officers*

Annual Incentive Cash Compensation

- *Based on achievement of threshold, target and maximum levels of net income and order level targets as well as personal goals*

Long Term Equity Incentive Compensation

- *Performance-Vested Restricted Stock*
  - *Relative Total Shareholder Return ("TSR") measure*

© 2021 Graham Corp.

GRAHAM CORPORATION

Sales of Divested Business

($ in thousands)

	FY 2018	FY 2019	FY 2020
Consolidated sales as reported	$ 77,534	$ 91,831	$ 90,604
Commercial nuclear utility sales included above	$ 9,476	$ 8,336	$ 1,276

© 2021 Graham Corp.