Craig-Hallum Alpha Select Conference

Investor Presentation

November 16, 2017

Mike Leach
Chief Financial Officer
Safe Harbor Statement

The statements in these slides that relate to future plans, events or performance are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance, or achievements, and may contain the word “believe,” “anticipate,” “expect,” “project,” “intend,” “will continue,” “will likely result,” “should” or words or phrases of similar meaning. Forward looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from the expected results described in the forward looking statements. The risks and uncertainties include those associated with: the domestic and foreign general business and economic conditions in the markets we serve, including political and currency risks and adverse changes in local legal and regulatory environments; the introduction of new technologies and the impact of competitive products; the ability to protect the Company’s intellectual property; our ability to sustain, manage or forecast growth and product acceptance to accurately align capacity with demand; the continued success of our customers and the ability to realize the full amounts reflected in our order backlog as revenue; the loss of significant customers or the enforceability of the Company’s contracts in connection with a merger, acquisition, disposition, bankruptcy, or otherwise; our ability to meet the technical specifications of our customers; the performance of subcontractors or suppliers and the continued availability of parts and components; changes in government regulations; the availability of financing and our access to capital markets, borrowings, or financial transactions to hedge certain risks; the Company’s ability to realize the annual interest expense savings from its debt refinancing; the ability to attract and retain qualified personnel who can design new applications and products for the motion industry; the ability to implement our corporate strategies designed for growth and improvement in profits including to identify and consummate favorable acquisitions to support external growth and the development of new technologies; the ability to successfully integrate an acquired business into our business model without substantial costs, delays, or problems; our ability to control costs, including the establishment and operation of low cost region manufacturing and component sourcing capabilities; and other risks and uncertainties detailed from time to time in the Company’s SEC filings. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward looking statements as a prediction of actual results. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict the occurrence of those matters or the manner in which they may affect us. The Company has no obligation or intent to release publicly any revisions to any forward looking statements, whether as a result of new information, future events, or otherwise.

This presentation will discuss 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 reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.
Global Motion Control Company

Superior expertise in electro-magnetic, mechanical and electronic motion technology

Provide integrated solutions with the most compact, differentiated products or systems that “change the game” and add value to our customers’ products

<table>
<thead>
<tr>
<th>Founded: 1939</th>
<th>IPO: 1969</th>
<th>NASDAQ: AMOT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Capitalization</td>
<td>$301 million</td>
<td>AVG Daily Volume (3 mos.)</td>
</tr>
<tr>
<td>Recent Closing Price</td>
<td>$31.81</td>
<td>Annual Dividend / Yield</td>
</tr>
<tr>
<td>52 Week Low-High</td>
<td>$18.19 - $34.83</td>
<td>Institutional Ownership</td>
</tr>
<tr>
<td>Shares Outstanding</td>
<td>9.5 million</td>
<td>Insider Ownership</td>
</tr>
</tbody>
</table>

Market data as of November 7, 2017, Source: S&P Global IQ; Shares Outstanding as of September 30, 2017; Ownership as of most recent filing
The Company - 2002

- Dual segment company, Power/Process Instrumentation and Motion Control
- Company operating at a loss
- Market Cap $10M - 5M shares outstanding
- Company at a crossroads – sell or build?
- Decision made to sell Power/Process and focus on Motion
- Motion revenue of $15.6M
Vision

Become the motion solution leader in our target markets

- Develop an acquisition strategy to consolidate a fragmented market
- Identify and pursue target (niche) markets where the potential exists to gain a leadership market position
- Develop leading edge products to meet the emerging needs of our target markets
- Utilize lean tools to enhance company performance
- Develop a sound long term strategy and set aggressive growth and profitability goals to measure our success
Our Culture – One Allied

Value

Integrity

Allied Systematic Tools
Strategic Business Concept

- **Utilize our “One-Team”** organization to become the motion solution leader in our selected target markets
- **Leverage superior expertise** in electro-magnetic, mechanical and electronic motion technology/know-how
- **Provide solutions** with the most compact, differentiated products or systems that “change the game” and create value for our customers
- **Enhance competitive position** with a zero defect mentality and a never ending commitment to AST to drive continuous improvement
Committed to Allied Systematic Tools (AST)

Allied’s suite of lean enterprise tools designed to achieve world class performance through continuous improvement in **Quality, Delivery, Cost and Growth**

Cycle of Continuous Improvement

- **Strategy Development**
- **Strategy Deployment**
- **Allied Systematic Tools**
  - 5S
  - 6σ
  - SMED
  - KAIZEN
  - Kanban
  - Cell Design
  - Standard Work
  - Process Mapping
  - Value Stream Mapping

- **Game Changing Initiatives**
Wide Breadth of Technologies

- Motion Controllers: single-axis & multi-axis
- Drives: Integrated & Stand-Alone
- Motors: Brushless and Brushed DC
- Gearing: Parallel, Inline, Right Angle & Epicyclic
- Encoders: Incremental & Absolute
Customized Integrated Solutions
Combining our drive, control, gearing, motor and feedback technologies
Target Market: Vehicle

~42% of combined sales

**Markets**
- Off- and on-road construction and agricultural equipment, trucks, buses, RVs, lift trucks, marine, recreational (ATVs) and utility vehicles

**Applications**
- Electronic power steering and drive-by-wire applications
- Traction / drive systems, pumps, automated and remotely guided power steering systems
- Actuation systems (e.g., lifts, slide-outs, covers, etc.)
- Mobile HVAC systems
- Alternative fuel systems such as LPG, fuel cell and hybrid vehicles
Target Market: Medical

~15% of combined sales

Medical devices and equipment, surgical robotics, patient handling and medical mobility

- Medical Instrumentation: Surgical robots, kidney dialysis machines, respiratory ventilators, heart pumps
- Programmable pumps to meter and administer infusions, pain control and antibiotics
- Advanced, autoclavable surgical handpiece motors
- Global leader for motors in prosthetics
- Patient Mobility: Wheel chairs, scooters, stair lifts, patient lifts, transport tables and hospital beds
Target Market: Aerospace & Defense

~12% of combined sales

**Markets**

Commercial aviation, aerospace systems, defense systems, unmanned aerial vehicles, NASA

**Applications**

- Inertial guided missiles, mid-range smart munitions systems
- Weapons systems on armored personnel carriers
- Unmanned vehicles
- Security and access control, camera systems, door access control
- Airport screening and scanning devices
Target Market: Electronics/Industrial

~27% of combined sales

Markets

Semiconductor manufacturing, factory automation, material handling, industrial tools

Applications

- Handling, inspection and testing of components and final products, such as PCs, gaming equipment, cell phones, and high resolution printers
- Tunable lasers and spectrum analyzers for fiber optic industry
- Welding wire feeders, conduit benders, wire pullers, hole punches, concrete vibrators and a host of other "jobsite" tools
- Conveyors, pickers, sweep actuators, and similar material handling equipment
Global Coverage

19 Sales Partners in North America
17 Sales Partners in Europe
5 Sales Partners in Asia
Financial Highlights
Solid Sales Despite Weakness in Target Markets

($ in millions)

Annual Revenue

+19% CAGR
2009 – 3Q17 TTM

Favorable indicators
Medical, A&D and Industrial/Electronics up

Heidrive
Jan 2016 acquisition
German-based motor and drive solutions company

Vehicle market
Program end-of-life & softness in some applications

- Solid Sales Despite Weakness in Target Markets
  - Annual Revenue from 2009 to 3Q17 TTM
  - +19% CAGR

- Favorable indicators:
  - Medical, A&D and Industrial/Electronics up

- Heidrive:
  - Jan 2016 acquisition
  - German-based motor and drive solutions company

- Vehicle market:
  - Program end-of-life & softness in some applications

1 2015 FX unfavorable impact of $15.4 million
Revenue by Market (TTM basis)

Diversification strategy delivers TTM sales consistent YOY as other markets more than offset decline in Vehicle market

- Medical +21%
- Industrial/Electronics +18%
- A&D +10%

Distribution sales up 15%
- Included in Other market

Vehicle sales down 16%
- Headwinds: Power sport market and auto end of life
- Masking gains of all other markets
Focus on Margin Improvement

($ in millions)

Gross Profit & Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Profit</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$36.5</td>
<td>29.1%</td>
</tr>
<tr>
<td>2014</td>
<td>$73.4</td>
<td>29.4%</td>
</tr>
<tr>
<td>2015</td>
<td>$68.8</td>
<td>29.6%</td>
</tr>
<tr>
<td>2016</td>
<td>$73.0</td>
<td>29.7%</td>
</tr>
<tr>
<td>3Q 2017 TTM</td>
<td>$71.9</td>
<td>29.7%</td>
</tr>
</tbody>
</table>

Operating Profit & Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Profit</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$7.1</td>
<td>5.6%</td>
</tr>
<tr>
<td>2014</td>
<td>$24.2</td>
<td>9.7%</td>
</tr>
<tr>
<td>2015</td>
<td>$20.9</td>
<td>9.0%</td>
</tr>
<tr>
<td>2016</td>
<td>$18.9</td>
<td>7.7%</td>
</tr>
<tr>
<td>3Q 2017 TTM</td>
<td>$16.2</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

Investments

- IT infrastructure
- Sales organization
- ERP system

Long term focus

E&D 6.1% of 2015 sales; 6.6% in 2016

Acquisition costs

- $0.6M in 2015
- $0.4M 2016
Interest Savings from Debt Refinancing

Significant reduction YTD 2017

- Interest expense decreased 61%, or $2.8M, to $1.8M

Debt refinanced in late 2016

New $125 Million Senior Credit Facility
Used for early redemption of 14.5% Senior Sub Notes
Refinanced $40.5 million in other outstanding debt
Increased financial flexibility to fund growth initiatives

- Expands borrowing capacity over 50% from previous credit facility
- Accordion feature provides additional $50 million
Strong Cash Generation

($ in millions, except per share data)

Adjusted EBITDA* & Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBITDA (in millions)</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$13.2</td>
<td>10.5%</td>
</tr>
<tr>
<td>2014</td>
<td>$33.9</td>
<td>13.6%</td>
</tr>
<tr>
<td>2015</td>
<td>$31.2</td>
<td>13.4%</td>
</tr>
<tr>
<td>2016</td>
<td>$30.5</td>
<td>12.4%</td>
</tr>
<tr>
<td>3Q 2017 TTM</td>
<td>$28.4</td>
<td>11.7%</td>
</tr>
</tbody>
</table>

Net Income & Diluted EPS

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Income (in millions)</th>
<th>Diluted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$4.0</td>
<td>$0.45</td>
</tr>
<tr>
<td>2014</td>
<td>$13.9</td>
<td>$1.51</td>
</tr>
<tr>
<td>2015</td>
<td>$11.1</td>
<td>$1.20</td>
</tr>
<tr>
<td>2016</td>
<td>$9.1</td>
<td>$1.00</td>
</tr>
<tr>
<td>3Q 2017 TTM</td>
<td>$8.7</td>
<td>$0.94</td>
</tr>
</tbody>
</table>

Focused on strengthening earnings power

Expect full fiscal 2017 tax rate of 29% to 32%*

*Expectation provided on November 1, 2017

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.
Profitability and Cash Flow

($ in millions)

Return on Average Equity

Free Cash Flow to Net Income\(^1\)

Managed Working Capital as a Percent of Sales\(^2\)

Cash From Operations

Capital Expenditures

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\(^1\) Defined as cash flow from operations less capital expenditures (purchases of property & equipment) divided by annual net income. See supplemental slide for reconciliation.

\(^2\) Defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding current debt obligations) divided by annual sales

2017 CapEx expected to range between $5-$6 million*  

* Expectation provided on November 1, 2017
Flexible Balance Sheet to Support Growth

($ in millions)

Cash & Cash Equivalents

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>3Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>$8.4</td>
<td>$13.1</td>
<td>$21.3</td>
<td>$15.5</td>
<td>$17.6</td>
</tr>
</tbody>
</table>

Net Debt / Total Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>3Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>62%</td>
<td>52%</td>
<td>42%</td>
<td>44%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Inventory Turns

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>3Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.1x</td>
<td>6.0x</td>
<td>4.9x</td>
<td>4.3x</td>
<td>4.9x</td>
</tr>
</tbody>
</table>

Days Sales Outstanding

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>3Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>49</td>
<td>44</td>
<td>46</td>
<td>44</td>
<td>47</td>
</tr>
</tbody>
</table>

Total Debt & Shareholders’ Equity

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>3Q 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>$87.6</td>
<td>$74.8</td>
<td>$67.4</td>
<td>$71.4</td>
<td>$62.5</td>
</tr>
<tr>
<td>Shareholder's Equity</td>
<td>$48.0</td>
<td>$56.0</td>
<td>$64.6</td>
<td>$72.3</td>
<td>$86.7</td>
</tr>
</tbody>
</table>

© Allied Motion Technologies Inc
Orders & Backlog

($ in millions)

Orders

<table>
<thead>
<tr>
<th>Year</th>
<th>Orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$121.1</td>
</tr>
<tr>
<td>2014</td>
<td>$251.5</td>
</tr>
<tr>
<td>2015</td>
<td>$231.9</td>
</tr>
<tr>
<td>2016</td>
<td>$250.4</td>
</tr>
<tr>
<td>3Q 2017 TTM</td>
<td>$255.7</td>
</tr>
</tbody>
</table>

Backlog

<table>
<thead>
<tr>
<th>Year</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$75.6</td>
</tr>
<tr>
<td>2014</td>
<td>$75.1</td>
</tr>
<tr>
<td>2015</td>
<td>$71.0</td>
</tr>
<tr>
<td>2016</td>
<td>$78.6</td>
</tr>
<tr>
<td>3Q 2017</td>
<td>$93.5</td>
</tr>
</tbody>
</table>

Record orders of $73M in Q3 17

Record backlog at quarter-end Q3 17

~$90M award in Vehicle market
Revenue ramp up in 2020 and be substantially completed in 2027
Not yet reflected in current orders or backlog
Growth Strategy and Outlook
Acquisition Strategy

Complementary/adjacent technologies, geographic expansion/depth, new customers in target markets

- 2001: Strategic decision to focus on motion and divest instrumentation business
- 2002: Sold instrumentation business; pure motion business with $15.6M revenue
- Disciplined pricing strategy

Globe Motors revenue for the trailing twelve month period ended September 30, 2013; Heidrive GmbH revenue for 2015
2017 Objectives

Strengthen One Allied approach to drive organic sales growth
  • Further North America reorganization
  • Improvements to leverage manufacturing and sales footprint to drive sales and maximize efficiencies
  • Growth synergies

Continue to identify acquisitions to enhance future growth opportunities
  • Active pipeline

Leverage enhanced IT infrastructure
  • Hyperion accounting system online
  • New data analytics capability in N.A.
  • Continue implementing ERP to support planned growth (est. completion - 2018)

Continued enhancement and development of Operational Effectiveness Team & AST to drive continuous improvement in all business areas
Supplemental Information
## Allied Motion Locations

<table>
<thead>
<tr>
<th>Location</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amherst NY</td>
<td>Worldwide Headquarters; NA Solution Center; Control Design &amp; Manufacturing Center</td>
</tr>
<tr>
<td>Oakville, ON Canada (Controls)</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Tulsa, OK (Emoteq Corp.)</td>
<td>Manufacturer: Servo Motors, Drives and Optical Encoders</td>
</tr>
<tr>
<td>Owosso, MI (Motor Products Corp.)</td>
<td>Manufacturer: BLDC &amp; DC Commercial/Industrial Motors</td>
</tr>
<tr>
<td>Watertown, NY (Stature Electric)</td>
<td>Manufacturer: BLDC &amp; DC Gear Motors &amp; Transaxles</td>
</tr>
<tr>
<td>Dordrecht, The Netherlands (Premotec)</td>
<td>Manufacturer: Small Precision BLDC, DC, Step &amp; Sync Motors</td>
</tr>
<tr>
<td>Stockholm, Sweden (Östergrens)</td>
<td>European Solution Center; Engineering and Design Center</td>
</tr>
<tr>
<td>Changzhou, China</td>
<td>High Volume and Low Cost Manufacturing</td>
</tr>
<tr>
<td>Dayton, OH (Globe Motors)</td>
<td>Engineering Design Center; Foundry</td>
</tr>
<tr>
<td>Dothan, AL (Globe Motors)</td>
<td>Military Aerospace, Industrial/Commercial Products; Machine Shop; Bearing Lab; Plating and FAA Overhaul Facility</td>
</tr>
<tr>
<td>Reynosa, Mexico (Globe Motors)</td>
<td>Automotive and Industrial Products</td>
</tr>
<tr>
<td>Porto, Portugal (Globe Motors)</td>
<td>Manufacturer</td>
</tr>
<tr>
<td>Kelheim, Germany (Heidrive GmbH)</td>
<td>Designer and manufacturer: Synchronous motion systems</td>
</tr>
<tr>
<td>Mrakov, Czech Republic (Heidrive GmbH)</td>
<td>Manufacturer</td>
</tr>
</tbody>
</table>
Management Team

Dick Warzala, Chairman of the Board, President and CEO
- Joined 2002, appointed CEO in 2009, Chairman in 2014
- More than 31 years of motion industry experience

Michael Leach, Chief Financial Officer
- Joined in 2015, previously CFO at Osmose Holdings, Inc.

Robert Maida, Vice President of Operational Excellence
- Previous Allied CFO, moved into new role in 2015

William Jesse, Vice President of Sales North America
- Joined in 2016, previously Director of Vertical Market Sales

Kenneth Wyman, Vice President of Marketing
- Joined in 2003, previously at Danaher Corporation

Susan Chiarmonte, Vice President and Treasurer
- Joined in 1991

Harry Cloos, Vice President
- Joined in 2004, General Manager of European Operations
Competition

Our products and solutions are sold into a global market with a large and diverse group of competitors that vary by product, geography, industry and application.

The motion control market is highly fragmented; some larger competitors include:

- Ametek
- Fortive Corporation (previously part of Danaher)
- Parker Hannifin Corporation

Unlike many of our competitors, we are unique in our ability to provide custom-engineered motion control solutions that integrate the products we manufacture.
## Adjusted EBITDA Reconciliation (Unaudited)

**($ in thousands)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$3,953</td>
<td>$13,860</td>
<td>$11,074</td>
<td>$9,078</td>
<td>$8,650</td>
</tr>
<tr>
<td>Interest expense</td>
<td>1,445</td>
<td>6,435</td>
<td>6,023</td>
<td>6,449</td>
<td>3,620</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>1,828</td>
<td>4,763</td>
<td>4,347</td>
<td>3,725</td>
<td>3,976</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>2,913</td>
<td>7,267</td>
<td>7,466</td>
<td>9,749</td>
<td>10,030</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td><strong>$10,139</strong></td>
<td><strong>$32,325</strong></td>
<td><strong>$28,910</strong></td>
<td><strong>$29,001</strong></td>
<td><strong>$26,276</strong></td>
</tr>
<tr>
<td>Stock compensation expense</td>
<td>927</td>
<td>1,541</td>
<td>1,744</td>
<td>1,893</td>
<td>1,997</td>
</tr>
<tr>
<td>Business development costs</td>
<td>1,913</td>
<td>-</td>
<td>569</td>
<td>428</td>
<td>87</td>
</tr>
<tr>
<td>Relocation costs</td>
<td>234</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance recoveries</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(823)</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td><strong>$13,213</strong></td>
<td><strong>$33,866</strong></td>
<td><strong>$31,223</strong></td>
<td><strong>$30,499</strong></td>
<td><strong>$28,360</strong></td>
</tr>
</tbody>
</table>

In addition to reporting net income, a U.S. generally accepted accounting principle (“GAAP”) measure, the Company presents Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, stock compensation expense, business development costs and insurance recoveries), which is a non-GAAP measure. The Company believes Adjusted EBITDA is often a useful measure of a Company’s operating performance and is a significant basis used by the Company’s management to evaluate and compare the core operating performance of its business from period to period by removing the impact of the capital structure (interest), tangible and intangible asset base (depreciation and amortization), taxes, stock-based compensation expense, business development costs related to acquisitions, and other items that are not indicative of the Company’s core operating performance. Adjusted EBITDA does not represent and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure for determining operating performance or liquidity that is calculated in accordance with generally accepted accounting principles.
Free Cash Flow to Net Income Reconciliation *(Unaudited)*

($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<tr>
<td>Net income</td>
<td>$ 3,953</td>
<td>$ 13,860</td>
<td>$ 11,074</td>
<td>$ 9,078</td>
<td>$ 8,650</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>10,795</td>
<td>20,186</td>
<td>20,073</td>
<td>14,303</td>
<td>19,651</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(3,087)</td>
<td>(4,046)</td>
<td>(4,730)</td>
<td>(5,188)</td>
<td>(5,714)</td>
</tr>
<tr>
<td><strong>Operating Free Cash Flow</strong></td>
<td><strong>7,708</strong></td>
<td><strong>16,140</strong></td>
<td><strong>15,343</strong></td>
<td><strong>9,155</strong></td>
<td><strong>13,937</strong></td>
</tr>
<tr>
<td>FCF to Net Income Ratio</td>
<td>1.95</td>
<td>1.16</td>
<td>1.39</td>
<td>1.00</td>
<td>1.61</td>
</tr>
</tbody>
</table>

Free Cash Flow to Net Income is defined as cash flow from operations less capital expenditures (purchase of property & equipment) divided by net income. Allied Motion believes that when used in conjunction with GAAP measures, operating free cash flow, which is a non-GAAP measure, assists in the understanding of Allied Motion’s operating performance.

NOTE: Components may not add up to totals due to rounding