



The Eastern Company

Continuous quarterly dividend since 1940

NASDAQ: EML

ROTH Conference
March 13-15, 2022

Statements in this document about our future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the Securities and Exchange Commission. Any statements that are not statements of historical fact, including statements containing the words "believes," "intends," "continues," "reflects," "plans," "anticipates," "expects," "recovering" and similar expressions, should also be considered to be forward-looking statements. Readers should not place undue reliance on these forward-looking statements, which are based upon management's current beliefs and expectations. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements. Among the risks and uncertainties that could cause actual results or events to differ materially from those indicated by such forward-looking statements include, but are not limited to, the impact of the ongoing COVID-19 pandemic, including the impact of shutdowns and other restrictions imposed in response to COVID-19 on our supply chain and production and consumer demand for our products, changing customer preferences, lack of success of new products, loss of customers, cybersecurity breaches, changes in competition in our markets, and increased prices for raw materials resulting from tariffs on imported goods or otherwise. There are important, additional factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including those set forth in our reports and filings with the Securities and Exchange Commission. We undertake no obligation to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise.

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles (“GAAP”) such as Adjusted Earnings Per Share, Adjusted EBITDA, and Free Cash Flow and certain ratios and other metrics derived there from. Adjusted EBITDA is net income before interest, taxes, depreciation and amortization and non-recurring costs and expenses. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that the presentation of these measures may not be comparable to similarly-titled measures used by other companies. We believe (i) these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends; and (ii) that the use of these non GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in and in comparing financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures are subject to inherent limitations as they reflect the exercise of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. This presentation also includes both GAAP and non-GAAP financial measures presented on a last twelve-month (“LTM”) basis for the period ended October 3, 2020. This information reflects unaudited trailing four quarter financial information calculated as follows: Start with the results from the audited financial data for the 2019 fiscal year and then add data for the nine months ended October 3, 2020, and then subtract data for the nine months ended September 28, 2019. We believe this information is useful to investors as we use it to evaluate our financial performance for ongoing planning purposes, including a continuous assessment of our financial performance in comparison to budgets and internal projections. Please see our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q for the relevant periods for the historical amounts used to calculate the LTM information presented.

Compelling Value Creation





Leading provider of engineered turn-key packaging as well as blow mold and injection blow mold tooling serving diverse markets, including: truck, automotive, packaged consumer goods and pharmaceuticals.

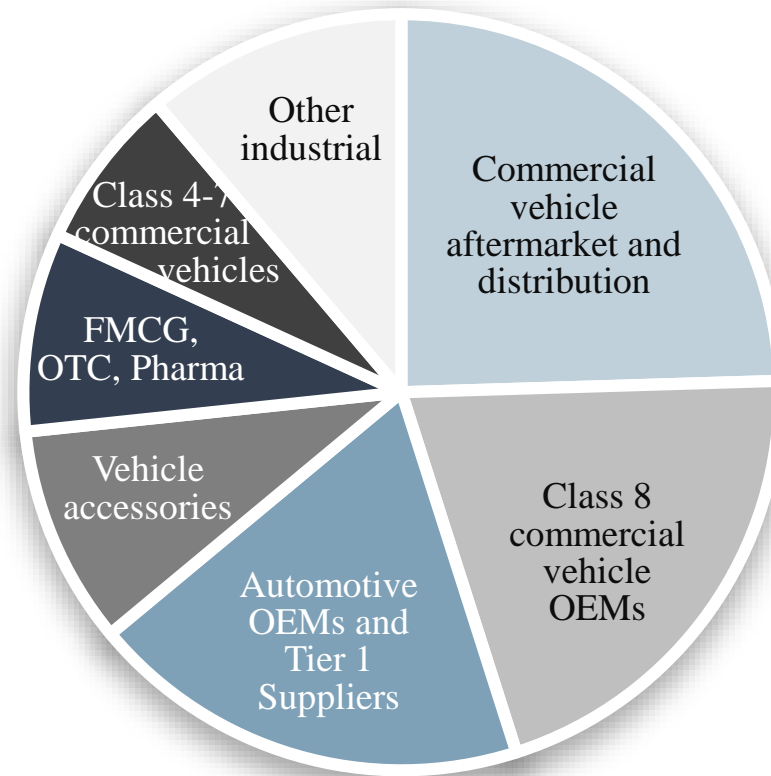


Global manufacturer and designer of access hardware systems, providing custom-engineered industrial, vehicular and specialty hardware to a wide variety of industries.



Innovator in vision systems and components to truck, recreational and specialty vehicle OEMs and 4,000+ aftermarket distribution locations in North America.

Estimated Sales by End-Market



- Driven by economic activity within each submarket / application
- Less cyclical due to market diversity
- Niche-player customers including chassis manufacturers and specialty vehicle builders, e.g., Ford, Navistar, Freightliner, Mitsubishi, etc.

- Recession-resistant demand
- Driven by new product launches and packaging redesign
- Concentrated packaging production and blue-chip customer base, e.g., Berry, Amcor, Kraft, Nestle, P&G, J&J

- Wide range of end markets (e.g., truck accessories, sporting goods)
- Cyclical and correlation with economic activity varies

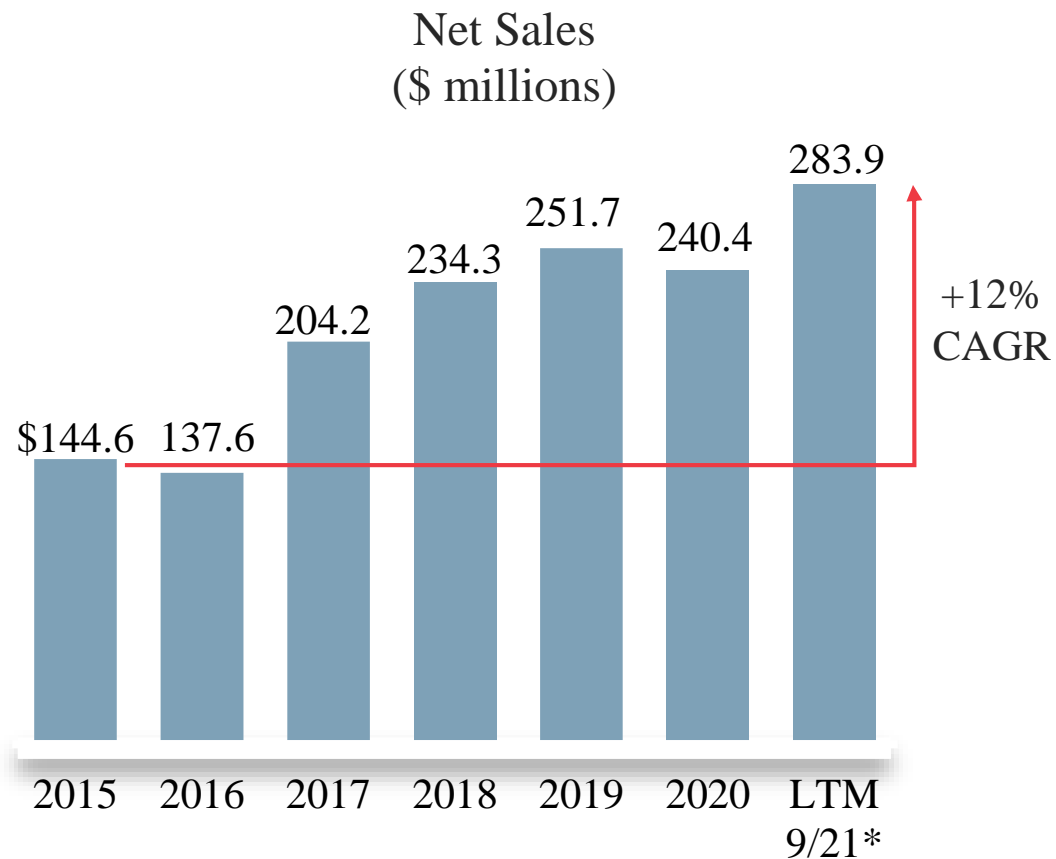
- Stable demand driven by fleet age, freight miles, economic activity
- Fragmented end-market with multiple levels of distribution
- Diverse customer base

- Cyclical demand driven by freight miles, government regulations
- Long sales cycles and program life
- Highly concentrated customer base of manufacturers, e.g., Daimler, Freightliner, Paccar, Volvo/Mack

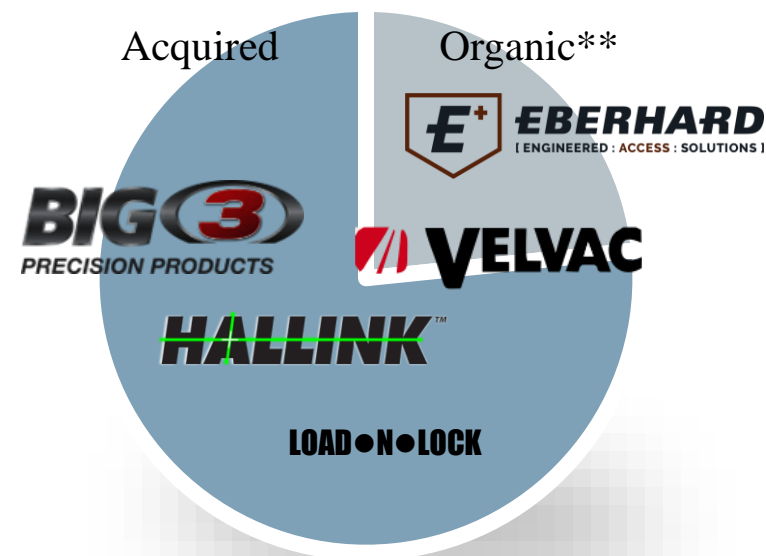
- Demand driven by new product launches, product updates and, increasingly, manufacturing automation
- Dominated by large OEMs with new emerging participants, primarily EV

Note: Estimates of sales by end-markets reflect 2021 YTD sales through October 3, 2021.

A Track Record of Strong Sales Growth



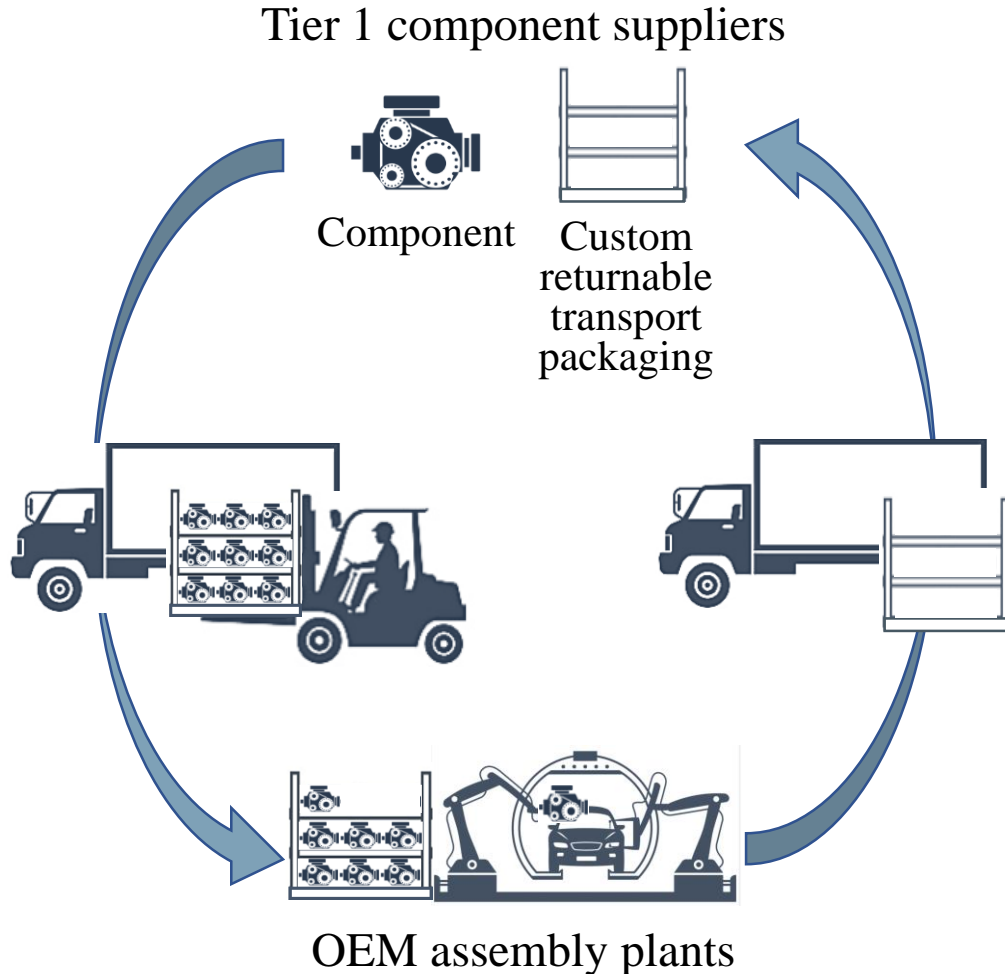
2015-2021 Sales growth
(Percent of growth)



* Includes both continuing and discontinued operations; 12 months ending October 2, 2021

** Organic sales represents the sum of the year-over-year change in sales of all businesses owned by The Eastern Company at the beginning of each fiscal year for the period 2016-2019.

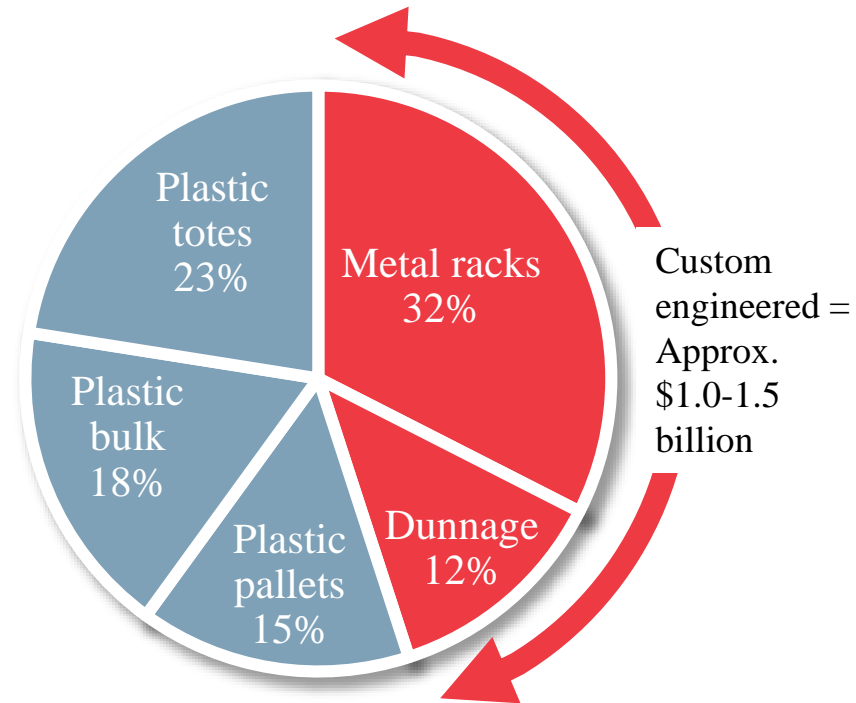
Big 3 Precision Returnable Packaging



- Industry leader in the approximately \$1.0-1.5 billion market for *custom returnable* packaging solutions for supply chain applications.
- Highly engineered, value-added, and turn-key product offering, including design, metal fabrication, dunnage, and program management.
- Low fixed cost business model, with low working capital and maintenance capex requirements.
- Frequency of new vehicle launches, including electric vehicles, is driving demand growth.
- Manufacturing automation requires integrated material handling systems.
- Environmental concerns shifts demand from single use, disposable industrial packaging to returnable packaging.

Large, Diverse Custom Returnable Packaging Market

Returnable Packaging Market – North America 100% = Approximately \$4 billion



Primary end-markets



- Automotive



- Commercial vehicles



- Other industrial

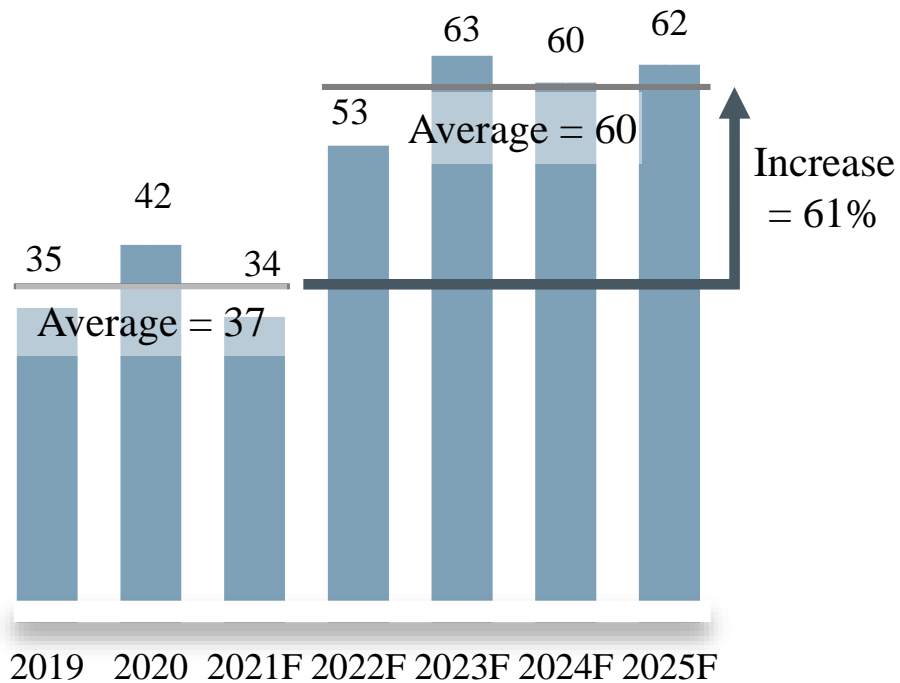


- Aerospace

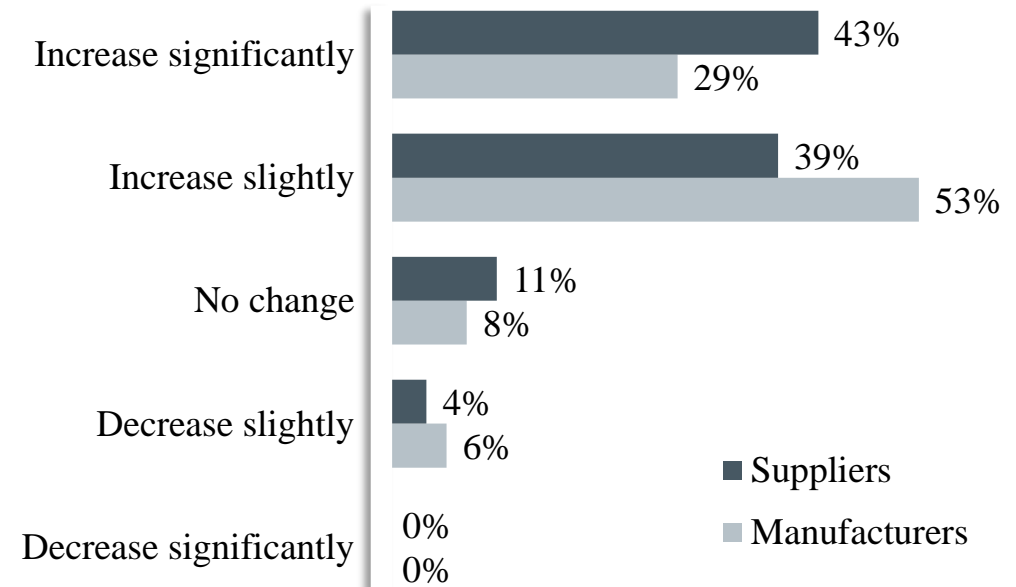
Source: Returnable Packaging Association; Eastern estimates

Strong, Secular Returnable Packaging Demand Growth

Number of planned new vehicle launches in North America



Future use of returnable transport packaging
Percent of respondents

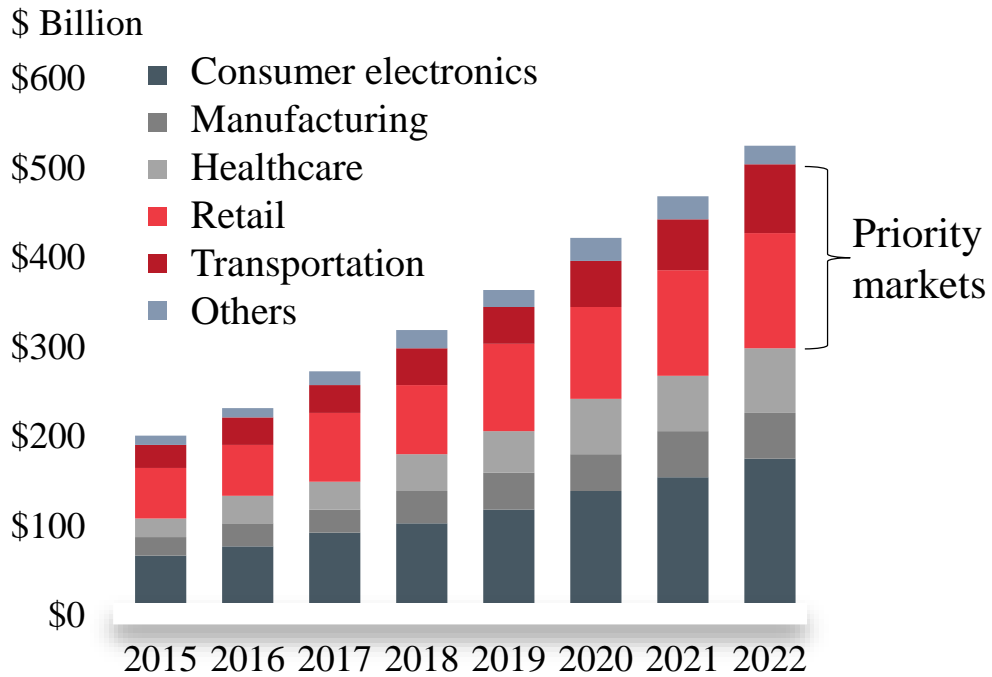


Source: BofA Global Research; Returnable Packaging Association, *State of the Industry Report 2020*



- Industry leader in domestic vehicular hardware solutions for commercial vehicle and vehicle accessory manufacturers.
- Strong recurring sales from participation in leading OEM programs.
- Highly engineered, value-added product offering, supported by one of the largest hardware engineering teams in the industry.
- Increasing adoption of electronics and digitization in access control are accelerating new product and service growth.
- Goal to generate one-third of total sales from electro-mechanical and software-enabled products by 2025.

North America IoT market revenue by application, 2015 – 2022



Source: Grandview Research, Inc. *IoT Market Analysis And Forecasts*

Eberhard end-to-end electro-mechanical solutions

Control Systems



RFID



Bluetooth

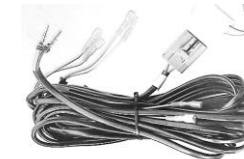
Actuators



Locks and latches

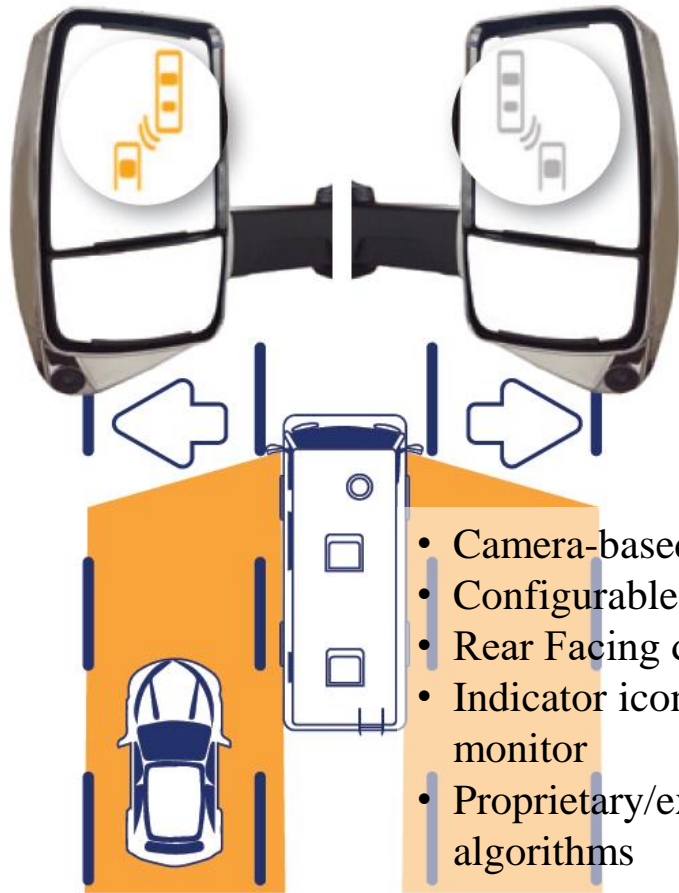


Accessories





- Leader in commercial vehicle vision system design and production.
- Strong recurring sales to very long-term commercial vehicle programs – average program life more than 10 years.
- Well positioned to continue to grow and consolidate vision system opportunities.
- New electric truck expanding the market for vision systems.
- First to market with vision-based blind spot detection in RV industry.
- Integration of cameras and vision technology is creating significant new product opportunities.



Target markets



Motorhomes



Cut-away vans

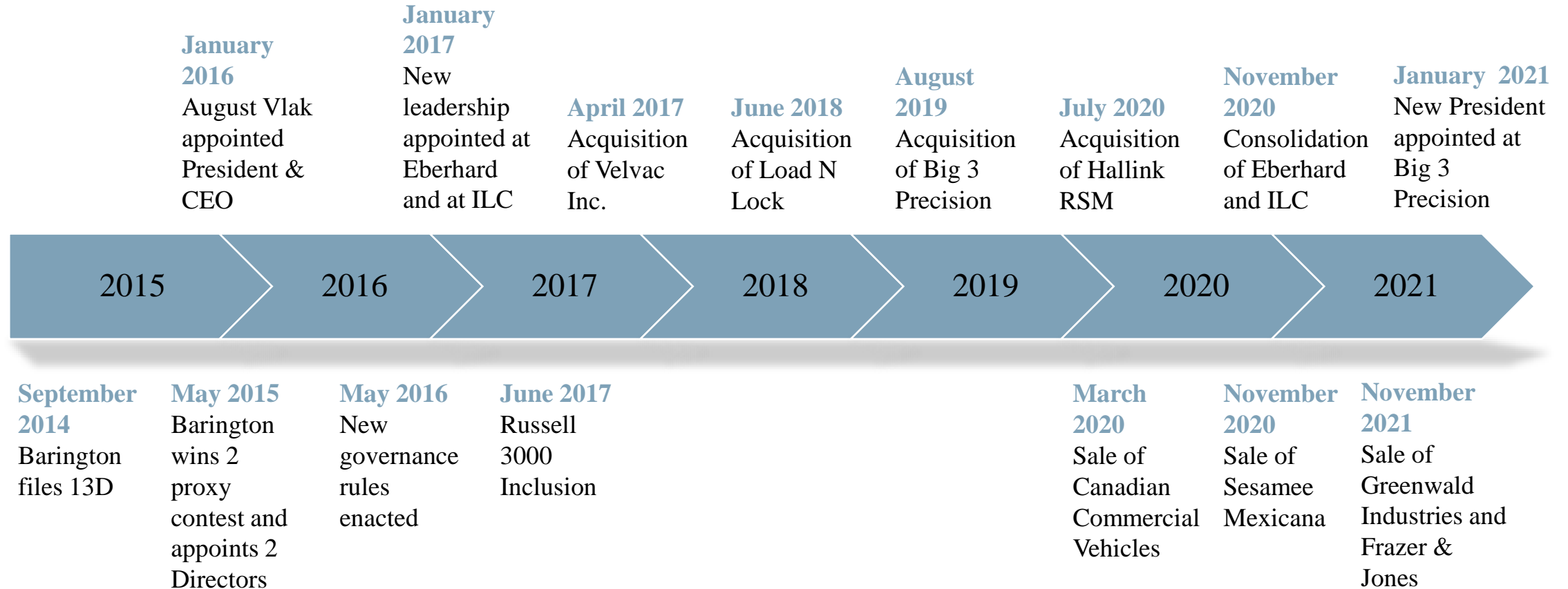


Medium duty chassis



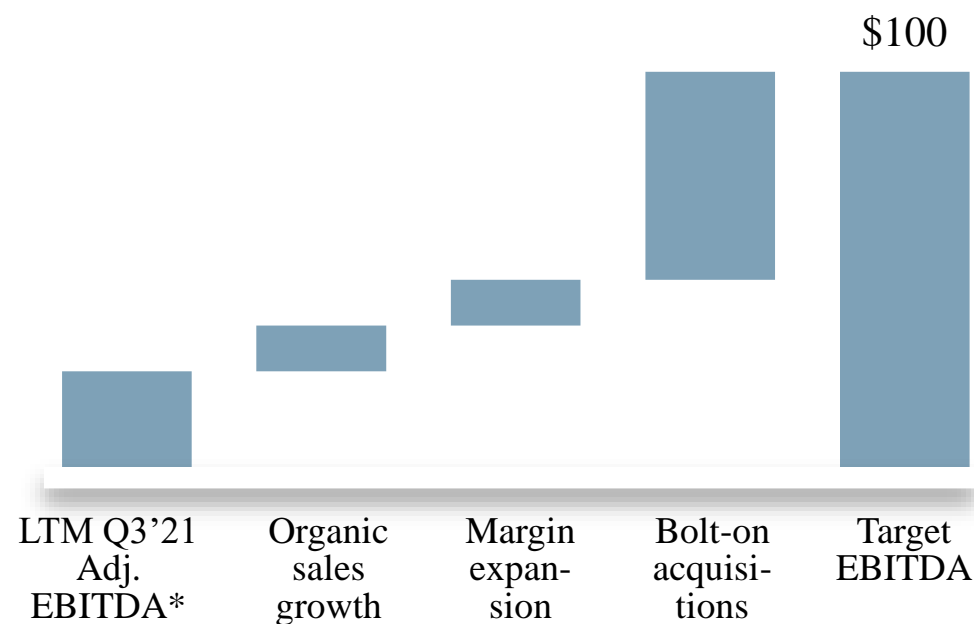
Heavy duty trucks

A Bias For Action



- 1 Build scale at Big 3 Precision and at Eberhard
- 2 Ramp up organic growth by taking advantage of favorable market trends and digitization.
- 3 Invest in compelling M&A opportunities by converting bolt-on acquisition pipeline.
- 4 Accelerate debt paydown.
- 5 Sustain communications with the investment community.

Path to becoming a \$100 million EBITDA company
\$ millions



* Reflects continuing operations only. See Statement on Non-GAAP Measures on page 3 and reconciliation on page 18.

Statement of Operations and Balance Sheet

\$ millions	3 Months Ended		9 Months Ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Net Sales	\$63.9	\$55.7	\$186.9	\$147.1
Gross Margin	\$15.2	\$13.4	\$44.7	\$36.6
Product Development expense	(\$1.0)	(\$0.6)	(\$3.1)	(\$2.4)
Selling & Administrative expenses	(\$9.4)	(\$8.5)	(\$27.8)	(\$23.3)
Operating Profit	\$4.8	\$4.3	\$13.9	\$10.9
Interest expense	(\$0.4)	(\$0.5)	(\$1.4)	(\$1.6)
Other income	\$0.4	\$0.4	\$3.4	\$1.0
Income from continuing operations before taxes	\$4.8	\$4.2	\$15.8	\$10.4
Income taxes	(\$1.0)	(\$1.0)	(\$3.6)	(\$2.5)
Net income from continuing operations	\$3.8	\$3.2	\$12.3	\$7.9
Discontinued operations				
Gain (loss) from operations of discontinued units	\$1.5	(\$0.2)	\$2.8	(\$5.1)
Gain (loss) on classification as held for sale	\$1.3		(\$9.3)	
Income tax (expense) benefit	(\$0.7)	\$0.1	\$1.5	\$1.2
Gain (loss) on discontinued operations	\$2.1	\$0.2	(\$4.9)	(\$3.9)
Net Income	\$6.0	\$3.0	\$7.3	\$4.0
Earnings per share from continuing operations:	\$0.61	\$0.51	\$1.96	\$1.26
Earnings (loss) per share from discount. operations:	\$0.34	(\$0.03)	(\$0.79)	(\$0.62)
Total earnings per share:	\$0.95	\$0.48	\$1.17	\$0.64

\$ millions	October 2, 2021
Current Assets	
Cash and cash equivalents	8.7
Accounts receivable	41.3
Inventories	56.7
Other current assets	42.9
Total Current Assets	\$149.6
Property, Plant and Equipment	\$249.0
Goodwill	71.0
Trademarks	5.4
Patents and other intangibles	23.8
Other	12.6
Total Assets	\$287.3
Current Liabilities	
Accounts payable	31.5
Accrued compensation	4.2
Other accrued expenses	1.6
Other current liabilities	17.4
Total Current Liabilities	\$54.7
Long-term debt	76.8
Accrued pension & other postretirement	30.3
Other	13.2
Total Liabilities	\$174.9
Total Shareholders' Equity	\$112.4
Total Liabilities & Shareholders' Equity	\$287.3

	3 months ended		9 months ended	
	October 2, 2021	October 3, 2020	October 2, 2021	October 3, 2020
Reported Net income from continuing operations	\$3.8	\$3.2	\$12.3	\$7.9
Interest expense	\$0.4	\$0.5	\$1.4	\$1.6
Provision for income taxes	\$1.0	\$1.0	\$3.6	\$2.5
Depreciation and amortization	\$1.7	\$1.8	\$5.2	\$5.0
Gain on Sale of Eberhard Hardware Ltd Building	\$0.0	\$0.0	(\$1.8) A	\$0.0
Factory relocation	\$0.1 E	\$0.3 B	\$0.1 E	\$0.3
Transaction expenses	\$0.0	\$0.2 C	\$0.0	\$0.2
Factory start-up costs	\$0.2 D	\$0.0	\$0.3 D	\$0.0
Adjusted EBITDA from continuing operations	\$7.1	\$6.9	\$21.0	\$17.3

A) Gain on sale of Eberhard Hardware Ltd building

B) Cost incurred on relocation of Velvac factory in Reynosa, MX

C) Costs incurred on the acquisition of Hallink RSB, Inc.

D) Costs incurred on start-up of Eberhard factory in Reynosa, MX

E) Costs incurred on relocation of ILC facility in Wheeling, IL

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