apogee | 75 YEARS

Apogee Enterprises, Inc.

Fiscal 2025 First Quarter Earnings Call

June 27, 2024

Taxation Building – Trenton, NJ © Greg West Photography

Non-GAAP measures & forward-looking statements

This presentation contains non-GAAP financial measures which the Company uses to evaluate its historical and prospective financial performance, measure operational profitability on a consistent basis, as a factor in determining executive compensation, and to provide enhanced transparency to the investment community. Definitions for these non-GAAP financial measures are included in today's press release and reconciliations to the most directly comparable GAAP measures are included at the end of this presentation.

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements". These statements reflect Apogee management's expectations or beliefs as of the date of this presentation. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements are subject to significant risks that could cause actual results to differ materially from the expectations reflected in the forward-looking statements. More information concerning potential factors that could affect future financial results is included in today's press release, the company's Annual Report on Form 10-K for the fiscal year ended March 2, 2024, and in subsequent filings with the U.S. Securities and Exchange Commission.

Agenda

Introductory remarks

Ty Silberhorn

Chief Executive Officer

Financial results and outlook

Matt Osberg

Chief Financial Officer

Q&A

FY2025 First Quarter Highlights

- Lower sales volume driven by softening end markets
- Solid execution, cost management, and productivity gains drove significant adjusted margin improvement, offsetting lower net sales
- Improved margin performance & strong backlog growth in Services
- Strong adjusted diluted EPS growth
- Raising our full year adjusted diluted EPS outlook

Net sales	$332 M (8)% year-over-year
Adjusted operating income*	$42.5 M +26% year-over-year
Adjusted operating margin*	12.8% +350 bps year-over-year
Adjusted diluted EPS*	$1.44 +37% year-over-year

Strong execution more than offsetting lower volumes

*Non-GAAP metrics, see reconciliation table

Executing our Enterprise Strategy

Create Peak Value by building **differentiated** businesses with **strong** operational execution

1
ECONOMIC LEADER
IN TARGET MARKETS

2
ACTIVELY MANAGE
THE PORTFOLIO

3
STRENGTHEN CORE
CAPABILITIES & PLATFORMS

FOUNDATIONAL ENABLERS

- Results-driven Culture
- Talent Development
- Apogee Management System (AMS)
- Best-in-class Governance

Market Outlook

FMI forecast for construction put in place in the U.S. by building type

Building Type	Forecasted 2024 Growth Rate	Forecasted Put-in-Place Spend ($ billions)
Multifamily residential	-8%	$133
Office (excluding data centers)	-2%	$74
Commercial	-2%	$130
Health care	+8%	$69
Educational	+9%	$127
Lodging	+14%	$27
Amusement & recreation	+7%	$35
Transportation	+10%	$70

Source: FMI 2024 North American Engineering and Construction Outlook, April 2024

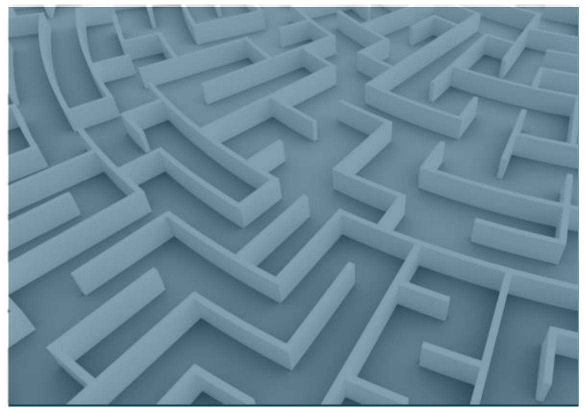
Shifting market dynamics driving continued focus on diversifying our project mix

Increasing our focus on growth

Embedding a Growth Mindset

Capture share

- Geographic expansion
- Improved product & service performance



Focus on higher growth opportunities

- Architectural product diversification
- Expansion into adjacent markets

Invest to accelerate growth

- Organic investments
- Acquisitions that complement our strategy

Consolidated Results

$ in millions, except EPS	Q1 FY25	Q1 FY24	Change
Net sales	$331.5	$361.7	(8.3)%
Adjusted operating income*	$42.5	$33.8	25.9%
Adjusted operating margin*	12.8%	9.3%	350 bps
Adjusted EBITDA*	$52.6	$43.8	20.2%
Adjusted EBITDA margin*	15.9%	12.1%	380 bps
Adjusted diluted EPS*	$1.44	$1.05	37.1%

*Non-GAAP metric, see reconciliation table

Commentary

- Net sales declined due to lower volumes in Framing Systems, Glass, and LSO, partially offset by growth in Services.
- Adjusted operating margin expansion driven by:
  - Improved project mix in Services
  - Favorable material costs
  - Lower insurance-related costs
  - Productivity gains
  - and lower bad debt expense
  - Partially offset by the impact of lower volume
- Adjusted diluted EPS growth driven by higher adjusted operating income and lower interest expense

Segment Results

First Quarter FY2025

	Segment net sales $M	Adjusted operating margin* %
Architectural Framing Systems *Year-over-year change*	$133.2 *(18.9)%*	14.5% *240 bps*
Architectural Glass *Year-over-year change*	$86.7 *(10.8)%*	19.7% *270 bps*
Architectural Services *Year-over-year change*	$99.0 *10.7%*	5.7% *640 bps*
Large-Scale Optical *Year-over-year change*	$21.2 *(5.6)%*	22.9% *(170) bps*

- *Adjusted operating margin is a non-GAAP metric, see reconciliation table
- Segment net sales is defined as net sales for a certain segment and includes revenue related to intersegment transactions.
- Net sales intersegment eliminations are reported separately to exclude these sales from our consolidated total.
- Segment operating income is equal to net sales, less cost of goods sold, SG&A, and any asset impairment charges associated with the segment.
- Segment operating income includes operating income related to intersegment sales transactions and excludes certain corporate costs that are not allocated at a segment level. We report these unallocated corporate costs in Corporate and Other.
- Operating income does not include any other income or expense, interest expense or a provision for income taxes.

Cash Flow and Balance Sheet

$ in millions	Q1 FY2025	Q1 FY2024
Cash flow from operations	$5.5	$21.3
Capital expenditures	$7.2	$7.4
Free cash flow*	$(1.7)	$13.9
Share repurchases	$15.1	$5.2
Dividends	$0	$5.2
	Jun 1, 2024	**Mar 2, 2024**
Total debt	$77.0	$62.0
Cash & equivalents	$30.4	$37.2
Net debt**	$46.6	$24.8
Net leverage**	0.2x	0.1x

*Free cash flow is a non-GAAP metric which the Company defines as cash flow from operations less capital expenditures.
**Net debt and net leverage are non-GAAP metrics. See reconciliation table.
Tables may not foot due to rounding

Commentary

- Lower cash from operations primarily driven by increased working capital requirements compared to last year's Q1
- Q1 cash flow is typically the lowest of the year due to the timing of incentive and tax payments
- Net leverage remains low at 0.2x
- No significant debt maturities until 2027
- Repurchased $15.1 million of stock in the quarter

Strong financial position – Deploying capital to drive value

FY2025 Outlook

Net sales	**(7)% to (4)% compared to FY24**
Adjusted diluted EPS*	**$4.65 to $5.00**

Increased from previous range of $4.35 to $4.75

Additional details

- Net sales impacted by:
  - ~2 percentage point decline related to reverting to a 52-week year
  - ~1 percentage point decline related to Project Fortify
- Reversion to 52-week year expected to reduce adjusted diluted EPS by ~$0.20 compared to FY24
- Assuming effective tax rate of approximately 24.5%
- Planning CapEx between $40 to $50 million

*Non-GAAP metric, see reconciliation table

Increasing our full-year adjusted diluted EPS outlook

Concluding Remarks

- A good start to fiscal 2025
- Delivered significant profit growth despite lower sales
- Continued progress to advance our strategy
- Strong adjusted diluted EPS* growth
- Strong financial position and deploying capital to drive value
- Raising our full year adjusted diluted EPS* outlook

*Non-GAAP metric, see reconciliation table

Q&A

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enterprises, inc.

Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted diluted earnings per share

(Unaudited)

	Three Months Ended	
In thousands	**June 1, 2024**	**May 27, 2023**
Net earnings	$ 31,011	$ 23,576
Restructuring charges (1)	1,122	—
Income tax impact on above adjustments (2)	(275)	—
Adjusted net earnings	$ 31,858	$ 23,576

	Three Months Ended	
	June 1, 2024	**May 27, 2023**
Diluted earnings per share	$ 1.41	$ 1.05
Restructuring charges (1)	0.05	—
Income tax impact on above adjustments (2)	(0.01)	—
Adjusted diluted earnings per share	$ 1.44	$ 1.05
Weighted average diluted shares outstanding	22,061	22,386

(1) Restructuring charges related to Project Fortify, including $0.4 million of employee termination costs and $0.7 million of other costs.

(2) Income tax impact calculated using an estimated statutory tax rate of 24.5%, which reflects the estimated blended statutory tax rate for the jurisdictions in which the charge or income occurred.

Reconciliation of non-GAAP financial measures

Adjusted operating income (loss) and adjusted operating margin

(Unaudited)

	Three Months Ended June 1, 2024					
In thousands	**Architectural Framing Systems**	**Architectural Glass**	**Architectural Services**	**LSO**	**Corporate and Other**	**Consolidated**
Operating income (loss)	$ 18,336	$ 17,091	$ 5,623	$ 4,846	$ (4,515)	$ 41,381
Restructuring charges (1)	998	—	—	—	124	1,122
Adjusted operating income (loss)	$ 19,334	$ 17,091	$ 5,623	$ 4,846	$ (4,391)	$ 42,503
Operating margin	13.8%	19.7%	5.7%	22.9%	N/M	12.5%
Restructuring charges (1)	0.7%	—	—	—	N/M	0.3%
Adjusted operating margin	14.5%	19.7%	5.7%	22.9%	N/M	12.8%

	Three Months Ended May 27, 2023					
In thousands	**Architectural Framing Systems**	**Architectural Glass**	**Architectural Services**	**LSO**	**Corporate and Other**	**Consolidated**
Operating income (loss)	$ 19,945	$ 16,521	$ (596)	$ 5,525	$ (7,628)	$ 33,767
Operating margin	12.1%	17.0%	(0.7)%	24.6%	N/M	9.3%

(1) Restructuring charges related to Project Fortify, including $0.4 million of employee termination costs and $0.7 million of other costs.

Reconciliation of non-GAAP financial measures

EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin
(Earnings before interest, taxes, depreciation, and amortization)

(Unaudited)

	Three Months Ended	
In thousands	**June 1, 2024**	**May 27, 2023**
Net earnings	$ 31,011	$ 23,576
Income tax expense	10,063	7,867
Interest expense, net	450	2,036
Depreciation and amortization	9,976	10,282
EBITDA	$ 51,500	$ 43,761
Restructuring charges (1)	1,122	—
Adjusted EBITDA	$ 52,622	$ 43,761
EBITDA Margin	15.5%	12.1%
Adjusted EBITDA Margin	15.9%	12.1%

(1) Restructuring charges related to Project Fortify, including $0.4 million of employee termination costs and $0.7 million of other costs.

Reconciliation of non-GAAP financial measures

Net Leverage Ratio

(Unaudited)

Net Debt *(in thousands)*	**June 1, 2024**	**March 2, 2024**
Long-term debt	$ 77,000	$ 62,000
Less: cash and cash equivalents	30,363	37,216
Net debt	$ 46,637	$ 24,784

Adjusted EBITDA *(in thousands)*	**Trailing 12 months, ending June 1, 2024**	**Trailing 12 months, ending March 2, 2024**
Net earnings	$ 107.048	$ 99,613
Income tax expense	31,836	29,640
Interest expense, net	5,083	6,669
Depreciation and amortization	41,282	41,588
EBITDA	$ 185,249	$ 177,510
Restructuring charges (1)	13,525	12,403
NMTC settlement gain (2)	(4,687)	(4,687)
Adjusted EBITDA	$ 194,087	$ 185,226

Net Leverage	**June 1, 2024**	**March 2, 2024**
Net debt	$ 46,637	$ 24,784
Adjusted EBITDA	$ 194,087	$ 185,226
Net leverage ratio	0.2x	0.1x

(1) Restructuring charges related to Project Fortify, including $6.2 million of asset impairment charges, $5.9 million of employee termination costs and $0.3 million of other costs incurred in fiscal 2024 and $0.4 million of employee termination costs and $0.7 million of other costs incurred in the first quarter of fiscal 2025.

(2) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other expense (income), net.

Reconciliation of non-GAAP financial measures

Fiscal 2025 Outlook

Reconciliation of Fiscal 2025 outlook of estimated diluted earnings per share to adjusted diluted earnings per share

(Unaudited)

	Fiscal Year Ending March 1, 2025	
	Low Range	**High Range**
Diluted earnings per share	$ 4.56	$ 4.88
Restructuring charges (1)	0.12	0.16
Income tax impact on above adjustments per share	(0.03)	(0.04)
Adjusted diluted earnings per share	$ 4.65	$ 5.00

(1) Restructuring charges related to Project Fortify.