GRAHAM CORPORATION

Q1 FY2022 TELECONFERENCE

NYSE: GHM • August 10, 2021



James R. Lines, Chief Executive Officer

Daniel J. Thoren, President and Chief Operating Officer

Jeffrey F. Glajch, Vice President & Chief Financial Officer

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, or developments that Graham Corporation expects or anticipates will occur in the future, including but not limited to, effects of the COVID-19 global pandemic, the integration of the BNI 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.

Q1 FY22 Overview

Transition toward growth and stronger margins

Revenue of $20.2 million up 21%, driven by defense and refining industry sales

Orders increased to $20.9 million including $11.4 million from the refining industry

Backlog at quarter-end was $235.9 million

- 80% of backlog was for the defense industry
- Added space industry to backlog with acquisition of Barber Nichols (BN)

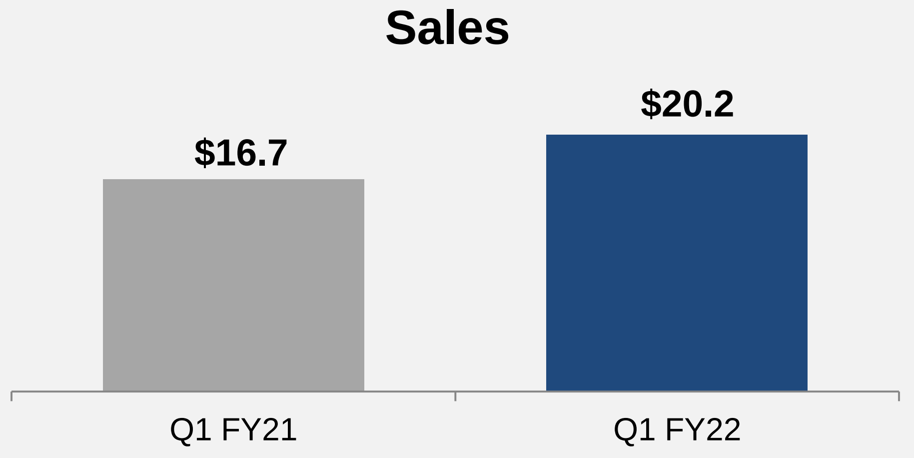
Profits and margins heavily impacted by product mix

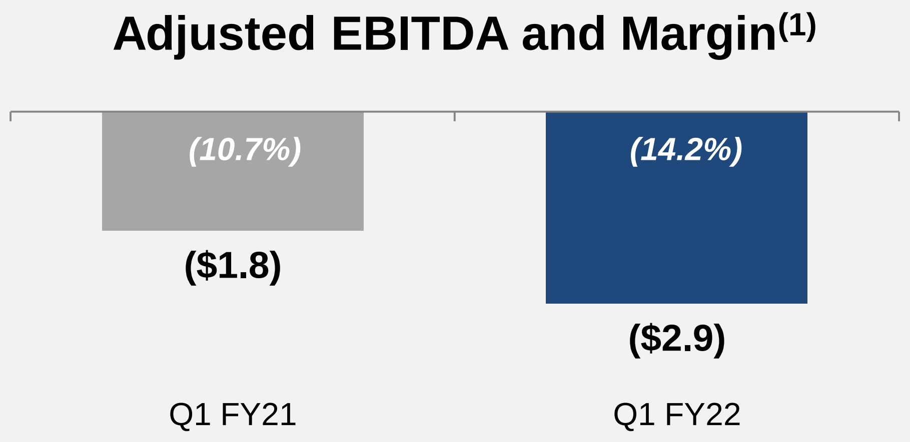
Strong balance sheet and ample liquidity

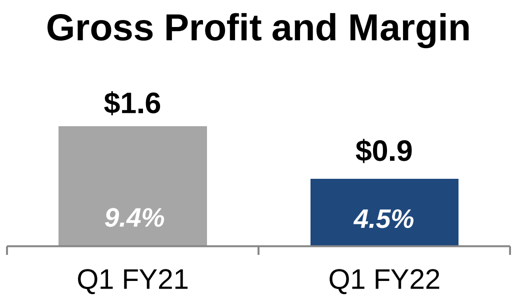
Announced promotion of Daniel J. Thoren to Chief Executive Officer effective Sept 1, 2021, immediately following retirement of James R. Lines

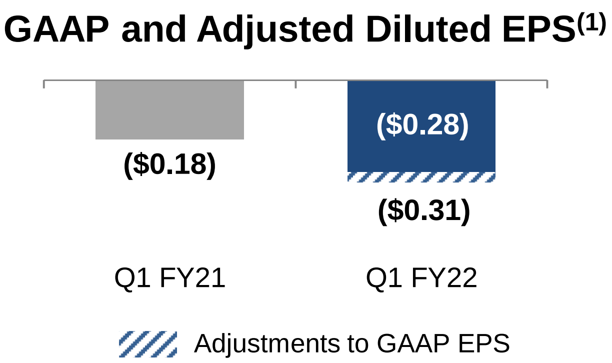
Slow Start to FY22; Continue to Expect Growth for Full Year

($ in millions, except per share data)









(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.

- 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

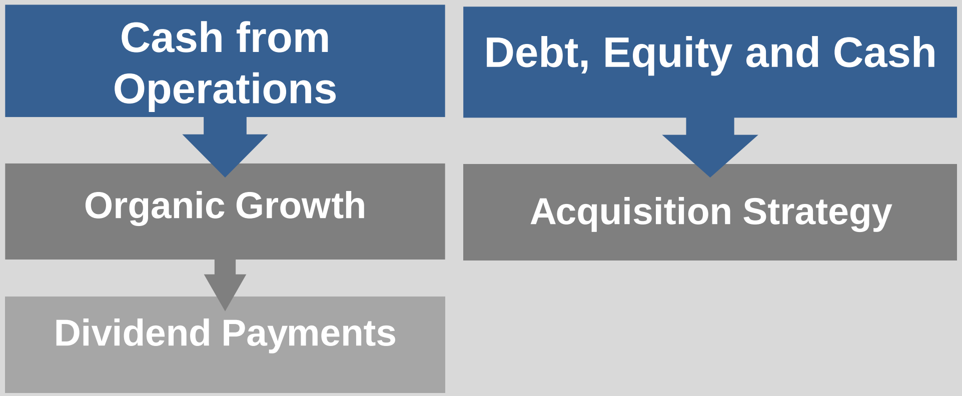
Used Large Cash Reserves to Invest in Growth

($ 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

- 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

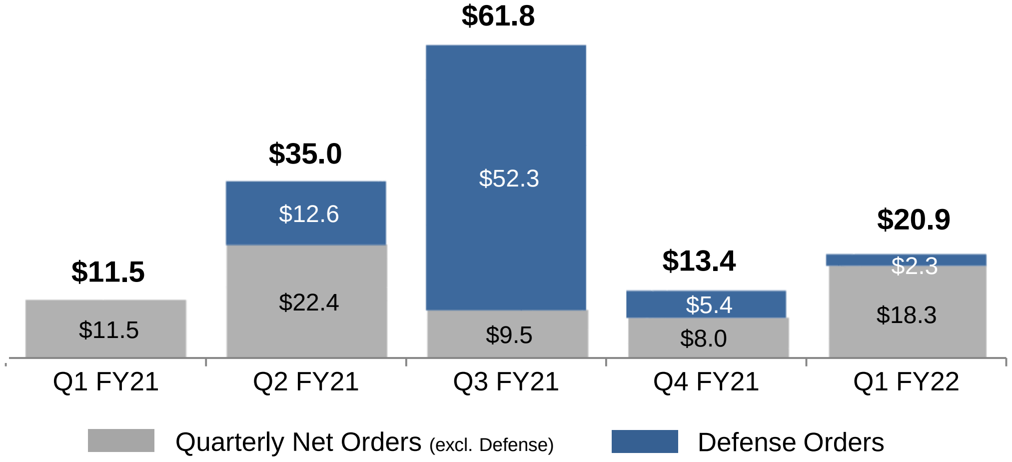
Priorities



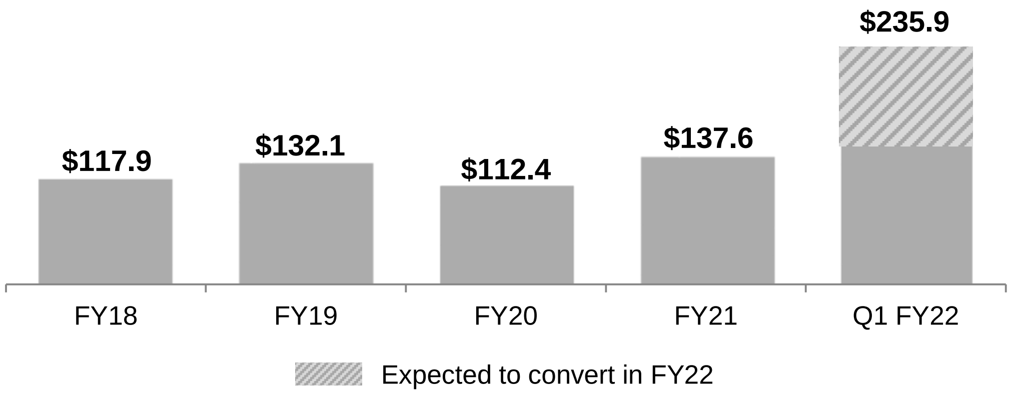
Backlog Growth Driven by Defense

($ in millions)

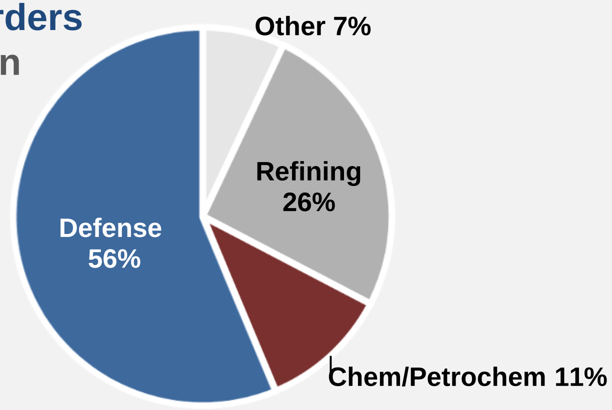
Orders



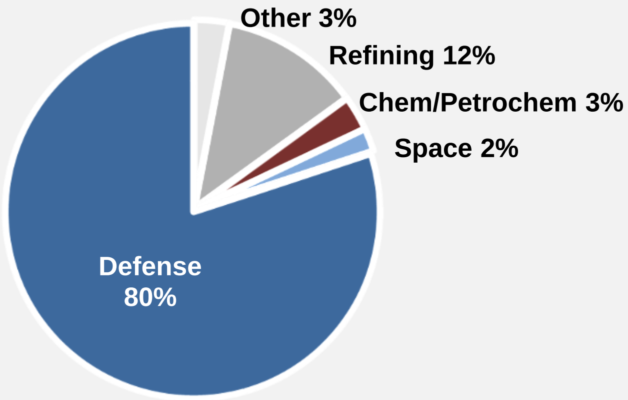
Backlog



Q1 FY22 TTM Orders
$131.1 million



Q1 FY22 Backlog
By Industry



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

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

Graham Fiscal 2022 Guidance[1] Remains Unchanged

Revenue: $130 million to $140 million

- 45% to 50% anticipated to be associated with the defense industry
- Inclusive of BN's 10-month revenue contribution expected to be between $45 million to $48 million
- Expect improvement sequentially by quarter with fourth quarter being strongest

Adjusted EBITDA: $7.0 million to $9.0 million

Capital expenditures: $3.5 million to $4.0 million

(1) FY2022 guidance as of August 10, 2021

The revenue, adjusted EBITDA and capital expenditure expectations for fiscal 2022 are based on the assumption that Graham will be able to operate its production facility at planned capacity, has access to its global supply chain including its subcontractors, and does not experience significant COVID-19-related disruptions or any other unforeseen events.

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

Supplemental Information



Adjusted EBITDA Reconciliation

(Unaudited, $ in thousands)

	Three Months Ended June 30, 2021	Three Months Ended June 30, 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. 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.

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.