

Corporate Speakers:

- Deborah Pawlowski; Investor Relations
- [Dick Warzala](#); Chairman, Chief Executive Officer & President
- [Ken May](#); Vice President & Chief Technology Officer
- [Steve Warzala](#); Director of Strategic Business Development
- [Helmut Pirthauer](#); Vice President & Group President
- [Simon Rees](#); Managing Director, Dynamic Controls
- [Ashish Bendre](#); Vice President & Group President
- [Manoj Mehta](#); President, FPH
- [Geoffery Rondeau](#); Vice President of Operational Excellence
- [Alex Collichio](#); General Counsel & Director of Corporate Human Resources
- [Michael Leach](#); Senior Vice President & Chief Financial Officer

Deborah Pawlowski: Welcome to Alliance Inaugural Investor Day, now trading under the ticker ALNT on the Nasdaq. I'm Deborah Pawlowski, Investor Relations for Allient, and we're really pleased that you're joining us here today. You should have seen the releases that went out this morning, one of them announcing some of the information that we plan on presenting to you and the other one noting that we did open under the ticker ALNT.

[Slide 2] Now before we begin, I will remind you that we will make forward-looking statements today during the presentations as well as during the Q&A. These statements apply to future events that are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from what is stated here today.

These risks, uncertainties and other factors are provided in documents that we file with the SEC on our website. I could pause and let you all read this slide if you'd like to, but I won't do that. We will also today discuss some non-GAAP measures. These historical non-GAAP measures are reconciled in the slide deck that is available on our website and forward-looking non-GAAP measures were not able to be reconciled, but you should not consider them without also considering GAAP.

[Slide 3] As you can see, we have an extremely full agenda for you today, during which we believe we will help you learn more about Allient and what the nexus of our technologies are creating for us. For those of you on the web, we will be breaking for lunch about 11:55am and then restarting promptly back up at 12:30pm. Those here in the room are going to have a great lunch. I hope those of you on the web can enjoy yours as well.

We will be having a Q&A session after all of the formal presentations. On the web, you can submit your questions via the portal and we will engage those questions as well as the live questions here in the room. After the Q&A, those who are with us here will be joining us as we ring the closing bell on the Nasdaq today under our new ticker ALNT.

When you complete the viewing of our Investor Day today, a survey will pop up for you. We ask that you complete that survey. It's very important for us to get the information and the feedback so we can improve upon what we present and where we go.

[Slide 4] So, we have a great lineup of speakers for you. Several key members from our leadership team will be presenting a great amount of information. I hope, for those of you that are here physically, you get the chance to meet the team as well.

Now, before I introduce Dick Warzala, our Chairman, President and CEO, I'm going to let you watch a little video.

[Slide 5] Video

Excellent. So, with that, let me turn it over to Dick Warzala, Chairman, President and CEO of Allient.

Dick Warzala: [Slide 6] Welcome to our first Investor Day. I'd like to thank all of you for attending. It's kind of interesting standing out in the crowd and getting some comments about -- are you going to give us a little more information than you have in the past?

We'll give you a little bit more, okay? Anyways, so what I'm going to do is give you a little bit of an overview of where the company came from, where we are today and where we're headed for the future.

[Slide 7] Let's start with the roots. The roots of the company go back to 1939 and, when they were at kind of an inflection point in the late 1990s trying to decide what it is that they were going to become, I was brought in and asked to take a look at the operations and perhaps provide some guidance to the Board as far as what the direction of the company should be into the future. So, I went around, met management, saw some of the operations and what I found was that it was a small, unprofitable, very fragmented company dealing in a couple of business segments.

[Slide 8] After the review, the Board asked me to come in and present my findings; and so, here's what we started with when I painted a vision for them back in 2001. Basically, the vision said that, what you should do is be focused in the Motion business. There was a great opportunity to grow that business and become a global leader in the motion industry. I know it's hard for someone who had been around for 60-plus years and you are told you could significantly grow this business, but past history showed that we could do that in other companies, so, why not with Hathaway.

Also, during the review process, we really saw that the culture needed to change. It was a small company, but it was very fragmented. They operated in silos and, for the long term, that really wasn't going to work. So, we had to define a new culture for the company, and that was presented to the Board as well. So, the three key elements here are the Vision, the Culture and the Strategy. The company was operating without a strategy. It was operating, as I said, fragmented silos.

[Slide 9] To be successful, we felt it was important to get all the people aligned. We'll talk about the steps that we went through and what we decided needed to be done to achieve that vision. Here is the starting point from back in physical year-end June 2002 with motion revenue, primarily motors, of \$15.7 million, losing money, EBITDA of just over a million, stock price of \$1.18 and a market cap of \$8.5 million. All we had to do is take that and grow it.

[Slide 10] Here's the culture. As I mentioned, fragmented, silos. If they were going to be successful, they couldn't do that as an independent businesses or companies. They had to do it as a company. We created the culture, which was basically based on three words – VIA: value, integrity and AST.

Create **Value** in everything you do. It didn't matter what your job was. Every day you came to work to create value.

As far as **Integrity** goes, a small fragmented company didn't show respect for their fellow workers. There was a lot of tension inside the company and we had to fix that. We said you were going to deal openly, honestly and with respect for all stakeholders, and that became a core element of our culture and is still there today.

AST, Allied Systematic Tools was what we called it back then. So, how did that differ than a Toyota production system? Well, a Toyota production system was at the heart of that and the foundation for it, but from a production standpoint, Allied was different. We brought in strategic thinking. I had worked with multiple companies and found that people talk strategy, but they really talk deployment, not about the strategic thinking, not about what the direction the company really should be and get everyone aligned and then execute and deploy, okay?

Back then, it was QDC, Quality, Delivery and Cost, and we added growth and innovation. So, right out of the chute, our AST toolkit was different than the toolkits that you found in many companies, which back then was called Lean.

[Slide 11] These 5 bullet points define what the key elements of our strategy were. Through the strategic thinking process, we defined ourselves as a technology know-how company, and if you're a technology know-how company, the key to success is engineering. It's engineering, engineering, engineering and you have to continue to feed the engineering element so you could engage in competition, be better than your competition and have knowledge that your customers and your markets could utilize.

So, we set out and put a program in place to upgrade engineering capabilities. We also felt that the long-term growth would be driven through the right talent internally and complementary acquisitions externally. We'll get into more of that history as we go further through the presentation.

We realized that we couldn't be all things to all people, therefore, we concentrated on target niche markets. Many of those niche markets came through our acquisitions, and we'd focus on that. The key to success, target niche markets get it down to the lowest level of field of application you could and make sure you did it better than anyone else.

The innovation is part of AST, innovate leading-edge products and solutions. Look at that, solutions back in 2001. So, here we were looking at this saying, well, it's a motor company. No, we were a motor company but we were also a solutions provider way back then. So, that was in the strategy.

Develop the culture of Lean, I've talked about Lean. Jeff will talk about Lean to a much greater extent and show some examples of how it's impacted our company. But, to continuously improve in every aspect of the business, not just manufacturing, but every aspect of the business, that's our Lean culture.

We also use our AST toolkit to train and develop a succession plan for our next generation of leadership. It's worked extremely well. If you take a look around the company and you say, people have moved on, they've retired, you'll see the people that replaced them have been developed in most cases from within. I would attribute that to our common language that we had under AST and Lean. So, the summary line there says we aligned the entire company to achieve our stated strategic goals and objectives.

[Slide 12] How did we do? Well, I guess, there are many ways to measure how we did. But, this is a statement for me. This is what I believe. We executed our strategy, and we did become a well-diversified global motion solutions company. We're operating with a one team mentality and Allied has created significant value for its stakeholders.

[Slide 13] So, we wanted to be a global company. Why was that important? For us, it meant that would certainly expand our addressable market, but there are other things that were a part of becoming a global market. One is diversity and diversification, diversification of cultures, mentality, technology, products, geographic markets and vertical market opportunities. When we brought that Allied team together, whether it was an entire team or a partial team, you could literally see the respect in the room for each other. To me, that was important, because it didn't matter where you came from. You were part of the family, a very important part.

What I also want to point out... we have all of these dots up here. What the heck do these dots mean? Over here, we say technology unit. Our technology unit is what someone else might call a business unit or a company. We just named it differently. We wanted the mindset of technology. You're responsible for that technology; you own it.

Production unit. As we continued to grow the company, we found the need to become much more competitive, and we did that through focused production units, and we have them globally.

Direct sales offices are on there. We expanded our sales network and that sales network began bringing the concept of One Allied and selling all products. It was a connecting point between our different technology units.

Solution Centers and the need to develop solutions that take advantage of all of the technologies sitting with Allied, and we need to do it in a place where a customer could call and find an individual that could get them the right solution or at least direct them in the right direction here. So, you'll see with a solution center, the sales force was very important to beginning the concept of One Allied, and you'll see how that's expanding more into the future as we go through what the next steps are.

[Slide 14] M&A, we've made 16 acquisitions over 20 years. Our goal was one a year. We didn't quite achieve that, but the key here when we talk about M&A is we were building. Remember, the strategy set solutions from the first day. Complementary acquisitions were another key element of the success within Allied. I've worked for companies where it was uncomfortable, because through acquisitions, many times, you bought companies that were competing directly with your other companies.

Well, we competed from a technology standpoint, but best solution would win for the customer. We didn't attempt to duplicate what we had; we attempted to supplement, to enhance, to create the competition internally that your solution could address the widest available market and let the best solution win.

Again, that's another key success. As we walk through here, you'll get more information on this later on the acquisitions. You'll start to see that, at some point, we started making acquisitions that would lead us to where we are today - and to where we're headed in the future with Allient. That will be pointed out to you. So, it just didn't happen. There was some thought process behind it. And again, like our strategy for solutions, the same thing has occurred for Allient.

[Slide 15] So, there's where we were. Here is where we are today. These are financial measures that say, did we succeed? Revenue of \$15 million to \$557 million. EBITDA of just over \$1 million to over \$75 million on a trailing 12 months as of the end of June. Stock price at \$33, well it's higher today, around \$34. So, we can say the market cap is over \$550 million. I guess from a financial measure, you would say it was fairly successful. We are an integrated solutions provider, but we are taking it to the next level.

[Slide 16] So, what's next? We call it The New Nexus. Allient is short for Allied Nexus Technologies. You heard the tagline "connecting what matters." We have a unique set of technology that we're calling pillars that we need to connect together and create a unique value proposition for our customers in the market. It starts out with a natural evolution, but the natural evolution occurred through our strategy.

I think this is the next important statement to make. We are an environmentally and socially responsible company. Now, many companies talk about it, but you have to look and see what the activities are and what the functions of some of our products and what they do in the marketplace to drive that environmental and social responsibility. In the presentations that will follow, you'll see that. They're not going to call it out and say, "Hey, look, here's our social. Here's our environmental." but you're going to hear things that actually do help in both environment and social responsibility.

Market focus, that's Allient. That's what is layering on top of what our core company already is. A strong vertical market focus that expands our solution set beyond integrated solutions, but more complete, full solutions, which creates more content, more value. We believe the success we had in Motion, we can replicate on our other pillars now, Controls and Power.

So, that takes us from an addressable market that we had with Motion to grow to where we are today, and almost doubles it. To me, Motion, Power and Controls - Allient - gives us that opportunity with an addressable market that's about 2x the size of what we have today.

[Slide 17] The strong foundation here is our technology units. When we're looking at what we needed to do here in the next level, we needed to ensure that foundation stayed in place. It was critical. It built the success of the company. We did not want to destroy it.

Part of our success is also accountability, P&L responsibility at each of these units. We drive it down to the lowest possible level, give them ownership and hold them accountable. So, they have a job to ensure that they take their technology and their products and promote them globally to continue to grow their business in terms of both revenue and improved profitability.

So, here's where we come with Allient; it's an expansion. Now, I don't want this to sound like this was an idea where, one day, we just flipped the switch and said, here we go. No, this was building. It was building again through our acquisitions. We acquired a few companies that had a really strong vertical market focus and found that they would bring more value to the customer and increase the value opportunity that we had.

So, how do we take these individual units that are dealing from a component or product level, with the general-purpose solution centers where we have seen some successes, but how do we accelerate that success? To us, this is what Allient does. It layers on a strong vertical market focus on top of the technology pillars that we have. We call this the "House of Allient."

[Slide 18] We had to refine our strategy, so, in February, we brought a team together and said, okay, we have to get ready for this, so what is it that we need to do? And we became, I guess you could call it, a more sophisticated company. We had to find ways to make sure that this could all blend together. We weren't tearing apart our current structure. We were layering on and making an investment in the original structure. It's exciting! Again, you're going to see vertical markets that we're working on that the rest of the team will show you today.

But, going back to the strategy, our leader who helped us in the strategic thinking process would always say, listen to the music. What are the words that keep coming through over and over and over as people are working through their strategy? The highlighted or the bold items here was the music. So, we said let's create a simplified and more focused organization positioned to win in our target markets.

Next, upgrade corporate marketing. We have corporate marketing, but I would tell you that many of you have mentioned to me in the past that you needed to do more to get your image out there and improve upon that. We felt this was a perfect time to really do that, to really enhance and develop that. You'll see more as we go through the presentations and you'll hear more about our corporate marketing program. It's extended down now.

So, these vertical market solution owners have a marketing responsibility as well. They know their markets, their verticals, better than anyone else. They have to be part of it. All under the umbrella of Allient. What's the goal there? Accelerated growth in sales and profitability. There are multiple ways to do it. I'll let our team tell you some of those ways that they're planning.

To do this, too, we had to continue to strengthen our leadership, and we had to build focus on accountability into all areas of our business. Allient doesn't just run off and spend all kinds of money on marketing, on trade shows, or hire more people. No, they're held accountable as a business.

The key to the functions of our business is being held accountable for growth and profitability. They have the accountability for the vertical. They pull in all the technology from the pillars. They bring the solutions on all new solutions. So, we're now attacking from the top, not just the bottom.

We're going to continue to leverage the AST toolkit. That's going to be a part of our culture forever. We're going to get better yet... and when we get better yet, we're going to continue to get better. That's the mindset and the mentality part of our culture.

M&A, there are many questions about what are we going to do. M&A is going to be a function of continuing to build the company to meet our goals. It's going to enhance our opportunity to get there.

The key idea coming out of there was, simplify to accelerate. With everything we talked about, we said, let's simplify. We're becoming more sophisticated. We have to find ways so it's easier for customers to do business with us. We have to find ways to leverage our talent to get there faster. The only way we know how to do that is to simplify things. Make it simple for people to do business with us, make it simple internally for our people to understand what they're being asked to do. Simplify to accelerate. You're going to hear a lot of that in the future in everything we do. If it's become more complex, it's wrong, simplify.

[Slide 19] Driving to the next level, from where we started to where we are today and where are we headed in the future. We believe we can continue to grow. Our organic growth rates are faster than the industry rates. Why? It was part of our culture and our toolkit, starting right out, innovation, growth, it's not going away. Acquisitions are going to continue to complement growth.

Here's what we expect to deliver. Revenue of \$1 billion and 100 basis points of annual margin improvement, which includes both gross margin and operating margin. Mike will get into more details here about managing OpEx and operating expenses to keep generating 100 basis points a year of improvement. Operating margins in the mid-teens and adjusted EBITDA margins in the high-teens.

The question you're going to ask me is, well, when are you going to do this, right? When are you going to do it? And I'll turn that back out there. Our team went from a company with \$15 million. We set a target of \$100 million and we did it. I guarantee you there were more people skeptical in that room than there are today of taking this next step. We then set \$250 million and we achieved it. We then set \$500 million and we achieved that. Now, we're saying \$1 billion. When? All of you can tell me what the impacts on that goal might be -- what's going to happen in the world. Will we have another pandemic? Will we have another supply chain crisis? What's inflation going to be? All I'll tell you is, we'll manage through those. Those things will happen. We'll manage through those like we have in the past, and we will achieve this goal. Don't bet against this team. I'm confident we're going to get it done.

[Slide 20] Allient, connecting what matters. Top of the house, vertical market solutions. Bottom of the house, our core technology units.

[Slide 21] So, what's next? You've heard enough from me for many years; you'll want to hear from the rest of the team. And we had the great opportunity with the bell ringing today to bring several members of our leadership team to represent our company. More could be here. There are also some sitting here that don't have presentations. But anyway, I see Ken May standing there. He can't wait to say come on, coach, let me up there.

You're going to hear about technologies and products. You're going to hear about our business development. What does that mean? Not just M&A, but that whole level of lift in corporate marketing, selected verticals. I want to caution you here on the verticals. We're not going to spend a lot of time on the verticals that you're well aware of that have built us to where we are

today. Those are a given. You've been asking questions about the those for many years. We're going to focus on some new things that we think you're going to be interested in. AST, HR and talent, financial and then the Q&A. So, with that, let me turn it over to Ken.

Ken May: [Slide 22] Thank you, Dick. Good morning. My name is Ken May, and I am the Chief Technology Officer, based out of our corporate office in Buffalo, New York. I've been with Allient 4.5 years now. Before that, I spent 23 years in aerospace and defense; and before that, about eight years in automotive and powertrain in particular. I've always been around electromechanical actuation systems, that's my passion.

[Slide 23], I'd like to talk to you today about our strong engineering capabilities and how we use them to deliver technologies and solutions to our customers. We consider ourselves to be an innovative company that leverages our global engineering resources to create creative solutions to solve our customers' difficult problems.

Each and every solution can draw upon the wide spectrum of the corporate capabilities. We apply application experience and market knowledge to design systems and solutions that leverage the full breadth of the company in terms of products, technology and manufacturing capabilities.

[Slide 24] What I'd like to start out with is to go over some, we call them, mega technology trends. These are trends that are going on in the industry that cross over all of our products and markets. The first is what I'll call electrification. In general, this is electrification of everything and anything.

We think a lot about vehicles in there. That's a big part of it, but we're not talking about passenger vehicles. For example, we are working with the defense industry to electrify the next generation of fighting vehicles. Electrification here means, for example, replacing the systems and subsystems that might represent legacy actuation technologies, like hydraulics and pneumatics, with more efficient electrical technologies. Also, as these vehicles go more toward hybrid and all-electric, we'll be seeing increasingly higher voltage systems as well.

The next major trend is that of increased improved energy efficiency. First and foremost, that means, for example, increasing the efficiency of the parts that we put into our systems, motors and control gearing systems. By increasing the efficiency of our part, we increase the efficiency of the system. One interesting observation is that, in the world today, about 40% of all global electricity consumption is through a motor, fascinating number. So, even minor increases in improvement in the efficiency of a motor, the drive and the gearing system can make a big difference in global energy consumption.

The next thing I'd like to talk about, briefly, is power quality. By improving power quality, we also improve the efficiency of the system. We'll talk more about that in a minute.

Lastly, by lightweighting anything that moves, we also reduce power consumption. This could obviously mean body panels. It also means lightening, while maintaining strength and durability of moving parts in the motion control system or robotics, for example.

The next major trend is more and more industrial automation, and this is right up our alley. This is driven by two things, fundamentally the increasing scarcity of skilled labor in industrialized countries as well, as talked about, as the ever escalating costs that go along with it. So, enablers here include more robotics, more autonomous and semiautonomous systems, more intelligence systems, also more Internet of Things, the connectivity of what we make and how we communicate with the factory in terms of preventative maintenance and performance metrics.

Also, anything that can improve throughput. How many widgets per hour can I make? Turn the speed up. Availability. So, is the system up with the uptime of the system? Also, flexible manufacturing sometimes causes soft tooling, the ability to reconfigure the factory.

And finally, better accuracy, better resolution. Here too, power quality improves industrial automation. More of it means more electricity, so more power quality opportunity as well.

The thing I would challenge you to think about as we talk through the afternoon here is all of the opportunities, the markets, that aligned very well with these trends and the three pillars of Allient and how we support them quite well.

[Slide 25] As a technology know-how company, engineering is at the core of everything we do. We consider engineering expertise to be a core competency and a competitive advantage.

Shown here are some of the examples of good engineering design due diligence that we've created over the years and tailored to our products that help us to get it right the first time. That's the goal. Get it right the first time. We also still, of course, do rigorous testing as we have to build the product, build it as a system and test it in its natural environments and under the use conditions of the real world. The point here is that this is all good engineering workflow and, as a core competency, we continue to evolve and improve it to maintain that competitive advantage.

[Slide 26] The core foundation of Allient is motion and controls, consisting of motion control, drives, motors and gearing. As Dick mentioned, motors are kind of the genesis of Allied Motion, but not all motors are created equal, so there's opportunity to have different motor types and technologies depending on the application. And so, we've grown that portfolio, both through acquisition and organic growth, and we've applied that same methodology to motion control, drives and gearing as well.

What I'm showing here is how all of these systems can come together in a multi-access system. Two of the most recent acquisitions include some really exciting new capability that pull it all together. That system right there is an 8-axis tool set. It was before Allient. If we had this to do today or to build something similar, all of the content can be Allient products, which is really neat.

Another key message to get across here is, we own all the intellectual property. We own the software, the electronics design, the motor magnetics design, the gearing design, and, in this case, the really sophisticated algorithms and know-how that make that system work. Highly synchronized multi-access motion control is very tricky, and we brought in a lot of expertise that gets us there.

By having the intellectual property and the ability and the fact that we're vertically integrated, we can put these all together in a way that a lot of our competition either can't or won't do. This is a competitive advantage, and, with the right business case, we could sell systems like this at a very attractive margin as well.

[Slide 27] Critical applications can run the gamut from the vertical positioning of a manned rocket to the assembly cells to put together a large winged aircraft and pull all the panels together at just the right time and sequence and position in space to weld them together. We have examples of that.

On the other end of the spectrum would be a fully automated turnkey manufacturing cell, where the focus is on throughput. The focus is on uptime. The focus is on the critical elements to that factory, which, for example, if it's putting out more vaccine or pharmaceutical, 24/7 operation, high reliability, high uptime, are very critical. In summary, we run the gamut of critical, from life critical to process critical, so the means and methods that we apply across that spectrum of applications.

[Slide 28] I'd like you to consider the way of putting together a single access of motion control, for example, taking a filter, a drive, a motor and a gearing system and kind of bolting them together.

At Allient, we go one step further for the right customer, the right environment, the right business case. We like to do what we call fully integrated assemblies or fully integrated systems. They provide the advantages I lay out there, which I can summarize is saying better form, better fit and better function, generally at a lower price and with a lower life cycle cost for the customer.

To the right is a variety of five other integrated solution platforms that we have at Allient. I want to give you examples of the value add to the customer beyond the obvious here. One is an integrated traction drive system that we put together from a mobility application where our system is so much more efficient than the incumbent system, the battery can be 20% smaller, lighter and less expensive.

Another one is a material handling fork truck application, this one here, where the integrated solution is so much smaller, one SKU can fit in like 12 different vehicles. The vehicle doesn't have to be reconfigured or redesigned around our steer-by-wire actuator. That one actuator can fit into as many as 12 different vehicles. Good for the customer, good for us.

Another unit shown here is a steer-by-wire system for GPS autonomous agricultural vehicle, like a combine or harvester, where our integrated assembly enables the positioning of the vehicle.

And lastly, as an example, an industrial actuator could be used in an autonomous guided vehicle or in a robotic application, where the simplified cabling, in this case, at the system level, there's fewer cables and fewer connectors. Not only is that less expensive connectors and cables, especially where moving devices are a cause of unreliability or lack of reliability, by implementing several of these in a system, we improved the reliability of the system for the customer as well.

[Slide 29] So, now, we'll add in the 3rd pillar that is Allient Power and power quality. Starting with the elements of motion and control that we've talked about already, we're now going to drop in the building blocks or the elements of power quality.

Starting at the front end with harmonic power quality mitigation; and then, I'll call it, the back end or downstream with the output filter. In combination, we like to say that these clean up the power quality. People ask, what does that mean? Is there dirty power? Yes, there is dirty power. Dirty power is an artifact of power generation that means noise. It means higher frequency noise. That means the systems are going to run hotter and less efficient.

So, in this case in a factory, by cleaning up the power quality, you also reduce the electric bill, the net power required energy to build 1,000 widgets an hour or whatever will actually go down. That's a very strong competitive advantage.

On the filter side, an advantage here is that the filter will filter out some of the noise and the energy spikes that actually degrade the motors without it. Not shown here, but some of these factories have 0.5 megawatt motors and they're very expensive, with very long lead time, and are hard to repair. To be able to extend the life of these is a big deal for keeping a factory running.

Lastly, and I think is interesting, what's the opposite of clean power? Dirty power. Dirty power can cause unexpected consequences elsewhere in the factory. For example, another line can go down or the facility down the street could have a power quality impact as well. So, that's an added benefit.

Ashish, this afternoon, is going to talk at length about power quality systems and the value proposition to our customers and how we compete, and Manoj is going to talk about how we're going to roll power quality into the value equation with our ground vehicle customers as we look to electrify the next-generation of fighting vehicle.

[Slide 30] In summary, we're very excited about the future. The future for Allient is very bright. We believe we have a long runway of exciting opportunities that line up very well with the Allient

structure. We are driving our future. You can expect greater market share by continuing to build on our capabilities through the integration of breadth of products, our engineering capabilities, our knowledge in motion control and power, by capitalizing on those three trends of electrification, more energy efficiency and more industrial automation.

Our focus on innovation, our global operations, and expertise means speed to market, unique solutions and deep engagement with our customers. With that, I'll turn it over to Steve.

Steve Warzala: [Slide 31] Good morning and thank you, Ken. We appreciate you joining us here for this momentous milestone. I see some familiar faces in the room here today and some new ones - we look forward to meeting many of you if I haven't yet today - and those joining virtually as well. I'm Steve Warzala, the Director of Strategic Business Development.

I started with the company 13 years ago, back in 2010, in marketing; and then, about a year later, our Director of Sales put me in regional sales, where I stayed for 8 years until joining the business development side of things.

[Slide 32] When you look at our M&A, you heard Dick talk about the ethos of Allied and where it came from when it was founded 20 years ago. This is a look at how we applied that strategy for our growth from a \$15 million operation to over \$500 million in that 20-year span.

Over that time, Dick's vision has come to bear. Five years ago, we made the acquisition of TCI, propelling Allied into an entirely new market; the power quality market, which changes from simply a motion control company to a control motion company. Now, that's a slight change in nomenclature that had a big impact for us as a company. That foresight was the impetus as we shifted our trends in our product-focused markets. It continued as our portfolio grew with additional controls and IO companies. Those small pieces set the stage for our next phase of transformation.

[Slide 33] As part of our strategy, we've been cultivating for the last 5 years, eventually landing and expanding our new horizon as Allied metamorphosized into the phoenix that becomes Allient. Now, the House of Allient, as you'll see more of today, is a pictorial pantheon of our market-focused strategy. The top of the house or the new nexus is where we can pull from our technology pillars of Motion, Controls and Power, truly connecting what matters in order to create the quintessential solution for our customers.

We plan to continue our stellar growth by monitoring each vertical market and pillar with its own P&L responsibility to ensure ownership and accountability, allowing our subsidiaries to maintain their TU integrity. With that, we expanded our addressable market as we embark into new markets, which allows us to double our current addressable market.

[Slide 34] Previously, we focused on motion aspects of technology. We now open the doors to controls and power quality. As you can see by the numbers, there's a large piece of the pie that we're excited to further take a bite out of. Each pillar will have its own dedicated sales force. Like the products, there may be some overlap within certain projects, but that allows Allient to provide larger systems at base scope of our customers within each pillar.

[Slide 35] We have 20 years in the motion industry, and that's been our predominant focus for that time period, bringing along decades of experience in that sector. One of our key successes, as Dick touched on earlier, was speed of play to our customers. That was the strategy that was put forth so many years ago. As we continue to grow, we have to keep that simplified to accelerate mindset to ensure we don't lose focus of our key principles. Helmut will have more on that in the motion pillar and market vertical after lunch.

[Slide 36] Controls, already reaching heavily into the industrial and vehicle markets, the last seven acquisitions for Allient have helped improve our market share in both the defense and medical sectors. It has also bolstered our stable of engineering and engineering services offered

across the company to our customers. You'll hear more about this later from Simon Rees and some more from Manoj Mehta as they get into their presentations.

[Slide 37] For motion control to controlled motion, the power quality market allows Allient to leverage additional relationships within these industries that we did not have access to in the past; additionally, opening the door to a more service-based model income stream. Ashish Bendre will touch more on that later in some additional slides.

[Slide 38] We talk about our M&A strategy. We look at our key objectives when it goes into how we look to acquire a company. The company we look at must enhance our solution offerings with complementary adjacent technologies, drive geographic expansion in attractive markets and/or expand our customer base in those target markets. We look at that as we go through our strategic filters on how we acquire the companies. It must enhance the financial profile of Allient. It must have a solid management team. It must provide significant upside potential and it must meet our internal rate of return and create long-term shareholder value. I skipped the middle one, but that's for a reason because those key elements are important when we find an acquisition, but that's not the only focus.

Allient is not simply looking for assets that will help our bottom line. They need to be the right fit, and that comes with a good cultural fit. Now, technology is paramount, don't get me wrong, but our search also requires the people within those companies to be part of that fit.

We know why those companies are successful and it's our goal to come in and keep the full complement of resources and experience intact. Allient is a global corporation with a focus on international business culture and that is what has made us so successful in our growth over the years. When you look around the room at the management team here today, we have all different countries, different styles, different methods, and we're excited that that's part of our culture.

[Slide 39] You're going to see this image a lot going forward - the House of Allient. That is the nexus to connecting what matters. With this comes a unique organization and expansion of our marketing capabilities, a new website launch, adding to our corporate marketing team, a full-scale training university and, lastly, improving our overall marketing capabilities.

As I said, there's a lot of people in this room who've been instrumental in the growth and success of this company. Today, you're seeing a select few of those presentations as Dick mentioned. There could have been a lot more, but we made sure we didn't have too many. We wanted to focus on some of our new capabilities for those of you watching at home as well as in the room. It has been great to work with the folks in this room. I've spent a lot of time with them and it has been fantastic, and I intend to continue that in the future.

[Slide 40] So up next, after lunch, Helmut will begin, and others will follow, connecting you to the Allient vertical market focus.

So with that, I'll wish you all a good lunch. Go eat!

(Break)

Deborah Pawlowski: Well, I hope everybody enjoyed your lunches. I can tell you that we certainly did here; the food was excellent. We will now get started on the second half of the Allient Investor Day.

[Slide 41] Video

So, just so you know, Steve Warzala did the voiceover on that. Let me now introduce Helmut Pirthauer. He will now start on the Motion Solutions for Europe.

Helmut Pirthauer: [Slide 42] Hello, everybody, and welcome. I will be covering motion solutions for industrial automation and material handling. My name is Helmut Pirthauer and

maybe we can hear from my primary pronunciation that I'm from Germany. And considering the headline, Motion Solutions, we can say I'm from the motor of Europe. I lived in Keilain. It is a city between Munich and Nuremberg. And now, you can take out your head headsets and we'll change to the German language. Okay. I see you understand me, so I can go ahead.

I joined Allied Motion through the Heidrive acquisition in 2016. Seven years later, I'm now the Vice President of the Corporation and Group President of Europe Operations. In Dick and Steve's presentations and also in the video, you saw the three pillars. In my part, I will talk about Allied Motion, the vertical of Allied Motion markets.

[Slides 43 & 44] As we talk about Allied Motion, for your understanding, we produce different kind of motors: induction motors, three phase motors, server motors, brushless motors, and brush motors. We produce gears, different gears, helicopter gears, planetary gears, one gear boxes. We produce integrated drives, external drives and also encoders, a huge and a big range of application of motors and drives. The megatrends of industrial automation is ongoing. You saw the video and the question is why we do it, why we needed industrial optimization. What is the reason for this? The reason is we have to reduce the production cost. We have to increase the productivity, and we have also to improve the quality.

You saw six markets on the video, but we have many more markets. We have different markets, robotic, medical and agriculture; you saw those already, but we have to consider on which market we work. You saw the map from Dick Warzala. We work in North America, in Europe and also in Asia. The robotic market in Asia is very strong. We are also in Europe and in the U.S., in North America.

[Slide 45] What is driving these megatrends? We have now two trends. If you see the world population, from now up to 2050, the world population grows by 2 billion people in about 25 years. And we have also a second trend. The second trend is that, in all industry countries, the skilled workers, the engineers, are not growing as fast. The demographic change is coming in Europe, maybe in U.S., and in the end, as the population grows, the world is limited with skilled workers.

In the end, it means we have to do the industrial optimization to fulfill all what we need. About 8 billion people in the world need food, clothes, transportation and so on. It means we have to invest and we have to find the solution for industrial automation.

[Slide 46] Here are numbers on the industrial automation market. In 2023, we have total revenue of \$185 billion and, from now over the next seven years, not 25 years, this market will grow up to \$380 billion. That's double in seven years.

[Slide 47] Here you see the projects on which we work. You can see, on the left side on top, a six-arm robot. It's running automatically, and you need for each arm one servo motor. One robot, minimum six servomotors. On the other side, you can see a 3-axis handling system, a pick and play system only to bring parts from one point to the other point or pick-and-place application.

Also, a new market to grow is the food industry. Servo motors are not allowed to be painted, so you need new housing, in a stainless steel housing, in a high protection gloss. And on the last picture, you can see in the package industry helping tools and machines that are faster and for much less cost.

[Slide 48] Here is one example I want to show that has been ongoing over the last 70 years in automation. On the first picture, you can see a farmer in 1950, when all was done by hand. The cow in the morning, maybe the farmer can do in one hour five, six, seven cows. Thirty years later, the farmer has invested in machinery, a pumping system. The farmer has to put the caps on the teets and then it goes automatically, but with no cleaning system, no measuring of the pH value. And finally, in 2020, you can see in the video a full automatically running system. We're

up to 128 cows running in a circle, and you can see that the arm coming out is cleaning the teets, measuring the pH of the milk and is pumping the milk automatically. The process over 70 years.

[Slide 49] If we talk now about material handling. If you produce more parts, you have to handle this and the purchase department and also in a warehouse system. Here, we can also see from 2023, we have revenue of \$60 billion. And also, this market will grow over the next seven years, up to \$115 billion. It's also nearly double, two markets, and we have double revenue in seven years.

[Slide 50] Here, you can see some applications. Ken May mentioned already that we have a system solution more towards gearboxes, integrated drive, encoders, cabling and so on, and, in the end, you have a small housing. You cannot really see what is inside. It's a plug-and-play solution. You put in the system, you come with the cable with the power supply and the lift truck is running fully automatically. It's a steering application.

On the other side, you can see the trucks. Many years ago, hydraulic pumps worked. Now, we have the electrification of hydraulic pumps. It means servo motor, integrated drives, integrated encoders and you have a different solution, electrification of the trucks. It's a future market.

On the last two pictures, you can see applications with AGVs, fully automatic guide vehicles. And we have different solutions -- we have parts to integrate in a wheel, and we have a full system, servo motors with integrated electronics on top, wheel system only if it's a system for a plug and play, put in only mounts to system, plug the cable and the system is running.

[Slide 51] Here, you can see the customers where we have a very great partnership and opportunities. We cannot do this with small customers. You need a blue-chip customer base to invest in the future, to invest in these partners - and this is what we have done in the Allied Motion pillar for industrial automation and material handling.

[Slide 52] If we go a little bit back, I will only talk about 140 years, to what started in the 1880's. The 1880's started an industrialization of 1.0. What does 1.0 mean? It's a mechanization, which started in the 1880's. In the 1920s, industry 2.0 started to electrification. It means at first mechanization, then electrification, and then, in the 1970s, automation started. And finally, in 2014, about nine years ago, the digitalization started. You can find this in each documentation, this is a standard worldwide.

[Slide 53] And what is ongoing, what is coming over the next years? It's coming faster and faster. We have new markets, collaboration. It means human person, computer and robot. We have cloud computing. We have internet on things. We have also digital twins. It means the engineer can put a very easy system solution in his machines and can start and he can create a computer system that is a twin, digital computer system. And in the end, it's very easy. This creates huge opportunities.

[Slide 54] We can say why we win better than our competition, and this is always the key question. Why we win? We have a broad range of products, not only servo motors, not only truck motors, we have a broad range. This is very important.

If you talk with the customer, you have not to sell only the products what you have; no, what's the customer needs. This is important and is what Dick decided many years ago with the broad range we have all in our hands. We can offer what a customer really needs. Throughout the organization, we have significant manufacturing experience and know-how.

We have a long history. We have many companies with a long history, some companies more than 80 years or, as in Europe, 80 or 85 years. So, we have a high culture of quality and service understanding. This is important. You have to understand your customer and what the customer needs. Dick mentioned already, we have AST tools. Yes, it's important to have the right tools for the right process.

With our international engineering team, we have 450 engineers worldwide, North America and Europe and Asia. And then, with this part, we create opportunities. We have great sourcing and sales opportunities because we have many leads through all our acquisitions.

[Slide 55] We talked about some market growth, mostly driven by Industry 4.0 and 5.0. We talked also about new markets, food industry growth, and AGVs.

For more samples, we have created a short video where you can see which projects we want and on which projects we work. These are only projects that we have in hand. Thank you very much for your attention and enjoy the video.

[Slide 56] Video

Motion solutions for industrial automation. Thank you for listening. And now, I will turn over to Simon Rees. Now, it's your stage.

Simon Rees: [Slide 57] Good afternoon, everyone. My name is Simon Rees. I'm the Managing Director of the Dynamic Controls Technology unit based in New Zealand, and that business is a recognized leader in control solutions for medical technology or medical mobility technology, I should say.

I've been working in that business for the last 15 years and joined the Allient family in 2020 as part of the acquisition. But, my role today is really to talk about the technology and solutions in a broader medical context. What I aim to do today is give you an understanding of some of our successes to date, the opportunity that we see in medical going forward and some of the ways in which we're going to address those opportunities.

[Slides 58 & 59] So, if I start with where we are today, medical markets are already an active space for us and we're enjoying some success in those areas. In broad terms, we view the market in two main categories. The first of those is Surgical Solutions and the second is Medical Devices and Equipment. If you drill down into those categories, we start to get into a very broad range of applications. You can see that we are active in surgical robotics, medical instrumentation, programmable pumps, which has applications ranging from dialysis through anesthesia to oxygen therapy. We're into prosthetics, power wheelchairs, medical mobility, and patient handling. So, it's a huge list.

But, there's one thing that links all of those things and that is that they are solutions or problems with high clinical value, and high clinical value is something that really gives us the opportunity to enhance our value proposition. A couple of other points to make just on the current state is, we are a very specialized leading supplier of solutions into medical surgical robotics.

Since 2020, I know I may be biased, but we've been leveraging the Dynamic Controls acquisition into the medical markets that we serve.

[Slide 60] So, moving on to why we like the medical industry, there are some megatrends that are behind that. First of all, whichever way you come at it, the global health care spending is a huge figure according to the World Health Organization. It's set to reach \$9 trillion, which is a staggering number, and I think it's well documented that there's an aging population that has contributed into that need significantly. But, also amongst that aging population, there are also increasing expectations.

When we put all that together, we have sort of a melting pot of complex and costly problems that give us a target for our innovation. And then, further to that, the way that health care is delivered is changing, and there's many trends, but there's three that I think are directly relevant to us that I'd just like to touch on. The first is hospital to home. This is getting people out of hospital quicker, allowing them to undertake medical treatments at home. One of the key factors in facilitating that is less invasive surgery, and that links directly to our surgical robotics activity.

Another key trend is around prevention versus cure. That's driving towards greater need for diagnostics and imaging, again, another area where we play strongly.

And technology advancement is a huge element in health care generally, but some specifics for us are around automation of processes, increasing electronic controls and connectivity, so that's data-enabled products. I think it's also worth adding that there is growing investment in this industry, particularly post-COVID, and that's driving R&D programs, investment in medical facilities and acquisition of equipment.

[Slide 61] So, for the next couple of minutes, I just want to go a little deeper into a couple of applications that are of specific interest to us. The first of these is surgical robotics. To date, we've had or enjoyed a reasonable amount of success in surgical robotics, and that's really through the fact that we have our solutions embedded with the market leaders as they are today. It takes more than just being embedded with the leaders. It's a really sort of a particular approach that drives our success here. The technology is a critical part of it.

We do have specialist technologies in terms of high torque density motors, high-speed motors, high precision motors that are utilized in this space, but really the winning formula is the combination of the technology and the deep connection that we have with our customers' engineering teams. Add to that customization and integration and that's kind of how we win there. It makes sense when you think about it, because emulating a surgeon's hand is a pretty challenging engineering product, and we all have to work pretty closely to get there.

[Slide 62] In terms of the market for surgical robotics, it's moving fast. Whilst it's been around for a while, so not entirely new, I think it's fair to say it's still in the early life cycle, and that's reflected in the CAGR that we're seeing, around 18% predicted through to 2030. In terms of the other drivers there, surgical robotic systems are getting increasing regulatory approval. I think once we see these regulatory approvals coming through, the regulatory body is getting more comfortable with the technology, then we would expect that to accelerate.

That links to strategic initiatives that we're seeing amongst key players. That's in terms of significant R&D programs and acquisition consolidation in that space. And then, technologies continue to advance, which is really making more and more surgeries feasible through robotics.

Circling back to where we are today or within the market, motion products and specifically brushless motors are a critical component of these robotic systems and there are multiple motors per product.

If we move on and think about or look at the future opportunities, I think it really, for us, falls into three main aspects. The first is really around consolidating what we have and keep doing what we are doing, and that's maintaining the relationships we have with the market leaders, but it's also further strengthening and getting further embedded with their design teams; and then, taking a platform approach from a technology perspective.

This means that, as we get deeper into these solutions, we don't have to keep reinventing the wheel. We can actually leverage the platforms and the technology that we have. When it comes to further R&D investments, this is where we start to look at how we can get a bigger slice of the action. I mentioned earlier that the focus has been on motion products to date, but the opportunity for us is to leverage the technologies that we have across the group and move from motors to motors plus drives, plus encoders, plus controls and then really capitalize on the full complement of technologies that we can bring to this market.

And finally, there is an opportunity here in terms of expanding geographic presence. There's a number of comments around the market for surgical robotics that suggests that the Asia Pacific region is actually seeing stronger growth than other areas, driven by the increasing number of surgeries taking place in the region, a significant investment in health care, health care facilities and the equipment associated with it.

[Slide 63] Moving on from surgical robotics, I'm going to talk about something quite different now and that is medical mobility, and we take a completely different approach to this. I think we're unique in so much as we have a technology unit that is dedicated to servicing this market and that technology unit is driven by a strong social purpose. The purpose is to enhance the lives of people who live with disabilities.

When we come to serving that purpose, we draw on three core principles: insight driven, one Allient and innovation in drive, connectivity and health. When we say insight driven, this has to link back to our purpose. Really, if we're going to say something so bold as we're going to enhance someone's life, then we had really better take steps to actually understand their lives. That flows on to look at our wider value chain of people who design the equipment, their providers who deliver it to the end user and the clinicians who prescribe it. It's really about understanding that whole ecosystem.

One Allient is pretty straightforward. This is really leveraging the power of the technologies across the group to solve problems for our customers in this market in ways that no one else can. And then, innovation in drive, connectivity and health are three areas that our users have given us feedback on to say that's important to them.

These bubble up as features in our products, and it's probably best served if I give you a couple of examples. So, when we talk about drive, this might refer to the drive algorithms that control the motors that provide a smooth safe drive experience that makes our users feel safe and secure. From a connectivity perspective, the type of things we talk about here are the wireless connectivity within our control solutions that enable wireless programming. And then, health might be around the seating control solutions that are incorporated into the system that drive towards better health outcomes for the users.

[Slide 64] From a market perspective, it's a very different story to surgical robotics, but is still attractive for us, and there are some similarities. If we look at the market drivers, the current state, it is a much more stable conservative market than, say, surgical robotics, but it is growing and it's growing at a steady rate. It also has strong drivers associated with it.

So, I've talked about the aging population and about greater expectations around activity and well-being, but also, increasing need for diversity and inclusion and accessibility is driving a need for equipment in this space. As a recurring theme, technological advances. They perhaps look a little bit different in this market in so much as it's more about how do we deploy the latest existing technology to these applications, because this market is typically underserved.

And then, as we talk about future opportunities, you start to see some recurring themes here. First and foremost, we need to drive and continue to drive our market share with the market leaders. We leverage One Allient, which is really about a greater slice of the action here, and we expand our solutions from the control solutions that we have today, but we incorporate motors, we incorporate gears; and then, we also have an eye on other complementary technologies to that scenario that could drive opportunity for future acquisitions.

Ultimately, we expand the electronic control solution content on the chair. Today, typically, we sit at between 5% and 10% of a finished device, and we would like to be able to grow that, and I believe we can grow that to around 15%.

[Slide 65] So, we've talked a little bit about current state of what we do. I've talked a little bit about two markets specifically that are attractive to us and about the health care trends that are driving the opportunity here. To close out, I'd like to talk about some of the reasons why we win.

We can apply these to the whole medical industry. It doesn't have to be just about surgical robotics or medical mobility. The first thing is our strong foundation. In all the markets in which we play in medical, we have a strong customer base, and we have mature, close working relationships with those customers. The second reason we win is back to the technology and

the specific attributes for medical that are important. So, high performance, yes. High quality is hugely significant in this space, which flows through to our ability to be compliant or help our customers achieve compliance. And then, we need to customize to meet the needs of different markets from a common platform.

Finally, you've heard us talk in other presentations today about our engineering capability, and this plays out in the medical space as well. We have earned recognition as an innovator in this space as a result of that engineering expertise, and when we talk about engineering expertise for medical customers, it's not just about simple subject matter expertise. It's actually about how we work as well and key to how we work to be successful in medical markets is around collaboration and working together, partnering with our customers and ultimately connecting what matters.

That is the end of my presentation. Thank you very much for taking the time to listen, and I'll hand over now to Ashish.

Ashish Bendre: [Slide 66] Good afternoon. My name is Ashish Bendre. I'm a Corporate Vice President and Group President, located in Milwaukee, Wisconsin with our TCI technology unit. I have about 25 years of experience in power conversion and have been at TCI for 12 years, and then joined the Allient family in 2018.

If you look at what I'm going to talk about today, I'll start out with power quality, connect the dots back to what Ken said, the mega trends that Ken had mentioned earlier and how power quality is kind of on the forefront of that.

We'll look at a few markets, some critical markets that we serve and why our quality is so important in those markets; and then, I'll talk a little bit about why we win, what makes us stand apart from our competition. Lastly, I'll finish with some growth opportunities. There are some new markets, new areas and I'll close out with that.

[Slides 67 & 68] So again, you've seen the house of Allient and we have the three pillars, Motion, Controls and Power. I'm going to focus on the power pillar. Again, our entry into this was through the acquisition in 2018 with TCI, as Steven mentioned. So, TCI has a long history in this area, a 50-year established company, long relationships with critical electrical and machinery OEMs in our target markets. That's the TCI side.

Going back to the megatrends that are driving power quality, Ken mentioned electrification, electrification of basically anything that's moving. Whether it's vehicles, pumps or motors, you have energy efficiency.

So, what does that do? That essentially is a driver towards electronics. Now, you have this combination of electric loads, electrification and electronic drives and the issue with this is it causes harmonic problems and power quality problems, both when you connect to the grid as well as when you connect down to the motors. Efficiency is great. You're saving 60% when you go to a motor drive combination, but the backside is, it has an impact on the grid.

So, what improving power quality enables is, you can take your existing grid infrastructure, existing assets, and use them to their fullest capacity. If you have bad power quality, you're sort of wasting available space on the grid; that's not useful power. That's a critical feature. You can always add infrastructure and make your infrastructure bigger, but that has a pretty bad environmental footprint. It's better to get the most out of existing assets.

That's sort of the driver with the big mega trends, how that's influencing power quality, because of how the grid gets tacked with EVs with electrification. You'll see with some of the industries I talk about how those trends are there, embedded in those industries.

[Slide 69] So, the first one I'll talk about is data centers. This is clearly a big boom industry. It started out with work at home during COVID and has then snowballed with AI, with big data, analytics.

So, what's happening inside a data center? Data centers are getting bigger, with massive installations, and the end product of a data center is heat. There is no real productive output; it's just heat from the servers. So, where we are attached to this is the cooling systems for data centers which are electronic, which means they have a big impact on the grid. For example, chiller compressors are now regularly 600 to 900 horsepower. These are massive machines and there are multiples of these in a typical data center, possibly up to 10, so you realize the level of power and the effect on power quality. This is where our solutions come in. A big piece here is packaging, the ability to actually take our products and integrate them right into the end users', whether it's compressors, air handlers, or other solutions.

I'll mention PQ Connect. This is a differentiating technology for our business. So, all of our products have intelligence, connectivity built into the products. Essentially, it's really useful for this industry and pretty much across all of our market sectors. This is what separates us. Our competition has products, we have connected devices.

[Slide 70] The next area that we have a long history with and have enjoyed really good penetration is natural resources. A characteristic of this industry is remote locations, which means your transmission lines are really long, so power quality is really important. The other thing you're seeing in this industry is, the wells are deeper, which means the power quality of the motor is important, so you need filtering on the output side.

As these things get deeper, the horsepower levels climb I mean, what used to be 50, 75, 100 horsepower is now 600 horsepower, so you need good power quality solutions to enable these things to work. The big driver here is clearly domestic production. What separates us in this market is we offer our product to the large players in this space in the form of kits, so there are component kits that they can integrate into their packages.

A lot of times, when you look at your established natural resources companies, inside their cabinets will be our product. PQ Connect, the thing I mentioned earlier, is really important here, because these locations are remote, so having the ability to get data, predictive maintenance, just operational data is absolutely critical.

[Slide 71] The last market area I'm going to touch on is water. If you look at the water infrastructure in the United States, there are aging treatment plants, so with infrastructure investment upcoming, there is a lot of activity in this area.

A lot of these are located in fixed, densely populated urban areas where you're upgrading water treatment plants to the latest and greatest technologies. The downside effect of this is the latest and greatest means big electronic loads. You need harmonic solutions or it will affect power quality for all your neighbors in that dense urban area. So, these are public projects and there's a big uptick due to the infrastructure investments.

What really helps us here is there are two broad categories of solutions, active and passive. Depending on where your water treatment facility is located, your end solution could be a combination. It could be active, it could be passive or it could be a combination of the two. This really enables all communities to have clean water and allow those plants to be located really in dense neighborhoods. I would say the critical differentiator for us is PQ Connect. It's patented proprietary intellectual property that takes our devices, and they are truly smart and connected devices.

[Slide 72] I talked a little bit about having the combination. We're the only U.S. supplier of passive and active filters, so when a customer approaches us, especially in water-specific

applications, we can give them the best solution. We're not locked into one technology or the other.

And the last thing and this, I think, is really important, especially as the electrification accelerates, is the size. Our products have the highest power ratings across the technologies, which means, for a customer, it's a single point solution. The larger the filters you can provide, you can get a one-stop shop, one installation that solves your problem.

[Slide 73] I'd like to talk a little bit about growth strategies and expansion. Steven mentioned the complementary acquisition philosophy. Power quality is a global problem. It's 'across the globe and there are lots of target-rich acquisition opportunities to pick up geographic business, new products and technologies that are dynamic voltage regulators, UPSs. These are very adjacent to the technologies we have today. Medium voltage, as these loads are getting bigger, the power levels, technology is transitioning to higher voltages, that's an opportunity.

And then, lastly, the biggest thing here is, as we focus into the vertical markets and think about connecting what matters with Allient, in those three verticals, there's tremendous opportunity to bring in technologies from other pillars within Allient.

One market I do want to touch on, and it's expected to have phenomenal growth moving forward, is chargers, EV chargers. If you think about EV chargers, especially the large ones, they're going to be located by interstates in the middle of nowhere. That's where people are going to pull in and charge their cars within 20 minutes. If you think about the electrical footprint of that, it's a lot like our natural resources industry. These are remote locations with very high-power levels, so I believe that market is on the horizon. As that EV charging industry takes off, at some point, there's going to be a big opportunity for power quality.

With that, I'll turn it over to Manoj.

Manoj Mehta: [Slide 74] Good afternoon, everyone. My name is Manoj Mehta. I'm the President of FPH. I've been at the helm of FPH since 2017. We are a recent vertical market acquisition at Allient here in 2022.

I'm excited to be here today to speak to you about the defense vehicle market and how the technologies that we're able to bring to bear makes us sort of that vertical market, that's the nexus of technologies as part of the Allient family through our lightweighting and electrification solutions.

[Slides 75 & 76] We've grown as a company by being very innovative and an integrator of innovative products and solutions that go on to that end customer base, the defense market. Our deep understanding of the industry, as well as our dedicated engineering and manufacturing teams, really set us apart, along with our deep, deep relationships with our customers. It's a new sales channel opportunity that we are able to bring to bear as part of the Allied family where we're able to leverage all three pillars of the Allied Motion, Controls, and Power for the industry needs now and in the future.

[Slide 77] By becoming part of Allient now, we have access to a whole new universe of products, which we're able to bring into this industry. The world is moving more towards electric vehicles. I know we've talked about that a few times in earlier presentations, and the defense industry is no different.

Our electronic fan systems and electronic ramp drive systems, which I'll be talking about in a little more detail shortly, are two great examples of bringing different members of the Allient family of technologies together into an integrated solution for the end customer. That, along with our lightweight material, our advanced materials technology, really makes an excellent complement to some of the other base technologies that we're able to bring from other parts of the Allient family. It really makes us a pure play to our customers, because the solutions are so unique. Combining these different types of technologies gives them multidimensional benefits.

The U.S. Army plans to reduce vehicle emissions on their vehicle products by 2035 through hybrid systems and electric vehicles. Beyond that, they have a target to get to zero emissions by 2050. Programs like Stryker X and Abrahams X are good examples of high-voltage systems, 600-voltage-plus systems, that are in the future. These initiatives really fit perfectly with what we are able to produce as an integrated system, now that we have access as part of the Allient family.

[Slide 78] When you look at electrification and why it's so important to our end customers, especially for the future of our defense forces, I think it's really important that we first look at some of the technology that we're replacing in the older hydraulic systems, which tend to require more heat management and have limited precision control and higher failure rates due to lines and hoses. The engine is required to be running to run those systems, which has an environmental impact and also gives the vehicle a high noise profile. There are also secondary environmental issues that go along with hydraulics with regards to the dirty nature of the fuels and some of the parts that are in their systems.

With electrification, we're able to overcome these challenges and do even more than that. For example, our solutions are lighter weight, take up less space claim inside the vehicle architecture and are far less complex. They also have higher reliability, because they're using cables instead of hoses.

We've reduced logistics by going to electrification. For hydraulics, there's a large maintenance component, which adds costs to the end user, for example, the U.S. Army. You have to purge systems and you have to manage the particulate in the fluids that come out of those systems. We don't have to do that with our electrification.

Our systems can operate with power on demand, so the customer, basically, pushes a button and the vehicle batteries can operate our systems. It gives us a secondary tactical benefit where, if the vehicle is disabled or the engine is not capable of running, you can still open and close, say, one of our ramp door products to allow troops to evacuate to safety.

Beyond that, with the engine not having to function with ours and ours running off the battery systems, we're capable of giving another tactical advantage which is stealth mode. The vehicle can actually operate under stealth mode without having to have the engine run. So, if you're moving into a battle situation or a covert operation, you can park the vehicle and not have it running. You can deploy for the mission and you can open and close the ramp door, as an example, to allow troops to come back in without creating a noise footprint for the opposition to target.

[Slide 79] I'm going to take a closer look at ramp drive systems; again, replacing legacy parts like the hydraulic systems that are currently in a lot of ground-based vehicles. We became part of Allied in 2022 as an acquisition, but our relationship as a strategic partner goes back to 2012. This is one of the first product lines that we worked on together where we were able to put together this upper-level integrated solution.

Basically, we started with standard motors and then we moved down the value chain by continuing to add things like gearing, brakes, bringing it to a more complex assembly. At that point, we would take that and militarize those components to meet all the mill standards required in industry. From there, we take the next step and we go on to integrate it into a full solution that can actuate the ramp door. Really, our customers simply push a button and then we take over from there. Our software controls the unlocking and locking of the pins. It controls coordinating the motors and the electromechanical systems to actuate to 500-kilogram plus door at whatever speed is required by the military in regards to opening and closing that ramp door, all the while reducing space, reducing weight, improving reliability, and then adding the failsafe capability as well as the stealth mode capability.

[Slide 80] Another example is the electric fan system. I think this is another good one to talk about, because it's an example of taking a different set of technologies from a different set of TUs inside the Allient family and bringing them together into another integrated solution for our customers. We use our advanced materials to produce products that can manage air flow.

These products are, again, lightweight with reduced space claim and, because we're able to create these very complex geometries, they can improve performance of the system. That, along with another technology, our thin gap TU, creates a high-performance noncogging motor. That's also another recent acquisition that we were able to draw technology from. It's a proven technology and it's a fielded technology. We're able to take that and, as the motor moves at higher speeds, it actually improves performance, which is a significant differential advantage. So, we're able to combine those two technologies into our electric fan system. We package the solution together and it improves performance for the unit itself and the vehicle and, because these technologies are already field proven, it's a very low risk high-reward type of situation for our customers; and, for the military, that's extremely important to them. They need reliability, because failure is not an option. That's why these technologies are so important when we're able to combine the two together.

[Slide 81] So, why do we win? I think it's pretty clear from the two examples that I gave. We really create that fully integrated solution where our customers can rely on them. We produce greater tactical advantages for the vehicle with those products. We improve reliability and we reduce weight and space claim, all the while driving towards the Army's aggressive initiatives for zero net emissions.

[Slide 82] Another technology I want to talk a little bit about today is our Advanced Materials group. I touched on them a little bit with the fan, but I wanted to go in a little more detail. Again, in this technology base, we're able to replace traditional technologies, like metallics, with leading-edge advanced materials that reduce the overall mass of the component, thereby reducing the mass of the vehicle while increasing strength and durability. These things can be 2x to 3x stronger than the existing old metallics.

So, why this is important? Well, because there's no military vehicle out there right now that's too light. Vehicles can be prohibited based on their weight from accessing certain geographic areas because of bridge loads, air transport, air drop. We're able to help them overcome these challenges by removing weight from the vehicle. It gives them secondary benefits like improving fuel efficiency and getting better range out of the vehicle, especially when you're planning operational missions. They have the ability to take that weight savings and use it for whatever they need, such as adding more armor or adding other technology to give them an advantage over the opposition out in the field of battle. It increases mobility and maneuverability as well, and with some of our formulas, we have the ability to create EMI shielding or electromagnetic shielding. What that can do is mask a components electromagnetic signature which prevents it from being targeted by the opposition.

[Slide 83] I'm going to play a short video here, and it's a great example that demonstrates how we're on the cutting edge with our advanced materials. We provided the Army with a white paper as part of the Army Futures Command call out to industry, looking for advancements in weight reduction and survivability, and we won the award for innovative materials. It led to a further award and a further development of new product lines that are currently being applied to multiple programs across the Army's vehicle base.

(Video)

[Slide 84] I'll tell you, I get excited every time I see that video. Well, with our advanced materials, why do we win? We can do virtually any shape, the complex geometries. We reduce weight while increasing strength, another huge advantage. We can make anything at nominal

dimensions; it's basically perfect every time. And again, the new application of EMI shielding is a significant differentiator for us out on the battlefield.

[Slide 85] The breadth of capability, along with our rapid prototyping married with this new range of technologies that we now have access to as being part of the Allient family, helps us develop new solutions very quickly and get them to market quicker, which is, again, keeping us in front of the competition and keeping our military in front of the opposition.

So, when we talk a little bit about the nexus of technology, I think I've hit on that a couple of times, we look at the mid- to long-range market opportunities and we are positioned perfectly to win these opportunities based on our lightweighting as well as our electrification technologies and integrated solutions with our base level IP that we own. We also can leverage our past performance and our past relationships, because we have very strong relationships with our customer base, the primes as well as direct to government on proven fielded products.

With many of the programs on the horizon that we're seeing right now, we're already working with our prime customers in developing solutions in the early stages of these programs, which takes us to the next level when it comes to actually putting these on fielded units.

[Slide 86] When we look at the future opportunities, there are three of them that I'm going to touch on in a little more detail right now and these are some opportunities where we're really seeing some opportunity for additional growth.

The first one is the OPFOR program, which are training simulators of opposition vehicles. The targeted production volumes are going to be over 450 units, and there are some additional variants that we're looking at beyond the first initial production runs. With service and the new variants, we're talking a program that can go all the way to 2050. With the current technologies that we have developed and ready to put on vehicle right now and only the current technologies, we see an opportunity of more than \$140 million of revenue on the production runs alone.

The next program is the XM30, formerly known as the option-manned fighting vehicle. Some of you may have heard of that. This is a program that fits under the Army's next-generation combat vehicle platforms. When we look at this program, we're looking at production runs starting around 2030. We're talking 4,000-plus vehicles. It's the replacement for the M2Bradley. Again, it falls under that next-generation combat vehicle platform. With only our current technology, so nothing new that we have in development right now, we're targeting more than \$435 million of opportunity under production runs alone.

The final one is the robotic combat vehicle, the RCV. Again, it falls under the NGCV program umbrella as well. These are vehicles that are completely autonomous, controlled by like in XM30 or a manned vehicle. They're like scout vehicles or escort vehicles, so they can prevent things like ambushes, deter them anyways, and guard the flanks of these manned vehicles as well. Production runs are targeting for around 2027. Again, with our current technology alone, we're seeing \$30-plus million of opportunity.

So, when you look at these three programs alone, we're looking at \$600 million plus of opportunity in our future. Then when you incorporate the opportunity we have to develop even new technologies that we have in our hopper right now as well as several other programs that I haven't highlighted here that we're also working on, we see it being well north of \$1 billion of opportunity in our future.

So, I want to thank everybody for their attention. I'm really excited about the opportunity to speak to you today and go through some of the things that we're going to be seeing in our future. The future is very bright in this sector, and we're really excited to be a part of it as part of the Allient family.

With that, I'll hand it off to Geoff.

Geoff Rondeau: [Slide 87] Good afternoon, everyone. My name is Geoff Rondeau. I'm Allient's Vice President of Operational Excellence. I'm a 25-year veteran in the motion industry, the last 10 with Allied, now Allient. Through the course of the next couple of slides, I'm going to take you through an overview of AST and, through a couple of recent examples, case studies, how we're deploying AST into the organization to drive operational outcomes.

[Slide 88] As Dick mentioned earlier, we view AST, Allient Systematic Tools, as part of our core value, as part of our culture. What is that? It's pretty simple. It's just a set of tools and processes that we use to eliminate waste in the business, simplify our business, simplify our processes and drive rapid continuous improvement.

[Slide 89] So, as I take you through an overview and talk about how we leverage AST to drive operational excellence in the business, we have a set of core tools and, like a lot of companies, we'll focus those tools on productivity, improvements in quality, delivery and cost. We drive that mentality not only on the shop floor, but in the front office as well and talk about efficiencies in our transactional processes and driving improvements there. I'll take you through an example on an upcoming slide about how we also deploy Lean or AST into our footprint, rationalization efforts and consolidating businesses.

What I really want to emphasize, though, is that part of what makes Allient different in terms of their approach to Lean is a much larger emphasis on bringing AST into the growth side of the business.

We use something like our 7 Alternatives Process to be able to bring together a large group of people cutting across technology platforms, different functional areas of the business and bring them together to brainstorm around new product development efforts and significant technology innovations. It also ensures that we're driving design for manufacturability, design for reliability, into our processes and puts our team into a situation where we really challenge them to consider creative solutions prior to major investments in capital.

But, I think, in terms of what makes us successful with AST in the organization, it's really about our ability to deploy. The way we do that is via our academy. We have an online training module available to the global Allient employee population. If I take a snapshot and think about where we are today at any given time, we have as many as 200 employees involved in the Academy, across as many as 10, 15 global organizations. They're all learning AST in one common language.

We were able to control the way in which the information is presented to the employees. We're not reliant on third-party facilitators. And so, people are learning in a fairly common sense language, and it really helps us to drive a learning organization, and Alex will talk about this. We also view it as a vehicle for talent development. This is the ability for people to grab hold of these initiatives and drive improvement in the business by taking an ownership position with AST.

[Slide 90] So, a couple of case studies. The first is kind of working capital oriented and it's a recent example of how we used our plan for every part process to drive improvements in our mechanical steering product line. To provide some context, our mechanical steering products is pretty material intensive and, from a backlog and a build to material standpoint, it's pretty dynamic. We supply as many as 120 unique finished good items to customers with a very short three-week lead time.

If you look at the current state, prior to this effort, delivery rates were relatively poor. Inventory levels were high, with a fairly complex planning process. And so, our approach to that problem was to put together a cross-functional team in a KAIZEN format. That team went and looked at what was really important in terms of driving the performance of that product line in an 80-20 rule and we used our PFEP process to develop a kanban management program.

If you look at the outcome from that, we ended up focusing on 29 finished goods and 50 component parts that really drove that product line. In a 9 month post-implementation, we saw a 40% reduction in net inventory, eliminated a significant amount of square footage, 173 pallets from warehousing and drove our on-time delivery performance from 78% to 98%.

This is an example of a fairly significant effort, a major initiative. We have one or two of these ongoing in the business at any given time and drive ten or more events like this in a given year. And then, below that, we have just as many events going on at the operational or TU level, driving similar initiatives. Ultimately, our goal as the organization matures is to really make these types of efforts part of how we manage the business on a daily basis.

[Slide 91] In the last slide, my second example is a recent consolidation effort to rationalize footprint and drive operating leverage. We have two businesses, two manufacturing locations in the business, both kind of mechanical in nature, both vertically integrated, making a lot on parts between the two. One in Twinsburg, Ohio and another in Northern New York, consuming 160,000 square foot of manufacturing space with over 90 employees.

In this case, we were able to deploy our operational excellence team to support the plan-level teams to develop a plan for consolidation and use some of our tools from the AST toolkit, things like 5S and I talked about our PFEP program, driving point-of-use inventory to develop space to facilitate the consolidation.

If you look back at that project, it was a 6-month period for us to move and consolidate those operations. Post-implementation, we're now generating improvements with a 20% increase in sales per employee, a little more than 50% increase in sales per square foot and we're generating incremental operating income that offset the project expense of that consolidation with a six-month return on investment.

So with that, I'll thank you for your attention, and I'll turn it over to Alex.

Alex Collichio: [Slide 92] Thank you, Geoff. Good afternoon, everybody. My name is Alex Collichio, I'm the General Counsel as well as Director of Corporate Human Resources here at Allient. I've been a member of Allient since 2022 and I've been a practicing New York State Attorney as well for a very long period of time, at least long enough for my hair to match the color of my suit.

As you've heard today, Allient is primarily a production and engineering company. Our industry is heavily dependent on ensuring that we're creating a quality product and ensuring that we're creating new technologies. This creates a reciprocal dependence on making sure that we're attracting and growing talent. It's our employees that develop new technologies. It's our employees that produce our products. It's our employees that find the solutions for our customers. So, we have to ensure that we're growing and maintaining that talent.

Today, I'd like to talk to you about how we're adapting Allient's talent strategy to the expectations of the workforce. Over the past couple of years, we've seen a global labor shortage. This has been exacerbated by an aging population as well as a greater inclination for the new generation to switch employers if they are presented with greater opportunities. All these factors combined have created a candidate market with expectations that with greater options come greater expectations of employers by employees and candidates.

Candidates nowadays don't want to simply be hired into a job. They want to be hired into a career. They want an investment in development from the employer and, with that investment in development, they want advancement potential. They want to make sure that they're not languishing in jobs for long periods of time.

If you try to limit the ambitions of your employees, you will lose your employees. A lot of employers have found that the hard way. Now, that doesn't mean that you have to put an

employee in a position that they're not qualified for. That simply means you have to show a transparent career pathway for that employee to attain their personal career goals.

[Slide 93] The question a lot of times is, how do we understand those career goals of these employees? That's through engagement. The employees want to be engaged by their managers. They want to be able to be heard. They want to be able to feel that level of support from management. With those expectations, the question is, how is Allient's talent strategy meeting those expectations? How is Allient's talent strategy different from its competitors? That differentiation starts with the different elements of our talent strategy that you see here on the slide.

I'll start with recruitment, because it all starts with recruitment, attracting talent to come to Allient. We are a global corporation. We've been extremely successful. We've been growing. Our net revenue growth over the last 20 years has been enormous. Driven people want to come to a growing company. They want to be part of a winning team. With that growth, too, also comes advancement opportunities. Dick talked about the next generation of leadership. We have to make sure that we have an emphasis on skills development, make sure we're providing that investment to our employees and make sure that they're aware of that investment.

And Dick mentioned paying for value. Value is a key component of our culture. It's a key component of our promotional philosophy as well. We want to make sure we're paying for value, not just tenure. We have a reciprocal value relationship with our employees. They provide value to the company through new technologies, through their work ethic, through their creativity and we reciprocate by providing value in their career to them.

Again, we can't talk enough about our culture as well. Dick talked about our One Allient, One Team culture. That's a nonnegotiable force. We want to make sure that we're attracting individuals that are a cultural fit for us. That means that there are no individuals. There's one team. We have to look at success as a shared outcome, a shared perspective. We don't want any office politics. We don't want any bureaucracy. We want one team striving for the same successful outcome.

Now, the question is, how do we foster that culture? How do we maintain it? That leads me to my next element, which is engagement. We have to ensure that our employees are engaged. We have to make sure that we're having a centralized and strategic engagement with our employees. Now, we can talk about our work and our diverse technologies. That caters to the creativity of our employees, that makes sure that they're engaged and that gives them different options in their careers. We have nano precisioning technology. We have all kinds of technology that you heard today. If you're an engineer, that perks your ears up, that makes you want to join Allient.

But, one of the central pillars of our engagement philosophy is our managerial philosophy. We want to make sure that we have a coaching and mentor relationship with our employees. We want them to view our managers as an asset to them, that the manager is providing value to the employees. We don't want the traditional view of managers that they're simply out to control employees, that they're out to mitigate the risk of employees. We want the employees to view the manager as an asset.

And the manager has to have a regular communication. They have to build that trust and security. They have to gauge the personal career goals of our employees. They have to ensure that, if there are skills gaps, we're creating an advancement plan to reduce those skills gaps, making sure they're training not just for their current job but for their next job because, again, we want people within the Allient family to continue.

The third pillar is growth. We obviously want to train our employees. We want to ensure that they have a career pathway into the next job and we want to make sure that they understand and have a transparent plan as to where that next level is to go. That's why we have transparent

promotional ladders. We want to make sure that employees know what the next step in their career is. We want to make sure that they know the next step, but also that they know how to close that skills gap. We want to make sure that we're creating those advancement opportunities for our employees.

[Slide 94] This is one of our unique promotional ladders here. I picked engineering for a reason. With engineering, our growth is highly dependent on making sure that our engineers are aware of their promotional lines. This gives, again, different options to our employees. I won't go too into depth with this promotional line, but it's unique. It's something that gives us a competitive advantage. It shows employees growth. It shows employees the next step in their careers.

[Slide 95] So, key takeaways about our value proposition to candidates as well as our employees: Number one, our culture, One Allient, One Team. You've been hearing that a lot lately, but that's nonnegotiable for us. Number two, our variety of interesting technologies. There's a lot of different potential and different career pathways and career fields that our engineers can go into as well as other employees. Number three, training and development investment. We will invest in our employees and make sure that they reach their full potential.

Regarding retention, we want to focus on growth from within. We want to train the next generation of our leadership and have that managerial philosophy of serving as a coach and mentor. Again, our transparent career pathways that enable investment that show exactly what the next step is, so there are no surprises for our employees.

With that, I'd like to pass it over to our next speaker, Mike Leach.

Mike Leach: [Slide 96] Thank you, Alex, and welcome everybody. It's great to see so many familiar faces in the audience. For those that don't know me, I'm Mike Leach, I am Allient's Chief Financial Officer and Senior Vice President with oversight for most of the administrative functions within the company. I've been with Allied a little over eight years now. Prior to Allied, I was with a variety of organizations in financial leadership roles, but always with companies that were global, highly acquisitive and focused on growth and continuous improvement.

[Slide 97] Let's quickly circle back to where Dick left off earlier this morning. Who are we today and who are we going to be in the future? Certainly, I think everybody's relatively familiar with our financial profile. Allient is roughly a \$560 million revenue company, generating over \$23 million in net income and just shy of \$76 million in adjusted EBITDA.

Where are we headed in the future? We are very confident in our ability to drive growth to be a \$1 billion company. We've been very public, talking about 100 basis points annual margin improvement and feel good about that to the point where we think we can drive operating margins into the mid-teens and adjusted EBITDA into the high-teens.

How do we accomplish that? I think the playbook remains the same for what we've seen in the past relative to driving organic growth at and above industry averages and rates. If you look back at Allient's success over the last five years from an organic growth perspective, you'll see that, even during the pandemic period, in the last five years, we've averaged about 8% or a little bit more of organic growth on an annual basis. And then, certainly, it's critical to our strategy to be driving growth through strategic acquisitions. It's important to our growth, important to our margins and it's important to what our technological offerings are as well.

[Slide 98] Moving on directly to revenue, I think we have clearly, as an organization, demonstrated an ability to grow the top line, and we're very confident that we can continue a similar trajectory on a go-forward basis. As I just touched on, a big piece of that will be organic growth beyond industry average rates. I referenced where we've been in the past, and just for your reference, industry rates from an absolute dollar basis in the motion control business at least has averaged about 3% to 3.5%.

So, we've significantly outperformed and, on a go-forward basis, we think we can continue that with mid- to high-single-digit growth on a go-forward basis. That growth in revenue and frankly, the margins may not be linear, so I would caution you on that. That's alluded to what Dick touched on for the various macroeconomic reasons and drivers that, again, not linear, but confident in the overall trajectory.

From a strategic acquisition standpoint, we've invested substantially over the last three or four years to build a team to execute our strategy. Steve, as you heard from him earlier today, is a key part of that. I think we've demonstrated that team's nimbleness and ability to execute with ten acquisitions in the last six years and six just in the last two years. Critical to that team's processes, as we've mentioned earlier today, has been the filter that we go through when we're analyzing opportunities. Again, we fully expect them to be margin enhancing, EPS enhancing and cash accretive as well, and we certainly expect, what's core to our filters, that we're adding technologies for us to build to drive higher level solutions across the business.

Certainly, geographic expansion where appropriate. 2016, when we acquired Heidrive, is a perfect example of that. We had a hole in our offerings in, let's call it, the Germanic region; that filled that hole nicely, and, certainly, expanding our customer base in target markets, especially in things like aerospace, medical and what I'll call specialized or high-end industrial.

Touching again on those last two points, our success in strategic acquisitions over the last few years being mostly focused on Motion is because it was a fragmented market, and I think we see the same fragmentation within the power industry and in the controls industry. We think the playbook applies to those pillars as well and our ability to move forward in a target-rich environment for those type of opportunities.

[Slide 99] All right. Let's talk about margins. How do we get there? Certainly, we think this sheer growth in volume will leverage the fixed manufacturing costs that exist within the business. We do have capacity at our facilities. Sometimes it is constrained by lines and equipment, but we also have capital funding as a priority to expand those things where necessary and leverage the fixed cost that exists within the business with prudent capital expenditures.

We'll continue to penetrate the niche markets that offer growth in higher margins. I just referenced them. We feel good about all the verticals that we operate in, and there are opportunities within all those verticals for enhanced margins. But, again, A&D, medical and specialty industrial offer the best opportunities, we think, that fit our technology the best right now.

Again, I reference margin accretive acquisitions, with margins, EPS and cash, and driving complementary technology that allow us to offer these higher-level solutions. You see that, in recent acquisitions with Airix and ALIO, all fitting to that nature and driving opportunities for us to climb that ladder, if you will, from a solutions offering perspective.

Geoff talked just recently here about AST and driving waste and cost out of the business. Certainly, I think we have plenty of opportunity to continue to do that. We have further opportunities to rationalize our manufacturing footprint. We have a long list of discrete projects that we can use to drive and, an area that we don't talk about as much, we think there's efficiencies and improvements to be made in the back end of the business, that is rich, with opportunity as well.

As we grow, we're going to have additional buying power and enhance our strategic sourcing capabilities. This is another area where we've made investments over the last 3, 4 years, building a strategic sourcing team. Unfortunately, we had to deal with the pandemic and the supply chain environment over the last couple of years, but fortunately, that team was very focused for us on ensuring supply, making sure we were able to deliver our customers qualifying new sources and funding alternative supply. On a go-forward basis, while that is still

present, I think they unlock our potential, if you will, to leverage our buying power as a broader group, and they'll have a focus there.

It's interesting to note that there's a relationship to our engineering group as well. You'd be surprised at how much time, effort and energy, the engineering groups within our organization had to focus on similar problems, alternative sourcing, requalifications with our customers and the like. They're now unleashed to focus on what we want to drive here from a growth perspective to a much higher level.

And then, we talk about leveraging our operating expenses to help drive margin as well. Certainly, I just referenced a number of those investments, but also strengthening our support functions, adding systems capabilities to our group and adding talent to the organization. A lot of that has been going on for the last 3, 4 years, and we think we've built the platform, if you will, to absorb the next \$100 to \$200 million in growth. We will not have to spend in those areas as aggressively as we have in the past to accomplish that growth.

One caveat I'll make to that is that, in engineering, we consider engineering the lifeblood of the company, and I think it will be critical for us to continue investing in engineering at a pace similar to what we have done in the past.

And lastly, I think there are opportunities, and we have discrete projects within our playbook here for the future to more effectively manage and optimize our tax rate and reduce borrowing costs, if you will, from a capital structure perspective and delevering to improve our net income as well.

[Slide 100] Moving here to cash generation, I think Allient has been incredibly strong from a cash generation perspective in the past. Obviously, there's been a significant hiccup, if you will, here in the last couple of years with regard to supply chain disruptions and the pandemic, but we are seeing those improvements, as I stated earlier, in supply chain and we're seeing a more return to normal, but there's still a ways to go. Based on what we've seen in 2023, and what we're expecting to see the back half of this year, we're confident in our ability to drive into the future with cash flow conversion at greater than 95%.

We'll continue to drive free cash flow growth with just simple revenue expansion. I think that's going to be incredibly powerful when we look at our projections. As I mentioned, our supply chain improvements, freight reductions, expedited freight reductions, pricing power and reducing lead times are all factors in driving bottom line improvements and improving our working capital situation.

We've seen a 10% improvement in our inventory turns here in the last couple of quarters. I think, in the short term, there's another 10% opportunity based on what we're seeing in supply chain. In the mid- to long-term, there are significant opportunities to improve inventory turns. Again, that will be the engine working capital improvements to drive the cash flow conversion I'm referencing here.

We have opportunities relative to DSOs and DPOs that fluctuate depending on our customers and who we're dealing with. However, I think we, as an organization, need to do a better job of matching our customers' expectations on us onto our suppliers. There's power there in being able to leverage that situation more equally, so we're not the Bank of Allied, if you will, for our customers.

And lastly, I just wanted to point out that I don't think we're a very capital-intensive business nor do we expect to be on a go-forward basis. We're typically spending 3% to 4% of our revenue on capital expenditures, but only 1% of that revenue level is really expensed on maintenance CapEx.

[Slide 101] From a balance sheet perspective, we've demonstrated our ability to generate cash in the past, as I've said, and what we've done with that cash is delever the balance sheet. I think

you're going to find that we're going to continue to do that with cash flow improving. You'll see a quick deleveraging of the balance sheet, particularly with our growing EBITDA power.

We are very comfortable operating the business at 3x leverage, which is where we are now, given our cash flow dynamics, but we still want the target to be at 2.5x or lower. That said, our credit agreement does allow us to go to 4x leverage, and that provides us with flexibility, if the right acquisition or strategic opportunity comes along. Future cash flow projections, again, are going to be very powerful and are highly supportive of this strategy on a go-forward basis.

As we continue to grow in size and mature as a company, certainly other capital structures will become available to us and perhaps provide more efficient access to the market and allow us to execute our strategy better than we are now.

I'd also point out that we have been using equity increasingly as part of our deals. We think that is critical to, number one, maintaining a healthy balance sheet and, number two, retention of talent that we acquire and getting buy-in relative to the One Allient culture and making integrations go more smoothly as well.

[Slide 102] Capital allocation from my perspective is pretty straightforward with the priority being managing it responsibly to enable our strategy. That strategy, obviously, is prioritizing growth. So, again, generating cash and deleveraging the balance sheet is mission #1 and that allows us to fund organic growth. We talked about capital expenditures earlier; 75% of what we spend in CapEx is growth driven or in support of our customers with projects or new product wins. I think you can expect that level of growth expenditures in the future as well on a go-forward basis. As I mentioned, the other place that we fund growth is through our operating expenses on the engineering line as well.

M&A will remain a critical priority for us to execute our strategy. It's critical to our growth and, of course, we have a strong track record that we want to maintain of being very mindful of heavily using our strategic filter, being particularly diligent in what we pay from a multiples perspective, and I think you'll see that continue in order to provide maximum return to our shareholders with that utilization of capital.

And lastly, we'll maintain what we would consider a modest dividend program now and into the future, and that will be appropriately sized based on the size and the shape of the company.

[Slide 103] So, wrapping up quickly here, the key takeaways are: One, driving growth to \$1 billion in revenue. This is going to be done through further penetration of very attractive markets that you've heard everybody speak about today, continuing to drive above-average industry growth rates from an organic perspective and being very focused on margin, EPS and cash accretive acquisitions.

Two, just as importantly, continuing to drive our overall margins with 100 basis point improvements on an annual basis. We are going to accomplish that through improving our gross margins themselves and continuing to leverage our operating expenses, using the tools that Geoff talked about, Allient Systematic Tools, driving towards higher-level solutions and focusing on margin accretive market verticals as well.

Lastly, we want to be nimble and financially flexible with regards to our balance sheet, and we're very confident in the powerful cash flow generation that is to come and that we think that will allow us to prudently manage our balance sheet while still providing the critical funding that we need to grow the company.

I thank you for your attention, and, with that, I'll turn the floor back over to Dick.

Dick Warzala: [Slide 104] We're just going to highlight for you what you've heard today. We've had 12 presenters up here, 10 from the company and Deb counts twice, so that's the 12.

[Slide 105] So, just to summarize for you, as we mentioned the words earlier, the bold part of it, Simplify to Accelerate. You've heard some of that throughout the day. As it becomes more sophisticated, Simplify to Accelerate, to make sure that we achieve the goals that we're setting out for the next generation within the company and for Allient as we kick it off today.

You might be like me. I looked at the stock to see how it was doing today and I couldn't find it. I was wondering what the heck happened. It did move. The symbol is different.

So, speed of play, critical and strengthen our balance sheet. Mike talked about that. We'll continue to work on that and develop that. And we do think, as you can see here, the next step up is really the next step up in revenue, the next step up in profitability that we see ourselves creating.

[Slide 106] Key takeaways from the House of Allient:

- Expanded breadth and depth of our solutions - you saw some of that today and it's very exciting.
- Expanded content - that message kept coming through; opportunity to continue to expand content in these target verticals.
- Core technology unit structure - the foundation was built off the core technology unit structure that's going to be retained as we layer on top the vertical market solutions.
- Create highly focused vertical markets - as I mentioned earlier, we didn't repeat many that you've heard several times in the past that have helped us build the success of the company and will continue in the future.

So, with this change and with this next step forward in the evolution of the company, we do believe that the revenue growth is going to occur. We will meet those projections we gave you and I'm very confident that, with the team that we have here, we will, once again, be up here celebrating our success.

Before I turn it over to Deb, I'd just like to say thank you to the entire Allient team, and thank you to you for taking time in August here in New York City to come and participate with this, and to everyone online. I just want to give a little applause for those guys that work so hard.

QUESTIONS AND ANSWERS

Deborah Pawlowski: Okay, we're going to start the Q&A session now. I'm not seeing any questions yet through the web. Somebody did ask about the size of Ken May shoulders and whether or not he's a football player. All right. Our starting question is over here, as you would imagine. Yes, Greg.

Greg Palm, Craig-Hallum: First off, I remember the days of little or no information disclosure, so the fact that we're sitting here at an Investor/Analyst Day with a 115-page slide deck is pretty amazing. Thanks for all the useful information.

I wanted to start with growth a little bit and that bridge to \$1 billion and focus first on the organic side of things. Help us understand the opportunities for new customer growth, for wallet share expansion in your existing customer base, and then, just a little bit about the certain end markets or verticals in which you think you're best positioned for some of that outsized growth.

Dick Warzala: Sure. I'll let Mike go through the high-level math of the organic growth and where that takes us; and then, what has to be billed, and then we'll reach out to several of the individuals here and let them talk specifically about some of those opportunities.

Michael Leach: From an organic growth perspective, again, I think the playbook is repeating what we've done in the past on a go-forward basis. And so, I think 50%, 60% of that growth will come from organic growth, and much like the past, 40% to 50% of it will come from acquisitive growth.

Dick Warzala: You talked about a lot of growth. We'll start with you, Manoj.

Manoj Mehta: So, again, as part of the defense sector, some of the programs that we talked about just kind of scratched the surface for us. There are several other programs that we're also working on with our customers. I think one of the big benefits that we have is, we're more of a unique play in the market, where we are able to combine nontraditional technologies to provide additional advantages. So, where that positions us on those programs is, it gives us that opportunity to get in early and to grow content as we move forward.

That has been one of our strategies from the beginning of the company. We use those sales channels to bring in other technologies. We may start off with a certain content on a vehicle and then we generally expand it to 2x to 3x more.

We're seeing more and more programs coming online now, with the condition of where things are in the world right now, and how militaries are expanding their spending and governments are expanding their spending. You can see that in the programs that we talked about. But, there are other ones that are coming up that I didn't cover today, but they're all in the public domain that you can look at. That's ground-based alone.

Beyond ground-based, we also have, as part of Allient, significant penetration in other areas of the military market. Also, geographically now, we're starting to see some expansion of growth. So, I think we're really being, to somewhat of a degree, a little conservative in what our estimates are. I think that there's even more opportunity out there than what we talked about today.

Helmut Pirthauer: I can talk a little bit about Europe. I'm from Germany. You know, there is a situation in Germany, there is a situation in Europe. But, we have to be better than the normal competition, because we have a war, of course, and we have a critical situation in Europe, but we worked over the last years to be better and you saw our investments. And I can say, I'm with Mike.

My understanding is, for Europe, our chance, what we have in Stockholm, what we have in Porto, what we have in Germany, we can grow much better because we invested already over the last three, four, five years.

All what they show, the projects are not done by one or two years developed. We invested for trucks, electronics for trucks, we invested over the last five, six, seven years. The success will start over the next months and maybe half of one year. This is the reason why I would say a little bit, maybe 60%, 70% is from the Europe standpoint, so internal growth.

Simon Rees: I think, from a medical perspective, the organic growth is really focused on market share and that continued engagement with the leaders in the sector and just share shift in that perspective. The second piece of it, I think, goes to how we leverage the group to bring more technologies into that same space. And then, the third piece of it, I think there is a regional element.

So, in those medical applications that are pretty broad, there are some specific regions that I think were underrepresented; and then, we have the opportunity to expand through those.

Ashish Bendre: Clearly, there is share expansion, right, which is, if you look at data centers, getting more of the primes on board, but, to do that, you actually have to offer something that's different. I believe, we have that with PQ Connect, that ability to, essentially, have a smart device and be able to monitor and control remotely. That's what's going to unlock that

traditional market share. And the industries we are in are growing and are stable. So, it's a combination of being in stable, growing industries and having something that really gives you a pathway to attracting more, a larger customer base.

Greg Palm: That's all helpful. On the nonorganic side of things, as I think back, a lot of your acquisitions have been done in this era of very low interest rates, and I'm curious. In this period of higher interest rates, higher cost of capital, does that change your appetite at all or how you think about funding future acquisitions?

Mike Leach: As I referenced earlier, we're using equity it's a larger component of what we've done in the past, so certainly, that's a path there. The other thing I would point out is, it's important, particularly as we delever, that even at current debt levels, we have approximately 45% to 50% of our debt hedged at levels from two years ago, so the low points in the interest rate market. That won't last forever, but there's another two, three years of runway on those hedge positions that will enable, at least in that period of time, maintaining that lower cost debt structure.

Dick Warzala: I would just add to it that, as interest rates have gone up, we've also seen multiples begin to trend down, so I think there is the balance if you look at it over the long term, the balance of the capital allocation as well as the multiple of what you're paying.

Ted Jackson, Northland: I'm just going to take it to the margin levels since we talked about growth and you're talking about adding 100 bps of margin on an annualized basis going over the longer term. When you look at that margin and you talk about the different drivers, some of it was better capacity utilization, better leverage. Are there any particular end markets or pillars where you see the bigger drivers of that margin coming from?

Dick Warzala: Well, I would say that we've mentioned that our most recent acquisitions have all been margin accretive. That doesn't mean they've all come out of the chutes doing that. There's a little bit of a gap.

We talked about Spectrum Controls. Spectrum was gone up into a big supply chain issue last year, but Spectrum kicked in this year. So, margins and utilization of basically leveraging your fixed manufacturing overhead to generate those margins, we see a big uptick there.

One of the real bright spots, from an acquisition standpoint, where we do think margins are going to have an uptick, because of content, program size, maximizing program size, is in the A&D business. I think Manoj talked quite a bit about that and the opportunity there. It's in front of us and the margins we're looking at there, because of the content and the IP that we're bringing and we're leveraging into those applications, will definitely drive it up.

We tend to look at specialty applications within certain markets as well. And if you, again, come back from where the company was founded, we started out as a motor company and weren't necessarily able to generate those types of margins. As we continue to develop and evolve, we're less concerned about landing the big order, more concerned about landing a better quality order.

Part of our efforts today is looking at, what is the quality of the margin that's being generated? What is the CapEx that's being required to invest in it to get the return we're looking for? With the programs that you heard today and that we're laying out here and the increased pull through, I think we have the ability to increase margins in almost every aspect of our business, both from the gross and operating level standpoint.

Ted Jackson: And then, a follow-up would be, on the M&A, you highlighted medical, aerospace and high-end industrial as key target markets for you with regards to go-forward M&A. When you look at those, can you provide a deeper discussion to why each of them is attractive? Is it market size? Is it margin structure? Maybe a little more color around with each

one of them. Why have you selected those three verticals as to being the most attractive and most important to you.

Dick Warzala: Great question. First off, we have to clarify that it's not that we don't see all of them as being attractive, but we talked about diversification and I think diversification was a very important part of what we were looking for in the next acquisitions that we had taken on in the last few years.

If you go back, I don't know, four or five years ago, and look at the percentage of sales in the vehicle market, it was overweighted for our portfolio. An ideal world would sit there and say, we have 25% of our business from those four operating business sectors, let's call them, so from vehicle. Some of that gets camouflaged. For instance, Manoj talked about ground-based vehicles. Where do we put that? Does that have defense or is that vehicle? The technology that's being utilized on ground-based vehicles is coming from the commercial side, so we're leveraging that as well.

It really was a conscious effort to say, let's level this thing out, let's be able to ride through the ups and downs of the individual markets and weather them. Ideally, 25% in all, higher level of sophistication in the applications, more content.

For some of it, it's just, we will work on digging them out, and I'll let Steve talk about how he does that. How do we dig out applications? How do we identify? Like the process we went through after we acquired TCI, how many companies we looked at? What the profile looks like? We can talk about that, and then how we work our way through to finding those that we truly want to go get.

You'll see, many times, that we will dig out those acquisitions and we will groom them over a number of years, and, of course, we get some to come to us through the investment banking community and some ready to sell. Maybe talk a little bit about the process of how we will look at particular acquisitions. For example, when TCI came on board, what did we go through there? Maybe give them an idea of how many companies and profiles we looked at and why we decided to go after summer.

Steve Warzala: Sure. So, pre-COVID, right before everything hit is when I stepped into the role. Myself, Ashish and a few other team members sat down with a targeted list of about 120 companies. and we went through the list and ranked them A through Z. We decided to start calling and getting attention from these companies and say, listen, we're out here, we're looking and seeing what the market is, what you are interested in and talking about what the future may be for a partnership.

Some went very well, some were not interested at this time, but the process continues. And then, when COVID hit, everything shut down, right? So, everyone saw that. There was not a lot of action going on. When it came back, the multiples were so high that we weren't interested a lot of the time in participating in some of those discussions, because they were just astronomical.

That's some of the ones that we've attacked just from an internal standpoint. There have been ones that have come to us. Spectrum has been one of them and a couple of other ones.

I think my favorite example is the FPH that we got with Manoj and Dave and the team over at FPH and that's been a 10-year partnership between our companies. We sat down one day and just had a discussion about what the future held for our companies from a partnership standpoint, and that fell down the road of, hey, maybe we should become one team. We're already partners, so let's come under one roof, and that worked out very well for us and into that sector where we want to stay a little more on the defense side.

When it comes to the Controls and the Motion, there's not specifically one sector where we're saying, "Hey, we have to focus just on this." If something comes our way or we see something

out there that we'd like to go attack, we will. It's just kind of timing a lot of the times. Like I said, at one point or another, there are four to five different opportunities on our plate, and we decide when the right time is to pull the trigger.

Dick Warzala: The other reason for FPH is we thought that they were making way more money than us, so we tried to get some of that profit. We were doing all of the work and they were making all the money.

Joe Hanzlik, Confluence: I'm just an investor in you guys. As far as, when you look at your organic growth rate, you mentioned mid-single digits in there. But then, it obviously looks like there's a lot of tailwinds with defense, obviously, and with the medical side, with some double-digit growth rates there. What is growing slower on the other side? What part of industrial or auto is just bringing that growth rate down?

Michael Leach: Vehicle is a good example. But you have to get really specific relative to the subvertical of the niche that you're operating in. So, the last year or two, certainly, commercial automotive has been down significantly. I think we've publicly stated some pretty substantial contract wins in that specific space with ramp-up periods that just haven't yet occurred.

We're starting to see it now. We're confident that this year into next year, we'll be at full production ramp rates. But, when we talk about the last couple of years, there was a drag on it. And there have been periods for aerospace, with drag on the commercial side, again, that was impacted by the pandemic.

And then, in defense, you're subject to some program timing and budget. You'd be surprised how much pent-up demand exists because of the conflict in the Ukraine right now, but how much has yet to release. We've seen a tremendous amount of activity relative to quoting both current programs and future programs, but there's so much struggle out there in the market with the primes being able to produce and manufacture some of that demand. Sometimes it just doesn't flow down into our marketplace, but we're starting to see that come back. Again, as I said, the level of activity is tremendous and certainly the tailwinds from a nonorganic standpoint exist as well.

Joe Hanzlik: Okay, and if you were to look forward like three to five years, obviously, medical is pretty small yet and aerospace and defense is still pretty small relative to the size of the other 2 pieces. What's your biggest one? Is industrial still your big one? Is A&D? What does that mix look like, do you think?

Dick Warzala: Industrial is the largest today, and it surpassed Vehicle. That happened through acquisition. Vehicle is number two. Medical is number three and Aerospace and Defense is number four. As I said, our goal in an ideal world would be to have those all equal. That's where some of the emphasis was. We're underweighted in Medical. We're underweighted in Defense. We were maybe a little underweighted in Industrial. So, we put a little more emphasis there and said, let's get that balance within the company and that's what you should expect here.

Mike is 100% correct about the tailwinds that I think are yet to come. We've been known to be a little bit conservative in what we go out and state. The munitions programs, for example, those have to kick in. They're using them and they're using them at a pretty rapid pace here, so at some point, there has been a significant amount of quoting. And as a matter of fact, you can remind me after this meeting, I will ask Phil about how that's going.

Joe Hanzlik: The last thing I have is just on the margin improvement. You have had the 100 basis point annual margin improvement expectation. Obviously, the COVID supply chain issues have hit you as hard as it hit all of the other manufacturers. How much of that is going to come from gross margin versus on the operating side?

Michael Leach: I think half and half. Where I referenced organic growth versus acquisitive growth, I think margin dynamics probably flipped a little bit. 60% of the growth may come from

organic growth, but I think maybe 40% of the margin improvement will come from organic growth opportunities. As focused as we are on margin accretive deals, I think the power of the growth that comes from acquisitive growth is going to provide a nice lift in margins, much like we saw with the recent acquisitions in the last, let's call it, 18 months.

Dick Warzala: Mike has mentioned this in the past, too, that mix does play a big role. As the tailwinds in some of the higher-margin areas for us start to kick in, you could see that shift. Growth could be greater, but if it's not kicking in and we're doing more of the lower-margin business, that's going to drag it down. Over time, I don't think it's unfair to say that the balance is going to come half from gross and half from operating leverage.

Brett Kearney, Gabelli Funds: Thanks for the event, thanks for the depth of talent you brought. So, question. A lot of the megatrends we've spoken about today are present globally, but probably, arguably, most pronounced in North America. I think some of your recent acquisitions have probably strengthened your position in North America. I guess my question is, how do you think about some of the geographic expansion opportunities that are out there for the business relative to the risks and the more uncertain geopolitical environment?

Dick Warzala: Great question. Let's start with APAC. We assigned Simon to really lead up and take a look at that region. We'll start off by saying our business in Asia is maybe 5%, but we do think there are still significant growth opportunities there. We have two facilities in China and we do need leadership. As we look at the size of the company and the need and the requirement for us to have people wear multiple hats as we expand from a size standpoint and to the requirements of support, Simon has APAC, maybe you can fill us in what your thoughts are for what's going on over there.

Simon Rees: Sure. So, in part, to build on what Dick was just saying, leadership in the region is one part of it, but I think the other piece that's really important is focus. When you look at a region like Asia, it's easy to think of it as one region and everything is the same, but actually, it's multiple countries.

China is not Asia, Asia is not China. It's a mix of countries, all have different drivers and it creates a mix of opportunities. For us, it's about really focusing on what matters where and then aligning all of the things that you've heard about in the portfolio today to the opportunities in the places where they actually make the most difference to us.

Dick Warzala: Maybe Helmut wants to add to that. You understand the question, about expansion in Europe?

Helmut Pirthauer: Yes, the expansion in Europe, we talked already about the margin. I can also talk for Europe. What we did and what we do currently is, we reduce the automotive value and increase industry. We have a company in Portugal, which is more of a low-cost region. We have a production company in Czech Republic. It's also in low-cost regions that we increase the industry, like in Stockholm, like in Dordrecht, in the Netherlands. And we bring the production in this facility to Czech Republic and also to Porto that we say, in the end, we reduced a little bit of automotive, because the margin is not so high, and we increased the industry. This is a clear strategy, what we go on and it's very strong.

For example, 2 years ago, maybe 2.5 years ago, we were 100% automotive in Porto. End of this year, 40% is only for industry. This helps to increase our margin. We cannot always increase the price. We have to find the right strategy. In which location we produce which products and increase and change a little bit from lower margin projects to higher margin.

This is the strategy what we do, very strong in Europe and also in North America. We also have changes from North America to Mexico. I will not say too much, because this is more your business, but we are always in discussion and this is really a point what we drive very fast.

Dick Warzala: Just to add on to that a little bit, this, again, goes back to the gross margin question and the operating margin question. If you're dealing in, let's call it, a market like automotive with high volumes and high revenue, your operating profits could be fine, but your gross margin profile is going to be challenged. You have to work the balance, and that's why we sit there and say, there really needs to be a balance here and understanding that they could both be good, but the profile is going to be slightly different.

Brett Kearney: Great, and then, maybe one for Steven. Given your level of engagement with business owners out there, what are you seeing now in terms of folks' willingness to, I guess, engage and potentially transact? Obviously, we're through COVID, but it's still a pretty uncertain environment. It sounds like, for the type of assets you go after, very proprietary relationships that are less well picked over, who do you compete against? So, I guess availability and then competition for deals.

Steve Warzala: It's a good question, Brett. We don't always know who we're up against. So far, though, when we want to attack something, we haven't lost it. If we really want it, we're going to go after it and we're going to win it.

I jokingly say that Mike's job to bring the money in, my job is to spend it. So far, we haven't in that process gone after someone that we really wanted and lost. Certainly, during the time when multiples were through the roof, we were in the room, talking to them and decided, okay, this is no longer for us.

When it comes to who we're targeting, it depends on where we are. Timing is everything in this. ThinGap is a great example. We first reached out prior to Covid and, talking to John Bauman and the team there, there was some interest; and then, obviously, things fell off for a little bit. Two to three years later, we came back to the table, had another conversation and the process started over again.

So, it's cyclical. Sometimes they're ready to go and sometimes they're on the back burner for a little bit, and it's also where we are at times, if we just did another acquisition.

Simon came before that in 2020. That was the start of six. And then, as we kind of rolled through, we did back-to-back days. So, ORMEC was on a Wednesday and then ALIO was on a Thursday. So, our legal team, prior to Alex taking over, and the rest of our team were up for almost 24 straight hours to accomplish these deals. So, it's all about timing really.

When you're in the market, you're talking to people left and right. Where are the callbacks coming from? Who are the groups you're working with at the time? We do have stuff that comes to us. I think it all depends on the timing of other things as well. We are talking to people regularly. I mean, we could probably turn around tomorrow if we wanted to and acquire another company. It's all based on timing and where we are at the current time. And I have to doublecheck with Mike and Dick to make sure that we're okay to do it.

Dick Warzala: What I have to add to this is, he's talking about timing and he's saying that we could do something tomorrow. He gets many people contacting him and they're interested to do good deals with us. It's more about, like you said, are we ready? Do we want to do that deal?

This is a really strong element and has been of our acquisition strategy. It goes back to the first acquisition we did and to the next one and the next one, it keeps following, especially when you did acquisitions in Europe.

U.S. companies didn't necessarily have a lot of respect in Europe. They would come in and impose their will on companies. They would change everything. And even Helmut. We can go back to 2016, when Helmut said, he's not going to come to work for us. He would never work for an American company.

But, it's the culture that we have within the company, and building the relationship with the seller. In many cases, we're buying private companies that the founder started and you have to play that family piece with them very strongly, and we can do that. We have a track record and a history where we can show that we didn't walk in here, by you one day and close you the next. We gave you the chance to run the company. We left cultures in place.

So, we have a long track record of that. In Europe, that's played out fairly well for us; and not just Europe, but even in North America. Steve didn't get into the family side of why we would win versus others. They could make their choice even at a lower multiple, because of that factor. And we see it today.

You talk about one before COVID, there were actually several before COVID and some that are coming to fruition now. And, literally, it's what's going to set us apart. The price might be the same. We may be even a little lower. But, if it's the founder and he really wants a legacy, he sees it in Allient and we can gain a competitive advantage. Steve didn't mention that, but I think it's a pretty strong element.

Helmut Pirthauer: Yes. It's definitely true. I was never ever interested to work with U.S. companies, because U.S. companies have not the best reputation in Germany and Europe. The German and Europe companies mostly like to work with China, but not with my heart, definitely not. After 7 years, I can definitely say Allied Motion, and now Allient, is different. I can definitely say, from my heart, this company is different, definitely.

Tyler Hojo, ACK Asset Management: You made the comment earlier about not all acquisitions coming out kind of at those higher margins that you project. When would you expect all the acquisitions that you made within the last year or so to be in that high 30% gross margin, high-teen EBITDA margin? The way it looks to me is, that seems to have been the biggest drag in terms of the first half the year.

Dick Warzala: Tyler and I have had this discussion a few times. I think what we have to remember is we're acquiring these companies, and there is a downside that you're acquiring all these small companies and you have this overhead layer that's in there. You want to maintain the integrity of the company, but you have to somehow figure out how to leverage an operating product. We could have very high gross margin, but we find our operating margin to be a challenge because of the overhead structure.

There are only a couple of ways out of that. You either grow the revenues and keep the gross margins the same to expand that level of business, which is a little slower process that is underway today even with some of the current acquisitions, or you have to find a way to leverage the OpEx and we're doing that as well. So, I don't think there's one answer for everything.

We are completing a move of a facility in New Hampshire that we acquired that will be finished in, let's say, early fourth quarter. Clearly, the leverage of the OpEx here is going to be very strong. Their gross margins were good. They were better than average, but because of the size and that operating structure, it pulls down the overall margin.

So, there are two ways to do it, grow with it over time, feed it, get the revenue growth, maintain margins, don't bring OpEx in, the operating expenses in at the same level and just start to generate a higher level of actual operating income because of the gross margin.

Mike Leach: We're not firing on all cylinders with that collective group. I won't get into specifics, but I think where we're not, I think the potential for improvement in growth is massive. So, I think there's, as we said, a lot of upside, not just in that business, but the broader business as well.

Dick Warzala: Sure. But to go through the entire group, we combine them all together just to not have to deal with small units and what's this one doing versus this one and that one or that

one. I would say to you, though, that, directionally, we're in good shape here to move those things along.

What we're missing in some of that is the pull-through from the systems level as well. So, Mike's right, they're not all firing on all cylinders. Last year, Spectrum was a real drag on us and, this year, they're kicking in. We won't get into the rest, but I will say to you, directionally, we believe we're on the right track. And so, that's either an operating leverage or drive that top line.

Tyler Hojo: Yes. So, just throughout this entire day, right, I mean, it sounds like supply chain is getting better. It sounds like there's a lot of progress on the solutions or the system side. Obviously, with these acquisitions, there's room for improvement. It all seems to tie together into perhaps more margin upside than the 100 basis points. And the question I still have that lingers is, what are the drags? What are the other things that we're not talking about that you all are working through?

Dick Warzala: One that I mentioned to you, and I think we mentioned in the last conference call, is that we have a drag on long-term contracts. In the long-term contracts, we were well protected in commodity pricing, but we weren't well protected on the overhead cost increases, labor cost increases. There was never a reason to be concerned about those for many, many years; but now, you have mandates coming through for labor cost increases. You have fuel surcharges. You have all kinds of things that have occurred that are driving those costs. It's not just direct labor increases. It's all labor increases. So, that's some of what we have to work through and they're not just sitting back and saying, okay, we understand what you're saying, we'll pay you more money, because that, then, is a direct hit on them. They have to go to the end customer.

That's a process that's going to take some time to unwind. If we were able to just pass our cost through of what we hit there, we wouldn't be talking about why are you slowing down in your gross margin improvement. We would be seeing that pull-through occurring.

Bill can address that really well. He gets the automotive. He gets powersports and he can address that extremely well that it's a battle to go in there and say, hey, we had a 17% labor cost increase mandated to us in Portugal in the low-cost region. That sounds low. Mexico is double, how do we recover that?

Electronic components was another one. Those costs were driving down over how many years, power devices, electronic microcontrollers, memory devices, always shifting down. They took a big turn. So, some of those weren't covered in the commodity price increases. It was metals, basically, that you're talking about. So, they're still there. We're working through them and we will get through them. We are doing a heck of a lot better job now understanding product profitability and product line profitability. It starts there.

If we didn't get that data and have that data, then we wouldn't understand where to attack to move that up. If we can push the higher-margin products, I mean, there's a lot more room for when you're dealing with a non-long-term contract. With your order-by-order base, your costs are all coming through and you're passing it on. It's either you place it or you don't place it. But, it's to undo and unwind some of those long-term contracts that get paid for our true cost that is the challenge.

Mike Leach: And just, generically, we're still seeing rising raw material input prices going up, and the environment, in terms of passing those along to customers, aside from the overhead labor issues that Dick mentioned, and discrete orders, it's gotten tougher. You had a ton of leverage 6, 9, 12 months ago, if you had supply to get any price you wanted to get that through, because people were desperate for product. As that's loosened and there are, let's call it, macroeconomic tensions, people are resisting increases to a much more significant degree today than they were just 9 months ago.

Dick Warzala: If you do the math, if all you're allowed to do is pass it through and you're selling a product for \$100 and you have a \$2 increase in your commodities, material cost, you now sell it for \$102 and allowing you got a \$42 cost instead of a \$40 cost.

So, your gross margin is going to come down because of that. That's some of the battles we're fighting. We look at the margin profiles of what we've acquired. They are all accretive to what we were doing, and there's nothing that says they're not going continue to be or even accelerate that as well as the emphasis on internal product lines that could certainly generate higher gross margins. That is part of the drag.

I'm not sure if I clarified that a little bit more here if that helps you or if you have more questions.

Tyler Hojo: No, that's good. Obviously, is just we're kind of seeing some of that leverage you and I have been talking about for years starting to flow through. And if I'm hearing you right, it sounds like it's all right there. It's just about execution at this point.

Dick Warzala: We have got some work to do. Settle the contracts, move things forward, sell. This is what has to be done. And, quite frankly, end of the day, as we built the company to this size, we need to select the customers and markets that allow us to make a fair and reasonable profit.

Tyler Hojo: How much of your business, your book of business, today, would you say has this element of tough pricing discussions?

Dick Warzala: The problem when you say how much is, you're talking about relative as a percentage of sales. So, the long-term contracts, typically, are higher amounts, because you don't sign a long-term contract for really low-priced product. Maybe Mike can help me if I'm off base, but I would tell you that maybe 20% to 30% would be these long-term contracts that we have more effort to do to get cost pass through.

Mike Leach: I was going to say 25% to 30%.

Deborah Pawlowski: Any more questions? Going once?

Stefan Mykytiuk, Grays Lane Capital: I think this is probably for Simon. Medical, pre-pandemic, has been one of the faster organic growth end markets. And then, during the pandemic, you had these spikes; and now, it has been a little slower. You laid out some really nice like use cases that are high growth. How long do you think before medical gets back on that higher growth track and normalizes from all the pandemic impacts?

Simon Rees: I think it's a really difficult thing to put a time frame on it. The thing to look at in that medical space, and I kind of touched on it in the presentation, was in the applications and the fact that those applications are very, very broad and they move and they fluctuate. So, you have things like medical mobility; it's solid, it's stable, it's moving and it's been largely unaffected by the last couple of years.

You have surgical robotics, which is high growth. And then, with the other elements, I guess we have this portfolio approach going on, so that the whole thing is balancing out. Long story short, it's hard to put a specific time frame on when or if something is going to change. It's sort of happening all the time, but under the surface.

Dick Warzala: Yes, but let's add to that. If you go back to the COVID period, we were fortunate in that we had business and respirators and so forth, so that business kicked in when the other business dropped off. So, the normalization, if we want call it normalization, where our medical instrumentation, our surgical robots and diagnostic equipment has kind of stabilized and are starting to move on that growth trajectory.

Mobility went down for a while, but now it's kind of stabilized and maybe someone can answer that better than me. It's the other side of that business that really ticked up and then came down. So, the offset was there.

Helmut Pirthauer: Maybe I can give you a detailed example. In Europe, in Germany, we have two companies. One is 100% medical and other company is, I would say, 70%, 80% industry. When COVID started, on the medical side, we increased the revenue by 2.5x, and the industry side went down by 25%, 30%.

And now, I can say from a European standpoint, we are back because we have now the same revenue on the medical company, a little bit higher, of course, as before COVID, and on the industry side, we increased. The German companies together with Czech Republic, through the pandemic, increased. We had no problems with the pandemic from the German and Czech Republic standpoint, only from my side.

Dick Warzala: Combined, the combined entity of those businesses.

Mike Leach: That speaks to the diversification that we've been saying throughout the day as being our desired target.

Dick Warzala: One of the other companies he is responsible for the Netherlands as well, and they saw that same swing.

Deborah Pawlowski: Well, that appears to be all the questions that we have today. And so, Dick, you can say goodbye.

Dick Warzala: I can't thank you enough for taking the time in August to show up here for our first Investor Day. And again, the questions you ask really help us to improve. Sometimes we answer them and we're vague, and some of the answers are at the points in times, but any time...please feel free to call and we'll have discussions on these. We tell you a little bit more than we used to, right, Greg?

So anyway, thanks again. And I can't thank the Allient team -- entire Allient team that's out there -- enough for all you do and for all your efforts, and I look forward to a continued and bright future here.

Deborah Pawlowski: All right. Do I have takers on coming to ring the closing bell with us?

Note: This transcript has been edited slightly to make it more readable. It is not intended to be a verbatim recreation of the Allient Inc. (ALNT) Investor and Analyst Day webcast that occurred on the date noted. Please refer to the webcast version of the call, which is available on the Company's website (<https://allient.com>), as well as to information available on the SEC's website (<https://www.sec.gov/>) before making an investment decision. Please also refer to the opening remarks of this webcast for ALNT's announcement concerning forward-looking statements that were made during this webcast.