



*Motion Solutions that Change the Game*

# ROTH Conference

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*March 13, 2023*

Dick Warzala  
Chairman, President & CEO

Mike Leach  
Senior Vice President & CFO

# Safe Harbor Statement

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*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. Examples of forward-looking statements include, among others, statements the Company makes regarding expected operating results, anticipated levels of capital expenditures, the Company’s belief that it has sufficient liquidity to fund its business operations, and expectations with respect to the conversion of backlog to sales. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the future of the Company’s business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. The Company’s actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the pace of bookings relative to shipments, the ability to expand into new markets and geographic regions, the success in acquiring new business, the impact of changes in income tax rates or policies, the severity, magnitude and duration of the COVID-19 pandemic, including impacts of the pandemic and of businesses’ and governments’ responses to the pandemic on our operations and personnel, and on commercial activity and demand across our and our customers’ businesses, and on global supply chains; our inability to predict the extent to which the COVID-19 pandemic and related impacts will continue to adversely impact our business operations, financial performance, results of operations, financial position, the prices of our securities and the achievement of our strategic objectives and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. 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 prepared 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 Controlled Motion Company

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

***Develops integrated solutions that employ multiple technologies to  
“change the game” and add value to customers’ products***

Founded: 1939		IPO: 1969		Nasdaq: AMOT
Market Capitalization	\$661 million	AVG Daily \$ Volume (3 mos.)	\$2.7 million	
Recent Closing Price	\$41.11	Annual Dividend / Yield	\$0.10 / 0.2%	
52 Week Low-High	\$21.14 - \$44.88	Institutional Ownership	61%	
Shares Outstanding	16.1 million	Insider Ownership	17%	

*Market data as of March 8, 2023, Source: S&P Global IQ; Shares Outstanding as of March 7, 2023; Ownership as of most recent filing.*

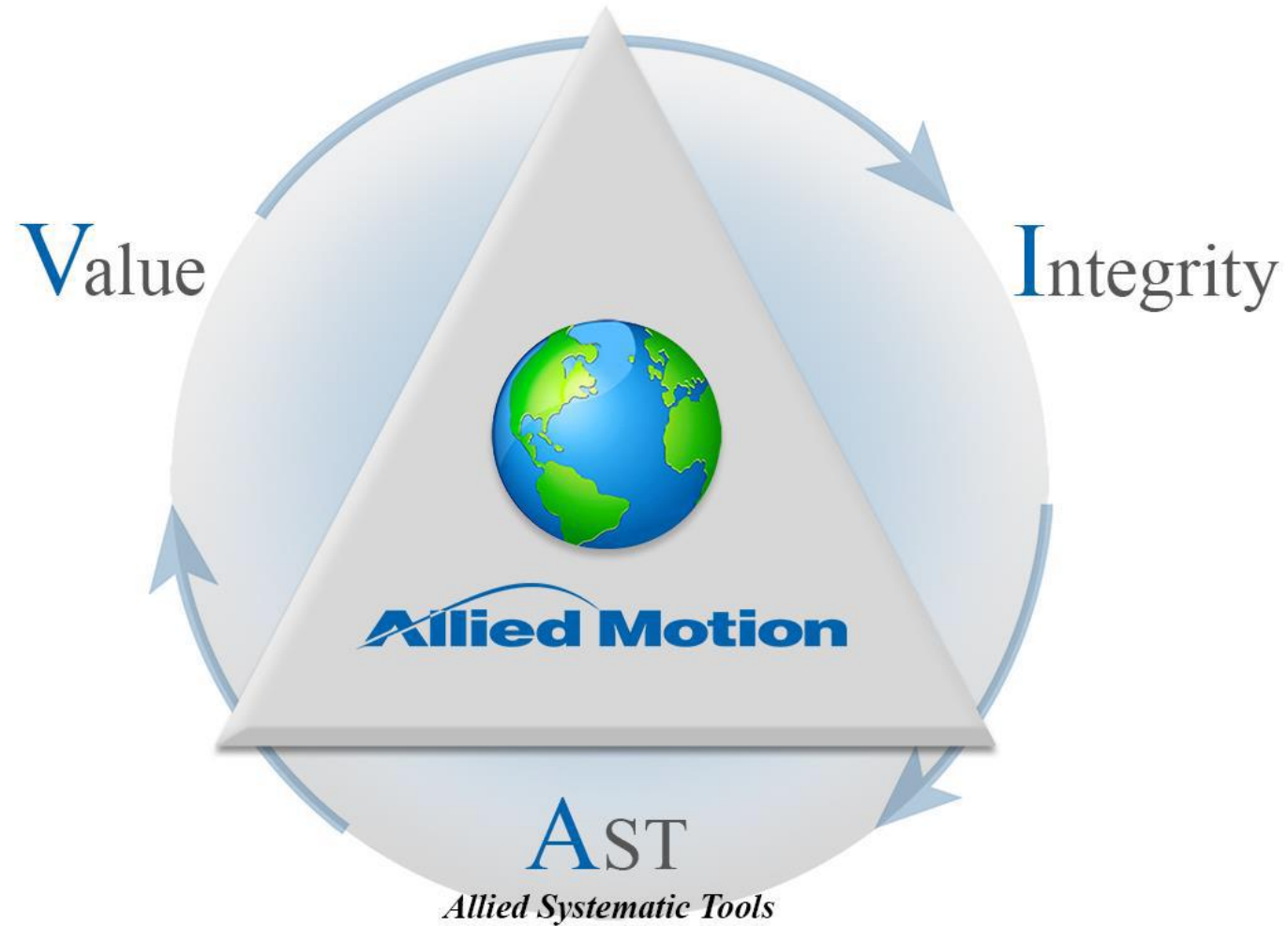
## Strong Progress on Vision Established in 2001

***Become a leading global controlled motion solutions provider in selected target markets***

- Create and Drive a long-term global growth strategy, including acquisitions, to consolidate a fragmented market
- Pursue target (niche) markets where we can gain a leadership market position
- Innovate leading edge products and solutions to meet the emerging needs of our target markets
- Develop a Lean Culture by utilizing our lean tool kit to enhance and continuously improve company performance
- Continuously develop talent throughout the organization through training and deployment of Allied Systematic Tools

## Our Culture – One Allied

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# Strategic Business Concept

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## *Controlled Motion Solutions that Change the Game*

### ***LEVERAGE SUPERIOR EXPERTISE***

in electro-magnetic, mechanical and electronic controlled motion technology/know-how to provide solutions with the most compact, differentiated products or systems that “change the game” and add value to our customers' products.

### ***UTILIZE OUR “ONE-TEAM”***

organization to be the controlled motion solutions leader in our selected target markets and to focus on geographic markets where our local support provides an additional competitive advantage.

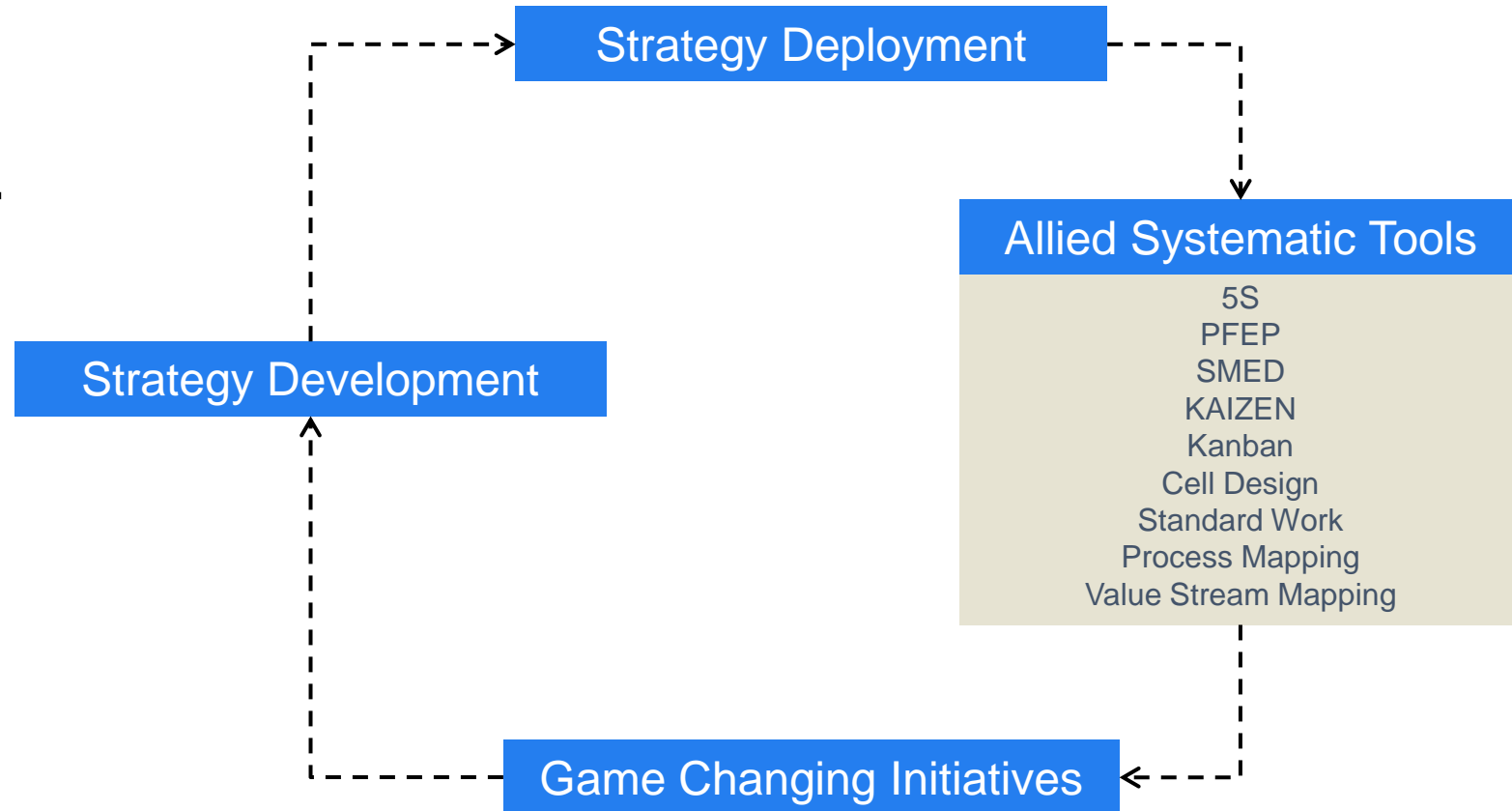
### ***ENHANCE COMPETITIVE POSITION***

by utilizing our Operational Excellence Team to foster a zero-defect mentality, to assist in the training/development of our workforce and to drive our core culture of continuously improving quality, cost, delivery and innovation in all aspects of our business through the implementation of Allied Systematic Tools<sup>SM</sup> (AST).

# Committed to Allied Systematic Tools (AST)

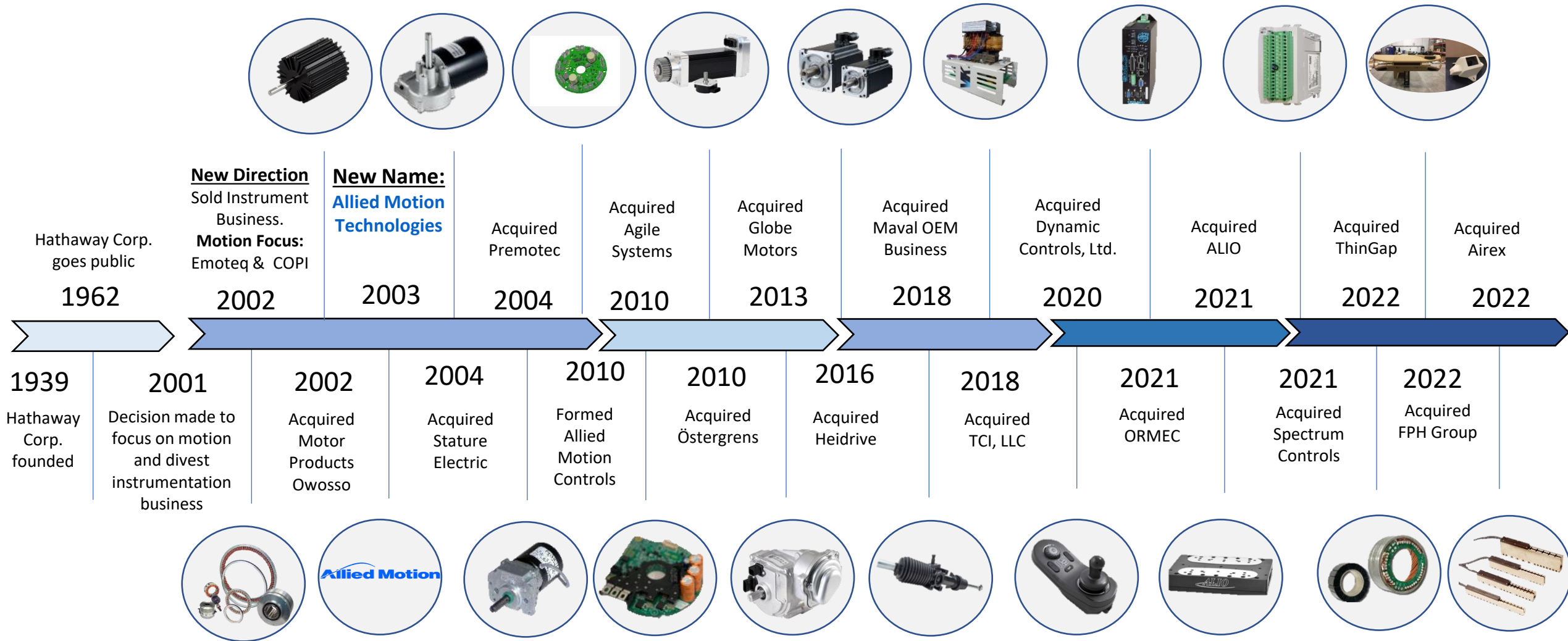
Allied's suite of lean enterprise tools designed to achieve world class performance through continuous improvement in **Quality, Delivery, Cost and Growth**

## Cycle of Continuous Improvement



# Acquisition Strategy Supports Long-Term Growth

*Grew revenue from \$15.6 million in 2002 to more than \$500 million in 2022*





# Competitive Advantage through System Solutions

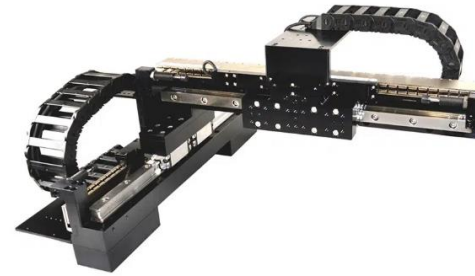
Allied's system capabilities continue to evolve with strategic acquisitions.

Building blocks that include controls, drives, motors, gearing and feedback, light weighting and electrification technologies create a competitive advantage.

System capabilities range from vehicle steering systems and motors with integrated drive electronics to nano-precision motion systems and ground-based vehicle electrification and light weighting.



*Automated GPS-Guided Vehicle Steering Module with Torque Motor, Integrated Servo Drive with CAN Bus*



*Cartesian Robot Systems with Integrated Linear Motors, Single and Multi-Axis Drives and Controls*



*Synchronized Multi-axis Motion controllers, drives and actuation systems.*



*Lightweight composites, Electric Direct Drive Motors and Motor Systems for Ground Based Vehicles and Platforms*



*Hybrid Hexapod Systems with Integrated Linear Motors, Drives and Controls for multi-axis point precision*



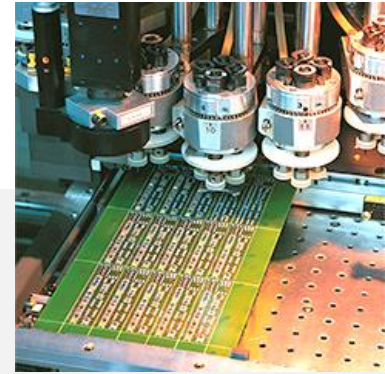
*Highly Customized, customer specific, mission critical solutions - Custom Control, Drive, Software and Electromechanical Solutions*

# Target Market: Industrial

38% of 2022 sales

## Markets

Factory automation, material handling, robotics, industrial tools, semiconductor equipment, Oil & Gas



## Applications

- Material handling including manned and unmanned vehicle steering and traction and conveyors
- Industrial and specialized robots
- Power quality and power conversion
- Welding wire feeders, conduit benders and a host of "jobsite" tools
- Handling, inspection and testing of components and final products, such as PCs and high resolution printers

## Target Market: Vehicle

26% of 2022 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

17% of 2022 sales

### Markets

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



### Applications

- 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

14% of 2022 sales

## Markets

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

## Applications

- Inertial guided missiles, mid-range smart munitions systems
- Weapons systems, ramp, latch, seat and wiper control on armored personnel carriers
- Lightweight composites for ground based vehicles
- Security and access control, camera systems, door access control
- Airport screening and scanning devices



## Global Coverage





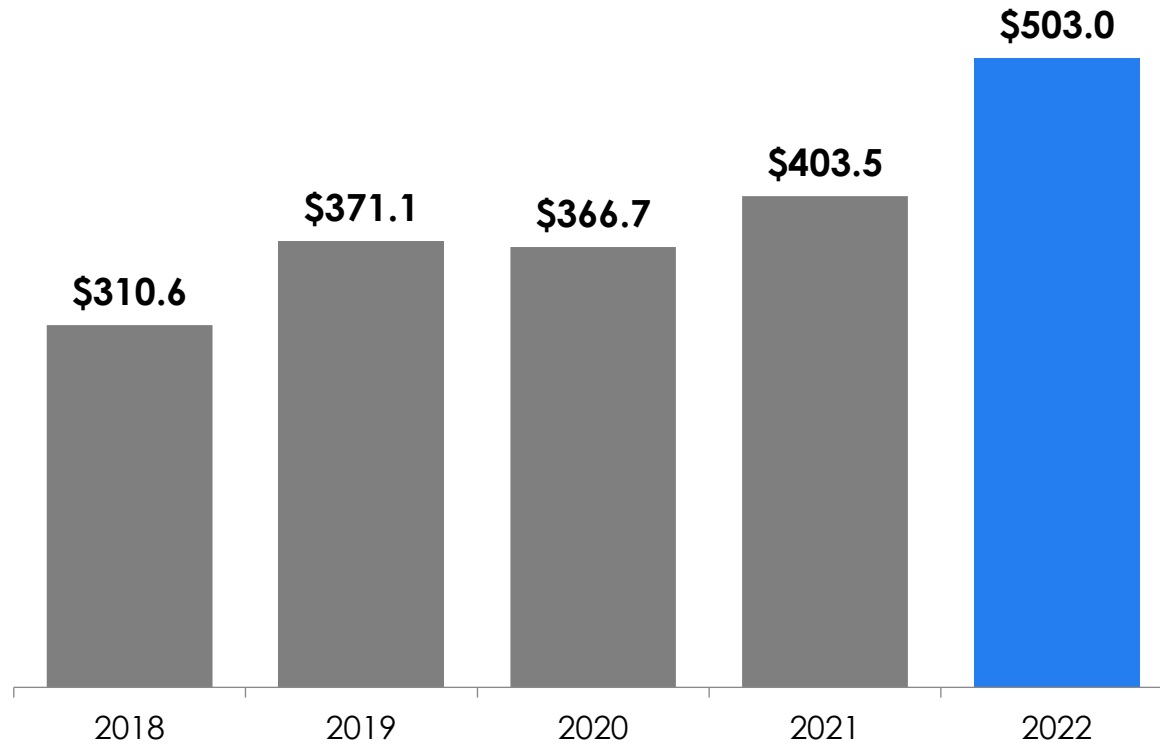
*Motion Solutions that Change the Game*

# Financial Highlights

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# Record Revenue

(\$ in millions)



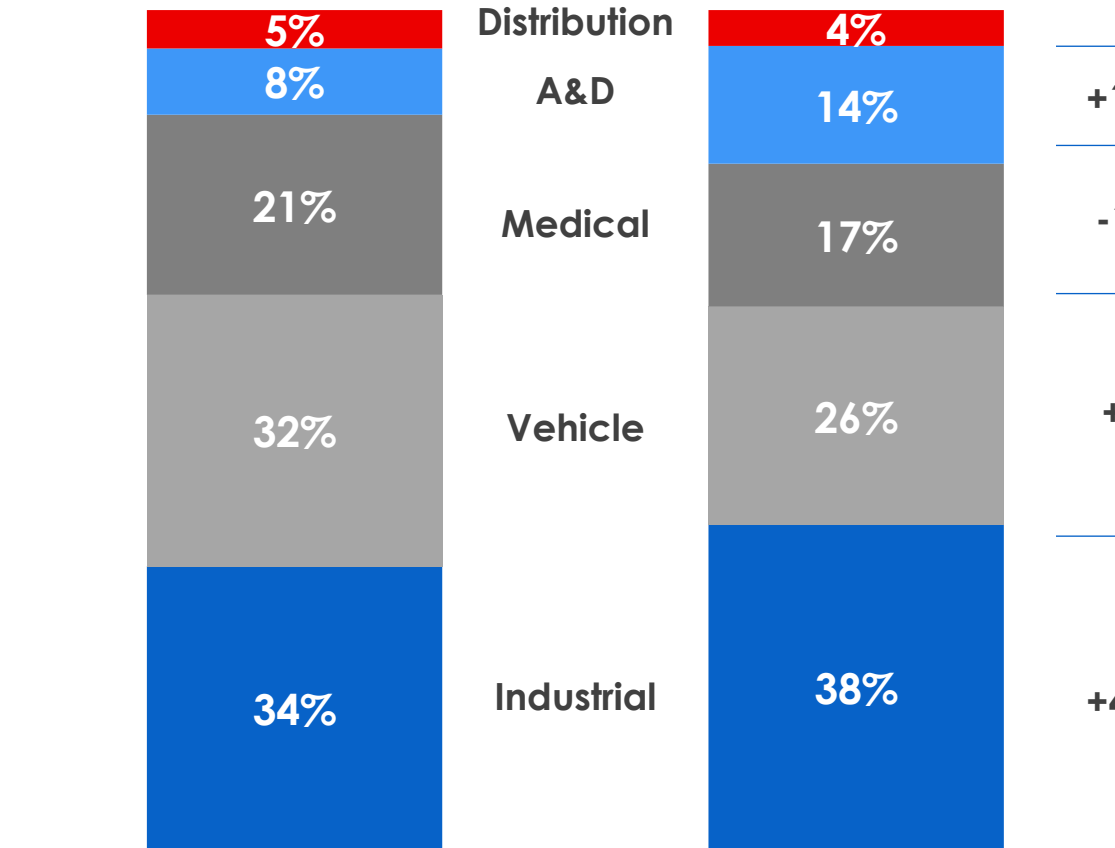
**Strong execution  
driving organic and  
inorganic growth**

## Acquisitions

Airex June 2022  
FPH May 2022  
ThinGap May 2022  
Spectrum Controls Dec 2021  
ALIO Nov 2021  
ORMEC Systems Nov 2021



# Revenue by Market



**2021**

Rev: \$403.5 million

**2022**

Rev: \$503.0 million

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

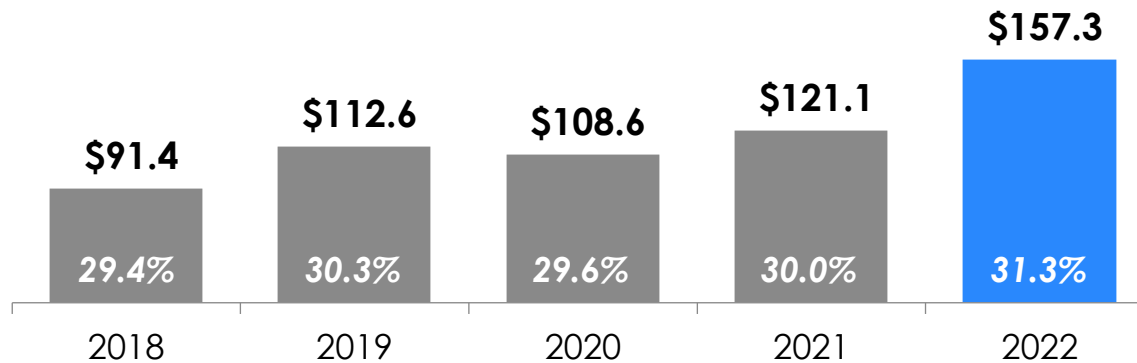
## 2022 Revenue Change and Market Drivers

<b>+121%</b>	Contributions from recent acquisitions, defense program timing and solid organic growth
<b>-1%</b>	Largely lapped strong prior-period pandemic-related sales; benefitting from return of elective surgeries and recent acquisitions
<b>+1%</b>	Strong truck and commercial vehicle demand more than offset lower powersports and construction sales
<b>+43%</b>	Acquisition contributions plus strong end market demand within industrial automation, Oil & Gas, material handling, pumps and electronics

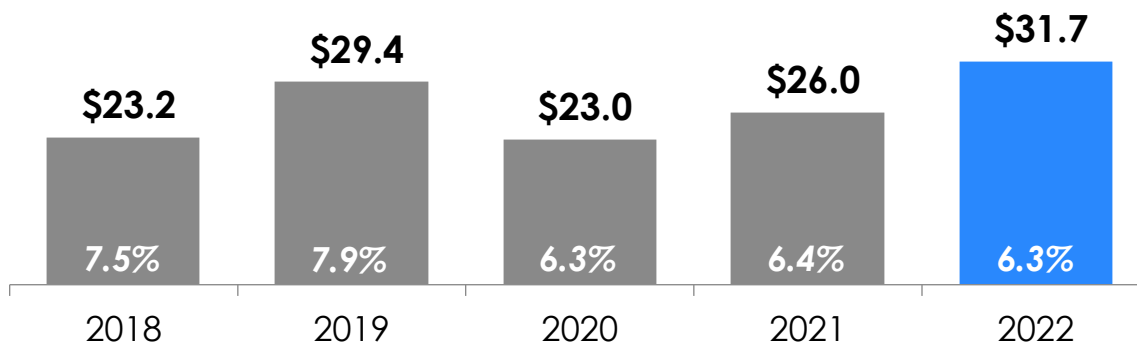
# Focus on Margin Improvement

(\$ in millions)

## Gross Profit & Margin



## Operating Profit & Margin



## GM impacts

- + Volume
- + Accretive acquisitions
- + Pricing
- + Lean tool kit (AST)
- Rising material and labor costs
- Supply chain challenges

**Operating margin reflects higher amortization and business development costs due to M&A**

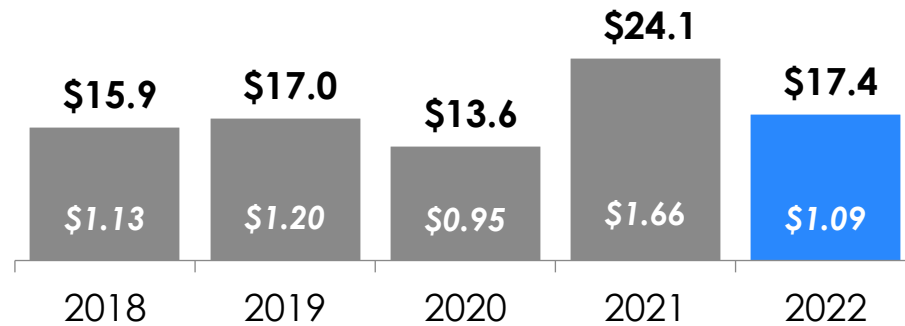
**General & administrative 10.7%**  
of 2022 sales

**Engineering & development 7.6%**  
of 2022 sales

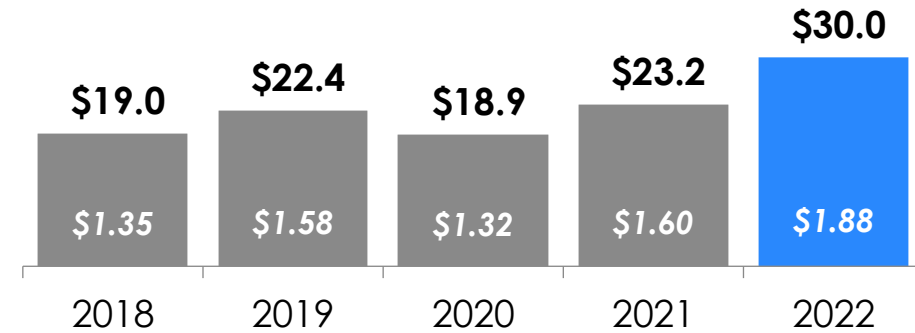
# Strong Cash Generation

(\$ in millions, except per share data)

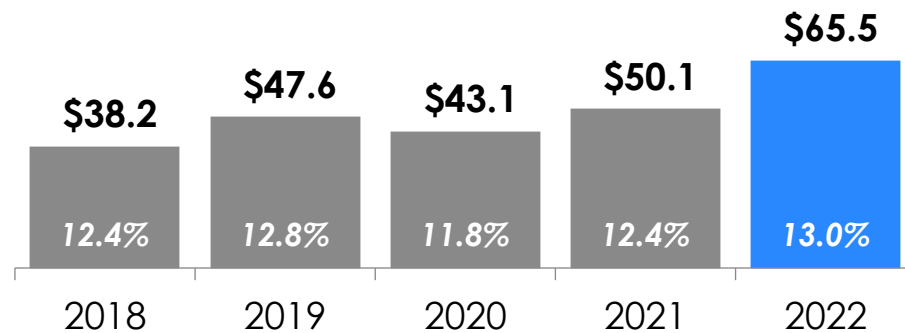
**GAAP Net Income & EPS**



**Adjusted Net Income & Adjusted EPS<sup>1</sup>**



**Adjusted EBITDA<sup>2</sup> & Margin**



**2021 GAAP net income reflects a net discrete tax benefit of \$7.4 million relating to legislation enacted in New Zealand**

(1) See supplemental slide for Adjusted Net Income reconciliation and other important disclaimers regarding Adjusted Net Income.

(2) See supplemental slide for Adjusted EBITDA reconciliation and other important disclaimers regarding Adjusted EBITDA.

# Balance Sheet

(\$ in millions)

CAPITALIZATION		
	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	\$ 30.6	\$ 22.5
Total debt	235.5	159.0
<b>Total net debt</b>	<b>204.8</b>	<b>136.5</b>
Shareholders' equity	215.5	187.8
<b>Total capitalization</b>	<b>\$ 451.0</b>	<b>\$ 346.7</b>
Debt/total capitalization	52.2%	45.8%
Net debt/net total capitalization	48.7%	42.1%

Cash usage to support higher levels of inventory to combat supply chain challenges

Q2 22 acquisitions: utilized \$44.3 million of cash, largely funded with debt

Debt increase also attributable to a new finance lease for a manufacturing facility expansion to support growth

Bank leverage ratio<sup>1</sup> of 3.42x

<sup>(1)</sup>Bank leverage ratio calculated in accordance with the Company's credit agreement  
NOTE: Components may not add up to totals due to rounding

# Cash Flow

(\$ in millions)

Note: Components may not add to totals due to rounding	Three Months Ended		Full Year
	12/31/22	12/31/21	12/31/22
Net cash provided by operating activities	\$ 11.4	\$ 5.5	\$ 5.6
Capital expenditures (CapEx)	(4.9)	(4.0)	(15.9)
<b>Operating free cash flow (FCF)<sup>1</sup></b>	<b>\$ 6.5</b>	<b>\$ 1.5</b>	<b>\$ (10.3)</b>

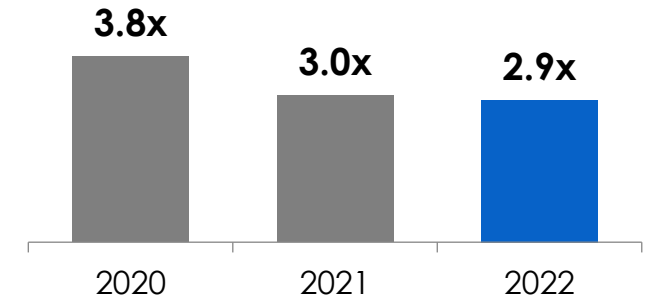
FY23 CapEx: **\$18 - \$23 million<sup>2</sup>**

<sup>(1)</sup> Free cash flow is a non-GAAP metric defined as cash flow from operations less capital expenditures

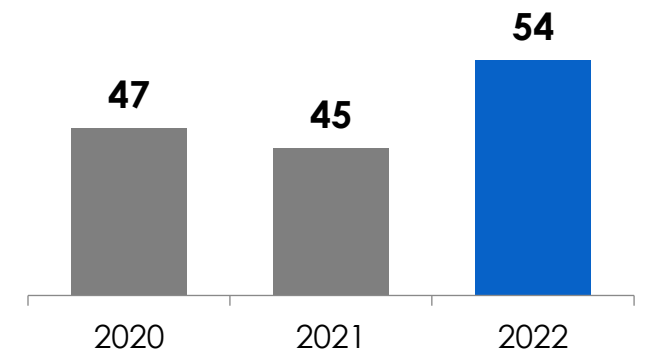
<sup>(2)</sup> 2023 CapEx expectation provided on March 7, 2022

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

## Inventory Turnover



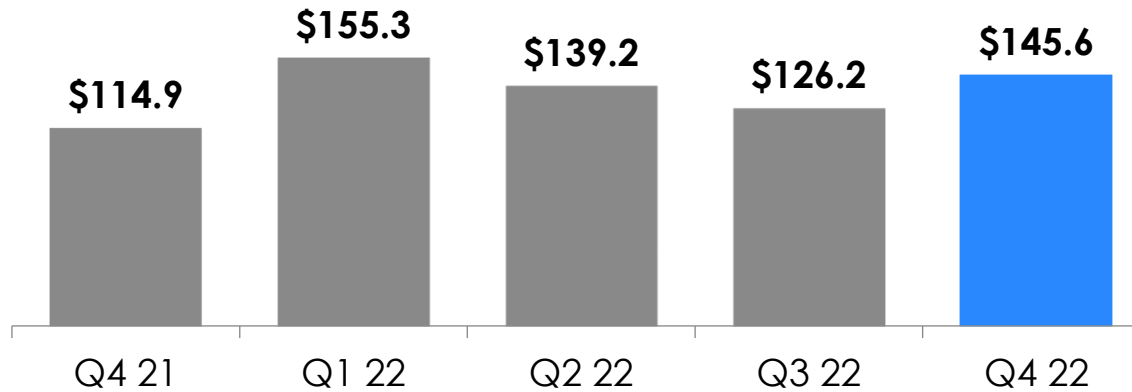
## Days Sales Outstanding



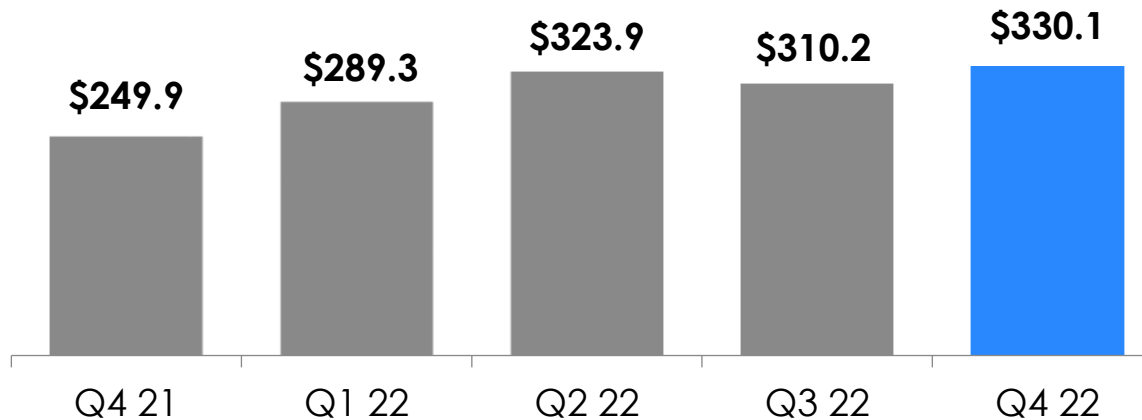
# Orders & Backlog

(\$ in millions)

Orders



Backlog



**Q4 22 Book:Bill 1.11x**

**Unfavorable \$12.5 million foreign  
currency translation**

**Backlog up 32% Y/Y**

**Majority to ship in three to nine  
months**

# Outlook<sup>1</sup>

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- ✓ Entered 2023 with momentum, a record level of backlog, significantly broadened scope of expertise and solutions, and an enhanced value proposition for our customers
- ✓ Expect sales growth across all four targeted verticals and further enhancement to margin profile
- ✓ Focus on cash conversion and debt paydowns
- ✓ Expect 2023 tax rate to be approximately 25% to 27%
- ✓ Expect to invest \$18 million to \$23 million in capital expenditures during FY23

**Long-term goal: Increase gross margin by 1% per year**



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## Supplemental Information

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## Strategic Acquisitions – Advancing Growth Strategy

*Complementary Businesses with Attractive Financial Profiles*



Mission critical electromechanical automation solutions and motion control products, including multi-axis controls, electronic drives, and actuators for the automation and aerospace industries.

**Acquired November 2, 2021**



Hexapod robotic systems, air bearing systems, linear and rotary nano-precision systems (with both mechanical and air bearing guides), and systems bespoke for atmospheric, clean room, and ultra-high vacuum environments.

All ALIO's motion control products with TRUE NANO Positioning®

**Acquired November 4, 2021**

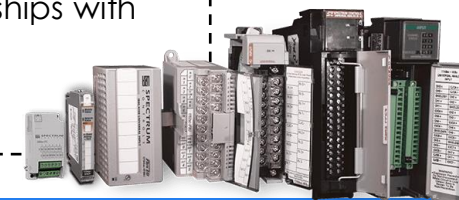


Hybrid Hexapod



Ruggedized and highly sophisticated I/O and Safety I/O modules that meet industrial safety requirements, marquee displays, and a "one box" Universal Industrial Gateway that simultaneously supports multiple communication protocols for industrial control applications through partnerships with PLC manufacturers and distributors.

**Acquired December 30, 2021**



Universal I/O

## Strategic Acquisitions – Advancing Growth Strategy

*Complementary Businesses with Attractive Financial Profiles*



High performance, zero cogging slotless motors for use in applications in aerospace, defense and medical that require precise motion in a compact, high-torque-to-volume package.

**Acquired May 24, 2022**



*An Allied Motion Company*

Technically advanced, reliable and cost-effective electrical drive systems and light weighting technologies for existing and future ground-based vehicles in the defense industry.

Direct drive systems provide high torque and precision motion. FPH also develops composites, advanced materials and hybrid products and systems that achieve significant weight reduction and higher strength.

**Acquired May 30, 2022**

*Electric Drive Systems*



*Composites, Advanced Materials and Hybrid Solutions*



*An Allied Motion Company*

High precision electromagnetic components and solutions for aerospace/defense, life sciences, semiconductor and other commercial industrial applications. Patented winding technology combined with robotic manufacturing assures best-in-class quality linear motors – ironless and iron core, rotary motors, voice coils, wound electromagnetic components and sub-components.

**Acquired June 17, 2022**

*Ironless Linear Motors*



*Magnetic Bearings*



# 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
- Active (electronic) and passive (magnetic) filters for power quality and harmonic issues
- Industrial safety rated I/O Modules, Universal Industrial Communications Gateways
- Nano precision positioning systems

Linear Motion Systems



Slotless Motor Kits



Universal Gateway



Wheelchair Control System



Active Harmonic Filter



Passive Harmonic Filter



Brushless Servo Motors



Optical Encoders



Permanent-Magnet DC Motors



Brushless Torque Motors



Gear Motors



Brushless Drives



Brushless Motor-Drives

# Allied Motion Locations

Amherst, NY	Worldwide Headquarters; Solution Center; Electronic Design & Manufacturing
Amherst, NY; Oakville, ON; Ferndown, England; Porto, Portugal	Global Engineering Team (GET) Design & Development Centers
Tulsa, OK (Emoteq Corp.)	Design & Manufacture: Motors and Optical Encoders
Owosso, MI (Motor Products Corp.)	Design & Manufacture: Motors
Watertown, NY (Stature Electric)	Design & Manufacture: Gearing and Geared Motion Solutions; Mechanical Steering System Components
Dordrecht, The Netherlands (Premotec)	Design & Manufacture: Motors
Stockholm, Sweden (Östergrens)	Market Based Engineering and Design Center, GET support, Solution Center
Changzhou, China	Production Center, Solution Center, Motor Design
Dayton, OH (Globe Motors)	Market Based Engineering and Design Center; GET support
Dothan, AL (Globe Motors)	Production Center
Reynosa, Mexico (Globe Motors)	Production Center
Porto, Portugal (Globe Motors)	Production Center, GET Location
Kelheim, Germany (Heidrive GmbH)	Designer and Manufacture: Motors and Motion systems, Solution Center
Mrakov, Czech Republic (Heidrive GmbH)	Production Center
Germantown, WI (TCI, LLC)	Design & Manufacture: Power Filter and Conversion Solutions
Christchurch, New Zealand (Dynamic Controls Group)	Design & Development Center
Kidderminster, England (Dynamic Controls Group)	Sales and Technical Support
Suzhou, China (Dynamic Controls Group)	Manufacturer: Control systems and components
Rochester, NY (ORMEC Systems Corp.)	Design & Manufacture: Electro-mechanical Automation Solutions
Arvada, CO (ALIO Industries)	Design & Manufacture: Nano-Precision Motion Systems
Bellevue, WA (Spectrum Controls)	Design & Manufacture: Industrial I/O and Universal Communications Gateway solutions
Camarillo, CA (ThinGap)	Design & Manufacture: Zero Cogging Slotless Motors
London, Ontario and Roseville, MI (FPH Group)	Design & Manufacture: Electrical Drive Systems and Light Weighting Technologies
Somersworth, NH (Airex)	Design & Manufacture: Linear and Rotary Motors

# Corporate Leadership

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**Dick Warzala**, *Chairman of the Board, President and CEO*

- Joined 2002, appointed CEO in 2009, Chairman in 2014
- Previously, President, Motion Components Group, Danaher Corporation; held various positions at American Precision Industries Inc., including Corporate Vice President and President, API Motion Division
- More than 32 years of motion industry experience

**Michael Leach**, *Senior Vice President & Chief Financial Officer*

**Robert Maida**, *Senior Vice President & Group President*

**Ashish Bendre**, *Vice President & Group President*

**Helmut Pirthauer**, *Vice President & Group President*

**Ken May**, *Vice President and Chief Technology Officer*

**Geoff Rondeau**, *Vice President of Operational Excellence*

# Competition

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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
- Altra Industrial Motion Corp *(being acquired by Regal Rexnord)*
- 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 Net Income and EPS Reconciliation *(Unaudited)*

(\$ in thousands, except per share data)

	For twelve months ended				
	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022
Net income	\$ 15,925	\$ 17,022	\$ 13,643	\$ 24,094	\$ 17,389
Discrete income tax benefit	-	-	-	(7,373)	-
Tax Cuts and Jobs Act Impact	(235)	-	-	-	-
Non-income based tax assessment	-	384	(424)	-	-
Amortization of intangible assets - net	2,800	4,380	4,541	4,938	9,812
Foreign currency gain/loss - net	(120)	79	760	18	228
Business development costs - net	586	81	338	998	2,542
Income tax valuation allowance	-	-	-	506	-
Income tax provision charge	-	433	-	-	-
<b>Non-GAAP Adjusted Net Income</b>	<b>\$ 18,956</b>	<b>\$ 22,379</b>	<b>\$ 18,858</b>	<b>\$ 23,181</b>	<b>\$ 29,971</b>
Average Diluted Shares Outstanding	14,055	14,192	14,333	14,517	15,951
Diluted earnings per share – GAAP	\$1.13	\$1.20	\$0.95	\$1.66	\$1.09
Diluted earnings per share – Non-GAAP	\$1.35	\$1.58	\$1.32	\$1.60	\$1.88

Adjusted net income and diluted EPS are defined as net income as reported, adjusted for certain items, including amortization of intangible assets and unusual non-recurring items. Adjusted net income and diluted EPS are not a measure determined in accordance with GAAP in the United States, and may not be comparable to the measure as used by other companies. Nevertheless, the Company believes that providing non-GAAP information, such as adjusted net income and diluted EPS are 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.

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



# Adjusted EBITDA Reconciliation *(Unaudited)*

(\$ in thousands)

	For twelve months ended				
	Dec 31, 2018	Dec 31, 2019	Dec 31, 2020	Dec 31, 2021	Dec 31, 2022
Net income	\$ 15,925	\$ 17,022	\$ 13,643	\$ 24,094	\$ 17,389
Interest expense	2,701	5,134	3,716	3,236	7,692
Provision (benefit) for income taxes	4,756	6,819	5,133	(981)	6,292
Depreciation and amortization	11,576	14,857	15,985	18,307	25,486
<b>EBITDA</b>	<b>\$ 34,958</b>	<b>\$ 43,832</b>	<b>\$ 38,477</b>	<b>\$ 44,656</b>	<b>\$ 56,859</b>
Stock compensation expense	2,643	3,203	3,550	4,161	5,073
Foreign currency loss (gain)	(169)	111	1,035	21	298
Business development costs	762	113	473	1,299	3,319
Non-income based tax assessment	-	384	(424)	-	-
<b>Adjusted EBITDA</b>	<b>\$ 38,194</b>	<b>\$ 47,643</b>	<b>\$ 43,111</b>	<b>\$ 50,137</b>	<b>\$ 65,549</b>

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, foreign currency gains/losses, business development costs and non income based tax assessment), 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, foreign currency gains/losses on short-term assets and liabilities, 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.