

BNI Acquisition Announcement and Q4FY2021 Teleconference



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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,” “believes,” “appears,” “could,” “opportunities,” “seeking,” “plans,” “aim,” “growing,” “pursuit,” “look towards” 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, the integration and operation of Barber-Nichols Inc. (“BNI”), the accretive impact of the acquisition of BNI, the effect of the BNI acquisition on our growth, diversification strategy, markets, returns and solutions, our ability to achieve our operating priorities, improve efficiencies and increase stockholder value, our ability to retain and hire key personnel, including as a result of the BNI acquisition, expected expansion and growth opportunities within our domestic and international markets, effects of the COVID-19 global pandemic, 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, 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 filed with the Securities and Exchange Commission, included under the heading entitled “Risk Factors.”

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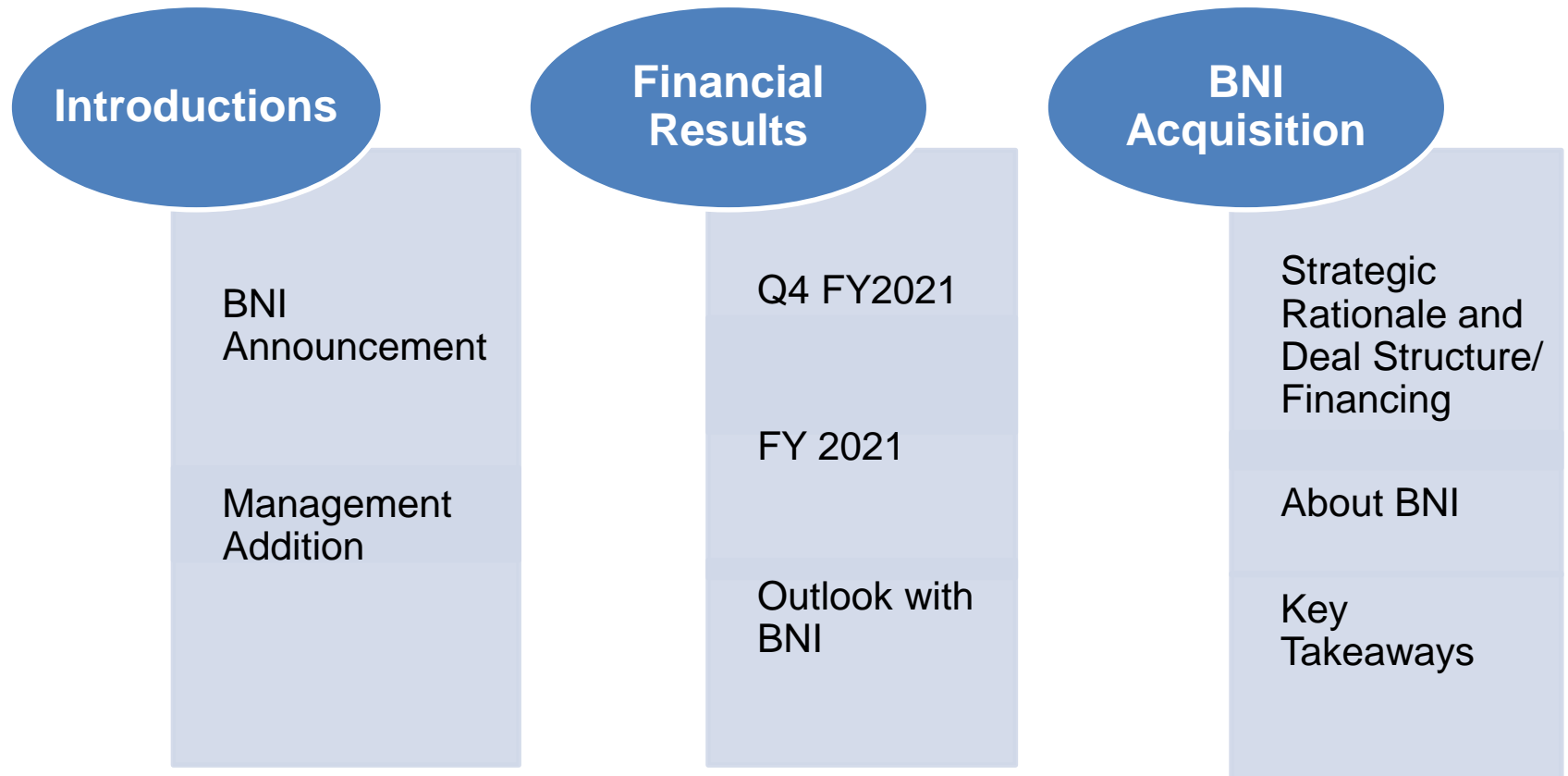
Use of Non-GAAP Financial Measures

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.

Use of Forward-looking Non-GAAP Financial Metrics

This presentation presents forward-looking non-GAAP Adjusted EBITDA. The Company is unable to present a quantitative reconciliation of this forward-looking non-GAAP financial measure to its most directly comparable forward-looking GAAP financial measure because such information is not available, and management cannot reliably predict the necessary components of such GAAP measures without unreasonable effort or expense. 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 financial results. This non-GAAP financial measure is a preliminary estimate and is subject to risks and uncertainties, including, among others, changes in connection with post-closing adjustments and the factors described above. Any variation between the Company’s actual results and preliminary financial data described in this presentation may be material.

BNI Announcement & FY2021 Results Agenda



BNi Acquisition Validates Strategy

Diversify Revenue Streams – Reduce Energy Cycle Impact

- Execute Defense backlog; increase share of wallet
- Focus on core installed base
- ***Acquire new products for core and defense markets***

Expand TAM – Compete in Price Sensitive Markets

- Adjust business to serve cost-focused markets

Strengthen Financial Results and Margins

- ***Increase skilled labor to expand capacity***
- Earn sole-source bidding opportunities
- Advance beyond first article cost structure; standardize manufacturing processes
- Balance business for near and long-term structure
- ***Acquire strong performing businesses or tuck-ins that provide volume***

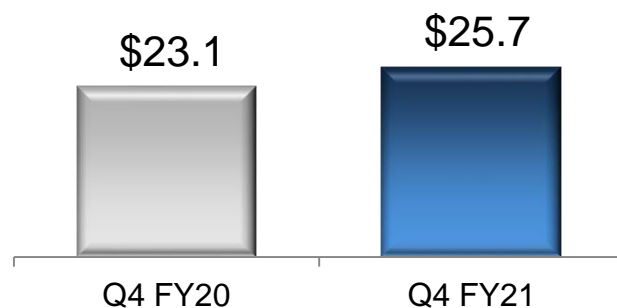
Solid Execution for FY21

- **Q4 fiscal 2021 sales up 11% to \$25.7 million**
 - Defense industry sales up 16% to \$6.5 million; contributed to record annual level of defense industry sales of \$24.0 million in FY21
 - Growth in refining sales to previously underserved markets
- **Net income of \$0.4 million**
- **\$65.0 million in cash and short-term investments at fiscal yearend**
 - Used approximately \$41 million for acquisition
- **Backlog at March 31, 2021 was \$137.6 million**
 - 76% from Defense industry
 - Augmented by ~\$100 million with BNI acquisition

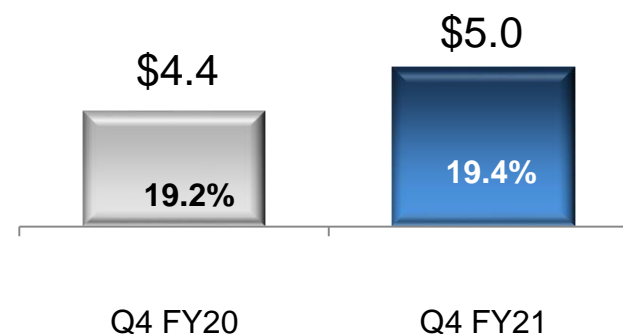
Q4 FY 21: Growth in Defense and Refining Sales

(\$ in millions, except per share data)

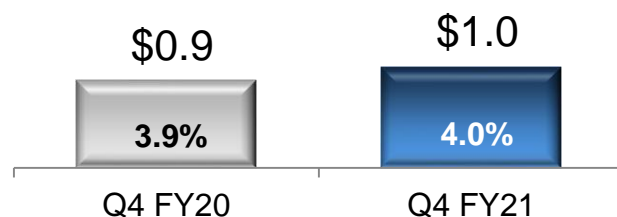
Sales



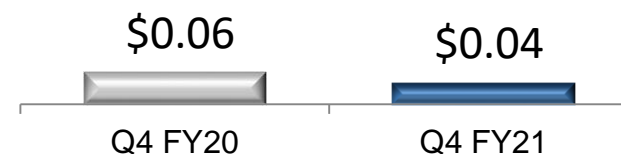
Gross Profit and Margin



EBITDA and Margin⁽¹⁾



Diluted EPS

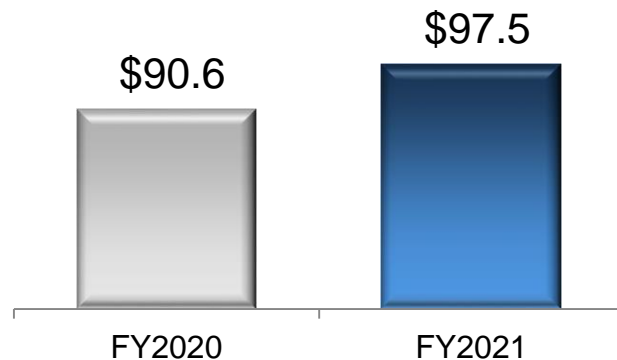


(1) See supplemental slide for EBITDA reconciliation and other important disclosures regarding Graham's use of EBITDA

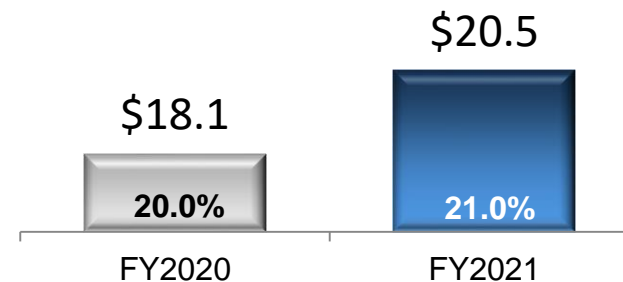
FY2021: Record Defense Sales

(\$ in millions, except per share data)

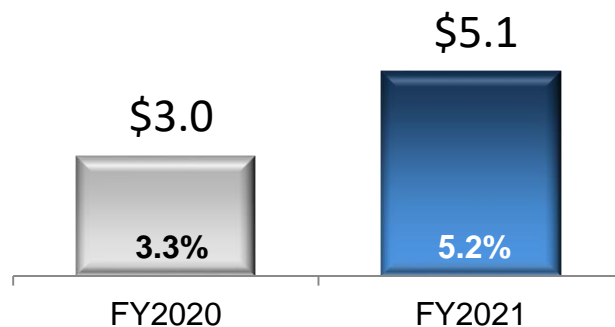
Sales



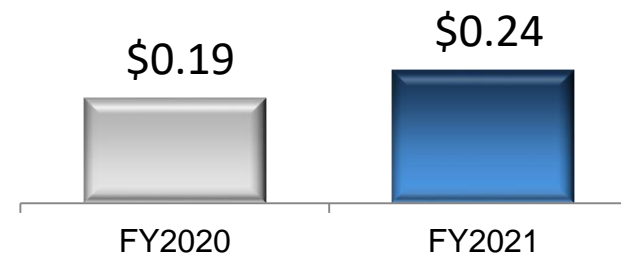
Gross Profit and Margin



EBITDA and Margin⁽¹⁾



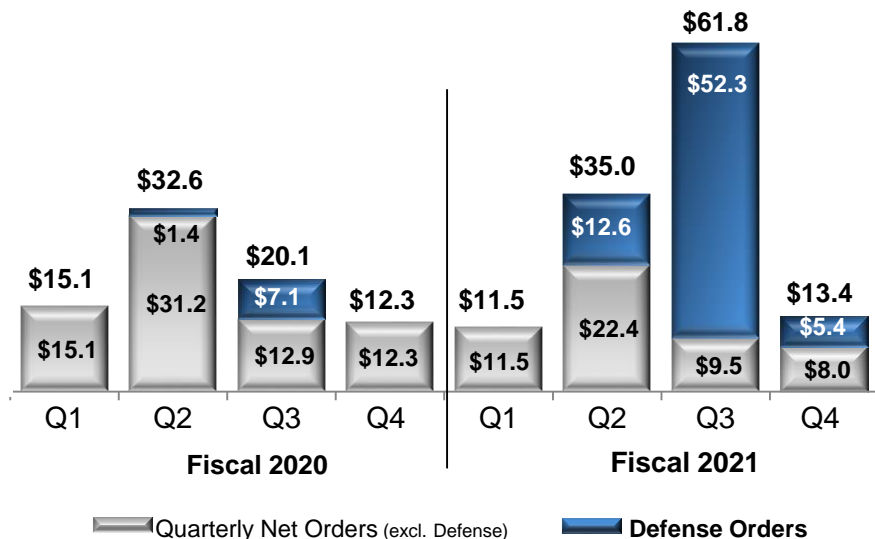
Diluted EPS



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Orders and Backlog

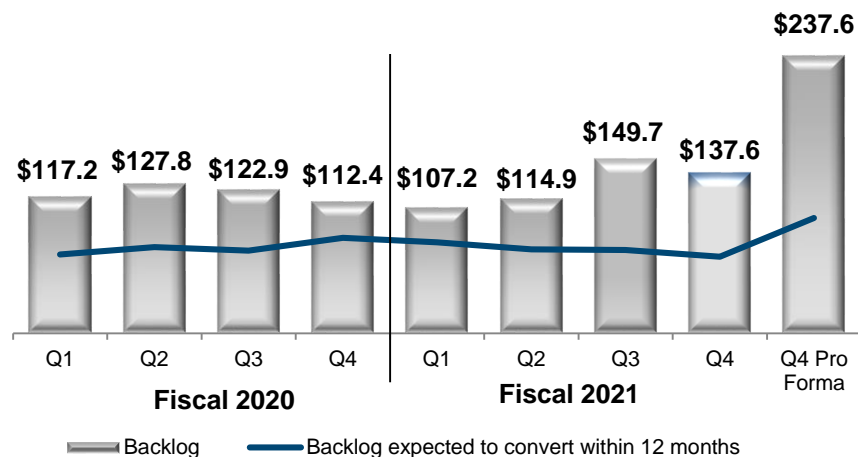
(in millions)



ORDERS

- Defense industry up \$5.3 million to \$5.4 million
- Refining industry up \$2.2 million to \$2.3 million
- Chemical/petrochemical industry down \$6.7 million to \$2.7 million

BACKLOG



- Healthy backlog driven by defense and refining market
- Expect continued improvement in organic business orders in FY22
- Pro forma backlog includes ~\$100 million in backlog for BNI
- Approximately to 40% to 45% of organic 3/31 backlog expected to ship in FY22; BNI expected to ship ~\$40 million in FY22 (10 months)

FY22 Guidance⁽¹⁾

Includes acquisition of BNI

FY 22 Revenue and Adjusted EBITDA Guidance

Revenue: \$130 million to \$140 million

- Includes \$45 million to \$48 million for BNI

Adjusted EBITDA: \$7.0 million to \$9.0 million

Exciting start to FY 2022

- Expanded defense industry platform with BNI acquisition
- Expect organic defense revenue to grow to range of \$25 million to \$27 million
- Gaining traction in underserved markets
- Secured \$7 million in orders for two oil refining projects in May 2021

(1) FY2022 guidance as of June 1, 2021.



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Supplemental Information

EBITDA Reconciliation

(Unaudited)

(\$ in thousands)

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2021	2020	2021	2020
Net income	\$ 388	\$ 576	\$ 2,374	\$ 1,872
Net interest income	(22)	(241)	(156)	(1,312)
Income taxes	184	76	893	440
Depreciation & amortization	487	489	1,945	1,968
EBITDA	\$ 1,037	\$ 900	\$ 5,056	\$ 2,968
<i>EBITDA margin %</i>	<i>4.0%</i>	<i>3.9%</i>	<i>5.2%</i>	<i>3.3%</i>

Non-GAAP Financial Measure:

EBITDA is defined as consolidated net income before net interest income, income taxes, depreciation, and amortization and EBITDA margin is defined as EBITDA as a percentage of sales. EBITDA and 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 EBITDA, 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 EBITDA is a non-GAAP measure and is thus susceptible to varying calculations, EBITDA, as presented, may not be directly comparable to other similarly titled measures used by other companies.

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