



News Release

Enpro Reports Third Quarter 2023 Results

Third Quarter 2023 Highlights

(All results reflect comparisons to prior-year period, from continuing operations, unless otherwise noted)

*(*Non-GAAP measure. See the attached schedules for adjustments and reconciliations of historical measures to GAAP measures)*

- Sales of \$250.7 million down 10.5%; organic sales down 10.8%
- GAAP income from continuing operations attributable to EnPro Industries, Inc. of \$8.3 million compared to \$26.2 million of income last year
- Continued excellent performance in Sealing Technologies more than offset by weakness in Advanced Surface Technologies
- Adjusted EBITDA* down 19.1% to \$57.7 million; adjusted EBITDA margin* down 250 bps to 23.0%
- GAAP diluted earnings per share from continuing operations attributable to EnPro Industries, Inc. of \$0.39, compared to diluted earnings per share of \$1.26 last year
- Adjusted diluted earnings per share* from continuing operations attributable to EnPro Industries, Inc. down 16.4% to \$1.58 versus \$1.89 last year
- Strong cash flow from operations and free cash flow,* along with a well-capitalized balance sheet, provide ample flexibility for continued growth investments

CHARLOTTE, N.C., October 31, 2023 -- EnPro Industries, Inc. (NYSE: NPO) today announced its financial results for the three and nine months ended September 30, 2023.

"Continued strong performance in the Sealing Technologies segment in the third quarter was offset by declines experienced in the Advanced Surface Technologies segment due to weakness in the semiconductor industry," said Eric Vaillancourt, President and Chief Executive Officer. "Despite these macro headwinds, Enpro delivered adjusted EBITDA margins of 23.0% for the third quarter and 23.6% year-to-date. Our ability to maintain healthy margins during a semiconductor downturn reflects the benefits of our balanced portfolio and resilient business model. We will continue to invest in our semiconductor business through the cycle and are well positioned to benefit from what is widely expected to be a doubling of the industry in the decade ahead."

Mr. Vaillancourt continued, "Our balance sheet is strong and we continue to generate excellent free cash flow. We are investing in organic growth opportunities and productivity enhancements across the company, while prudently pursuing acquisitions that expand our leading-edge capabilities and meet our strategic and financial criteria."

Financial Highlights

(Dollars in millions except per share data)

	Quarters Ended September 30,		
	2023	2022	Change
Net Sales	\$250.7	\$280.1	(10.5)%
Income from Continuing Operations Attributable to EnPro Industries, Inc.	\$ 8.3	\$ 26.2	(68.3)%
Diluted Earnings Per Share from Continuing Operations Attributable to EnPro Industries, Inc.	\$ 0.39	\$ 1.26	(69.0)%
Adjusted Net Income from Continuing Operations Attributable to EnPro Industries, Inc.*	\$ 33.1	\$ 39.4	(16.0)%
Adjusted Diluted Earnings Per Share from Continuing Operations*	\$ 1.58	\$ 1.89	(16.4)%
Adjusted EBITDA*	\$ 57.7	\$ 71.3	(19.1)%
Adjusted EBITDA Margin*	23.0 %	25.5 %	

*Non-GAAP measure. See the attached schedules for adjustments and reconciliations to GAAP measures.

Third Quarter 2023 Consolidated Results

Sales of \$250.7 million decreased 10.5% compared to the third quarter of 2022. Excluding the impacts of divested businesses and foreign exchange translation, sales declined 10.8% year-over-year. Slow semiconductor markets, as well as softening demand in food & pharmaceutical and commercial vehicle OEM, was offset in part by the contribution from pricing actions and continued strong demand in nuclear markets.

Corporate expenses of \$9.4 million in the third quarter of 2023 increased slightly from \$9.1 million in the third quarter of 2022, as increased professional fees and personnel-related costs were mostly offset by decreased incentive compensation costs.

Income from continuing operations attributable to EnPro Industries, Inc. was \$8.3 million, compared to \$26.2 million in the prior-year period. Diluted earnings per share attributable to EnPro Industries, Inc. was \$0.39, compared to \$1.26 in the prior-year period. The year-over-year change was driven primarily by weakness in the Advanced Surface Technologies (or "AST") segment and an increase in the effective tax rate for 2023.

Adjusted net income from continuing operations attributable to EnPro Industries, Inc. of \$33.1 million decreased 16.0% compared to the third quarter of 2022 and adjusted diluted earnings per share from continuing operations decreased 16.4% to \$1.58, compared to \$1.89 in the prior-year period.

Adjusted EBITDA* of \$57.7 million, or 23.0% of total sales, decreased 19.1% compared to the prior-year period driven primarily by weakness in the AST segment.

Third Quarter 2023 Segment Highlights

(All results reflect comparisons to prior-year period unless otherwise noted)

Sealing Technologies - Safeguarding environments with critical applications in diverse end markets
Garlock, STEMCO, and Technetics Group

(Dollars in millions)	Quarters Ended September 30,		
	2023	2022	Change
Sales	\$161.4	\$157.9	2.2%
Adjusted Segment EBITDA	\$48.0	\$39.7	20.9%
Adjusted Segment EBITDA Margin	29.7%	25.1%	

- Sales increased 2.2% versus the prior-year period driven by the positive impact of pricing initiatives along with strong demand in the nuclear market, offset in part by volume declines in food and pharmaceutical

and commercial vehicle OEM markets. Excluding results of the business divested in the fourth quarter of 2022 and foreign exchange translation, sales increased 1.4% versus the prior-year period.

- Adjusted segment EBITDA of \$48.0 million was up 20.9% year-over-year, with adjusted EBITDA margins expanding approximately 460 basis points, as pricing actions, strong volume in the nuclear market and improved aftermarket performance in the commercial vehicle market more than offset volume declines in other markets and rising labor costs. Excluding the impacts of the divestiture and foreign exchange translation, adjusted segment EBITDA increased 20.2% compared to the prior-year period.

Advanced Surface Technologies - Leading edge precision manufacturing, coatings, cleaning and refurbishment solutions and innovative optical filter products — *NxEdge, Technetics Semi, LeanTeq, and Alluxa*

(Dollars in millions)	Quarters Ended September 30,		
	2023	2022	Change
Sales	\$89.4	\$122.5	(27.0)%
Adjusted Segment EBITDA	\$19.0	\$39.9	(52.4)%
Adjusted Segment EBITDA Margin	21.3%	32.6%	

- Sales decreased 27.0% versus the prior-year period driven primarily by the current slowdown in semiconductor capital equipment spending and wafer starts. Excluding foreign exchange translation, sales decreased 26.5% year-over-year.
- Adjusted segment EBITDA decreased 52.4% versus the prior-year period and segment EBITDA margins declined by approximately eleven percentage points, driven primarily by the decline in volume, unfavorable mix, and investments supporting long-term growth opportunities. Excluding the impact of foreign exchange translation, adjusted segment EBITDA decreased 51.4% compared to the prior-year period.

Balance Sheet, Cash Flow and Capital Allocation

The company generated \$154.8 million of cash flow from operating activities of continuing operations during the nine months ended September 30, 2023 and \$134.1 million of free cash flow, net of \$20.7 million in capital expenditures. This compares to \$111.6 million of cash flow from operating activities of continuing operations, or \$101.4 million of free cash flow, net of \$10.2 million in capital expenditures in the prior year. During the third quarter, the company paid a regular quarterly dividend of \$0.29 per share, with dividend payments totaling \$18.3 million for the nine months ended September 30, 2023.

Enpro ended the third quarter with total debt of \$648.6 million and cash of \$329.8 million. Outstanding letters of credit totaled \$10.0 million. Enpro repaid its \$133.7 million Term Loan A-1, including accrued interest, with available cash in July.

Quarterly Dividend

Enpro declared a regular quarterly dividend of \$0.29 per share on October 25, 2023. The dividend is payable on December 13, 2023 to shareholders of record as of the close of business on November 29, 2023.

2023 Guidance

Enpro continues to expect 2023 revenue to remain relatively flat compared to 2022. Adjusted EBITDA and adjusted diluted earnings per share for 2023 are now expected to be toward the lower end of our previous guidance ranges of \$248 million to \$256 million, and \$6.70-\$7.10, respectively.

Conference Call, Webcast Information, and Presentations

Enpro will hold a conference call today, October 31, at 8:30 a.m. Eastern Time to discuss third quarter 2023 financial results. Investors who wish to participate in the call should dial 1-877-407-0832 approximately 10 minutes before the call begins and provide conference access code 13725739. A live audio webcast of the call and

accompanying slide presentation will be accessible from the company's website, <https://www.enproindustries.com>. To access the earnings presentation, log on to the webcast by clicking the link on the company's home page.

Primary Segment Operating Performance Measure

The primary metric used by management to allocate resources and assess segment performance is adjusted segment EBITDA, which is segment revenue reduced by operating expenses and other costs identifiable with the segment, excluding acquisition and divestiture expenses, restructuring costs, impairment charges, non-controlling interest compensation, amortization of the fair value adjustment to acquisition date inventory, and depreciation and amortization. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains/losses related to the sale of assets, and income taxes are not included in the computation of adjusted segment EBITDA. Under U.S. generally accepted accounting principles ("GAAP"), the primary metric used by management to allocate resources and assess segment performance is required to be disclosed in financial statement footnotes, and accordingly such metric as presented for each segment is not deemed to be a non-GAAP measure under applicable regulations of the Securities and Exchange Commission.

Non-GAAP Financial Information

This press release contains financial measures that have not been prepared in conformity with GAAP. They include adjusted net income attributable to EnPro Industries, Inc., adjusted diluted earnings per share attributable to EnPro Industries, Inc., adjusted EBITDA, adjusted EBITDA margin, total adjusted segment EBITDA and free cash flow. Tables showing the reconciliation of these historical non-GAAP financial measures to the comparable GAAP measures are attached to the release. Adjusted EBITDA and adjusted diluted earnings per share anticipated for full year 2023 are calculated in a manner consistent with the historical presentation of these measures in the attached tables. Because of the forward-looking nature of these estimates, it is impractical to present quantitative reconciliations of such measures to comparable GAAP measures, and accordingly no such GAAP measures are being presented.

Management believes these non-GAAP metrics are commonly used financial measures for investors to evaluate the company's operating performance and, when read in conjunction with the company's consolidated financial statements, present a useful tool to evaluate the company's ongoing operations and performance from period to period. In addition, these are some of the factors the company uses in internal evaluations of the overall performance of its businesses. Management acknowledges that there are many items that impact a company's reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.

Forward-Looking Statements and Guidance

Statements in this press release that express a belief, expectation or intention, including the 2023 guidance and other statements that are not historical fact, are forward-looking statements under the Private Securities Litigation Reform Act of 1995. They involve a number of risks and uncertainties that may cause actual events and results to differ materially from such forward-looking statements. These risks and uncertainties include, but are not limited to: economic conditions in the markets served by the company's businesses and the businesses of its customers, some of which are cyclical and experience periodic downturns; the impact of geopolitical activity on those markets, including instabilities associated with the armed conflicts in Ukraine and between Israel and Hamas and any conflict or threat of conflict that may affect Taiwan; uncertainties with respect to the imposition of government embargoes, tariffs and trade protection measures, such as "anti-dumping" duties applicable to classes of products, and import or export licensing requirements, as well as the imposition of trade sanctions against a class of products imported from or sold and exported to, or the loss of "normal trade relations" status with, countries in which the company conducts business, could significantly increase the company's cost of products or otherwise reduce its sales and harm its business; uncertainties with respect to prices and availability of raw materials, including as a result of instabilities from geopolitical conflicts; uncertainties with respect to the company's ability to achieve anticipated growth within the semiconductor, life sciences, and other technology-enabled markets, including uncertainties with respect to receipt of CHIPS Act support and the timing of completion of the new

Arizona facility; the impact of fluctuations in relevant foreign currency exchange rates or unanticipated increases in applicable interest rates; unanticipated delays or problems in introducing new products; the impact of any labor disputes; announcements by competitors of new products, services or technological innovations; changes in the company's pricing policies or the pricing policies of its competitors; risks related to the reliance of the AST segment on a small number of significant customers; uncertainties with respect to the company's ability to identify and complete business acquisitions consistent with its strategy and to successfully integrate any businesses that it acquires; and uncertainties with respect to the amount of any payments required to satisfy contingent liabilities, including those related to discontinued operations, other divested businesses and discontinued operations of the company's predecessors, including liabilities for certain products, environmental matters, employee benefit and statutory severance obligations and other matters. Enpro's filings with the Securities and Exchange Commission, including its most recent Form 10-K and Form 10-Q reports, describe these and other risks and uncertainties in more detail. Enpro does not undertake to update any forward-looking statements made in this press release to reflect any change in management's expectations or any change in the assumptions or circumstances on which such statements are based.

Full-year guidance is subject to the risks and uncertainties discussed above and specifically excludes changes in the number of shares outstanding, impacts from future and pending acquisitions, dispositions and related transaction costs, restructuring costs, incremental impacts of tariffs and trade tensions on market demand and costs subsequent to September 30, 2023, and the impact of foreign exchange rate changes subsequent to that date.

About Enpro

Enpro is a leading industrial technology company focused on critical applications across many end-markets, including semiconductor, photonics, industrial process, aerospace, food and pharma and life sciences. Enpro is listed on the New York Stock Exchange under the symbol "NPO". For more information about Enpro, visit the company's website at <http://www.enproindustries.com>.

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APPENDICES

Consolidated Financial Information and Reconciliations

EnPro Industries, Inc.
Consolidated Statements of Operations (Unaudited)

For the Quarters and Nine Months Ended September 30, 2023 and 2022

(In Millions, Except Per Share Data)

	Quarters Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2023	2022	2023	2022
Net sales	\$ 250.7	\$ 280.1	\$ 810.2	\$ 827.3
Cost of sales	151.1	169.3	479.7	509.5
Gross profit	99.6	110.8	330.5	317.8
Operating expenses:				
Selling, general and administrative	65.6	65.8	210.3	205.1
Goodwill impairment	—	—	60.8	—
Other	2.1	0.1	3.1	2.3
Total operating expenses	67.7	65.9	274.2	207.4
Operating income	31.9	44.9	56.3	110.4
Interest expense	(10.8)	(9.4)	(34.9)	(24.2)
Interest income	3.7	0.1	11.3	0.3
Other income (expense)	(1.9)	0.3	(4.3)	(1.7)
Income from continuing operations before income taxes	22.9	35.9	28.4	84.8
Income tax expense	(14.7)	(9.1)	(17.0)	(19.8)
Income from continuing operations	8.2	26.8	11.4	65.0
Income from discontinued operations, including gain on sale, net of tax	—	0.7	11.4	13.9
Net income	8.2	27.5	22.8	78.9
Less: net income (loss) attributable to redeemable non-controlling interest	(0.1)	0.6	(4.3)	0.8
Net income attributable to EnPro Industries, Inc.	\$ 8.3	\$ 26.9	\$ 27.1	\$ 78.1

Income attributable to EnPro Industries, Inc. common shareholders:

Income from continuing operations, net of tax	\$ 8.3	\$ 26.2	\$ 15.7	\$ 64.2
Income from discontinued operations, including gain on sale, net of tax	—	0.7	11.4	13.9
Net income attributable to EnPro Industries, Inc.	\$ 8.3	\$ 26.9	\$ 27.1	\$ 78.1

Basic earnings per share attributable to EnPro Industries, Inc.:

Continuing operations	\$ 0.40	\$ 1.26	\$ 0.75	\$ 3.09
Discontinued operations	—	0.03	0.55	0.67
Basic earnings per share	\$ 0.40	\$ 1.29	\$ 1.30	\$ 3.76
Average common shares outstanding	20.9	20.8	20.9	20.8

Diluted earnings per share attributable to EnPro Industries, Inc.:

Continuing Operations	\$ 0.39	\$ 1.26	\$ 0.75	\$ 3.08
Discontinued operations	—	0.03	0.54	0.66
Diluted earnings per share	\$ 0.39	\$ 1.29	\$ 1.29	\$ 3.74
Average common shares outstanding	21.0	20.9	21.0	20.9

EnPro Industries, Inc.
Consolidated Statements of Cash Flows (Unaudited)

For the Nine Months Ended September 30, 2023 and 2022

(In Millions)

	2023	2022
Operating activities of continuing operations		
Net income	\$ 22.8	\$ 78.9
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Income from discontinued operations, net of taxes	(11.4)	(13.9)
Taxes related to sale of discontinued operations	(3.3)	—
Depreciation	18.4	19.4
Amortization	52.7	58.5
Goodwill impairment	60.8	—
Deferred income taxes	(1.6)	(1.9)
Stock-based compensation	7.9	4.6
Other non-cash adjustments	3.9	4.9
Change in assets and liabilities, net of effects of divestitures of businesses:		
Accounts receivable, net	16.9	(17.0)
Inventories	5.4	(19.2)
Accounts payable	(9.6)	2.7
Other current assets and liabilities	2.7	(13.2)
Other non-current assets and liabilities	(10.8)	7.8
Net cash provided by operating activities of continuing operations	154.8	111.6
Investing activities of continuing operations		
Purchases of property, plant and equipment	(20.7)	(10.2)
Proceeds from sale of businesses	25.7	0.6
Receipts from settlements of derivative contracts	—	27.4
Purchase of short-term investments	(35.8)	—
Redemption of short-term investments	35.0	—
Other	0.5	2.9
Net cash provided by investing activities of continuing operations	4.7	20.7
Financing activities of continuing operations		
Proceeds from debt	—	60.5
Repayments of debt	(143.1)	(304.2)
Dividends paid	(18.3)	(17.6)
Other	(1.4)	(7.8)
Net cash used in financing activities of continuing operations	(162.8)	(269.1)
Cash flows of discontinued operations		
Operating cash flows	(0.6)	8.8
Investing cash flows	—	(4.3)
Net cash provided by (used in) discontinued operations	(0.6)	4.5
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(39.6)
Net decrease in cash and cash equivalents	(4.6)	(171.9)
Cash and cash equivalents at beginning of period	334.4	338.1
Cash and cash equivalents at end of period	\$ 329.8	\$ 166.2
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 29.2	\$ 15.8
Income taxes, net of refunds	\$ 10.8	\$ 35.8

EnPro Industries, Inc.**Consolidated Balance Sheets (Unaudited)**

As of September 30, 2023 and December 31, 2022

(In Millions)

	September 30, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	\$ 329.8	\$ 334.4
Accounts receivable, net	119.5	137.1
Inventories	145.9	151.9
Prepaid expenses and other current assets	41.3	44.9
Current assets of discontinued operation	—	15.9
Total current assets	636.5	684.2
Property, plant and equipment, net	186.0	185.2
Goodwill	805.2	863.8
Other intangible assets	749.6	799.8
Other assets	124.0	114.8
Total assets	\$ 2,501.3	\$ 2,647.8
Current liabilities		
Current maturities of long-term debt	\$ 8.1	\$ 15.6
Accounts payable	63.6	73.4
Accrued expenses	123.4	120.2
Current liabilities of discontinued operation	—	2.3
Total current liabilities	195.1	211.5
Long-term debt	640.5	775.1
Deferred taxes and non-current income taxes payable	133.7	136.5
Other liabilities	106.2	111.7
Total liabilities	1,075.5	1,234.8
Redeemable non-controlling interests	17.9	17.9
Shareholders' equity		
Common stock	0.2	0.2
Additional paid-in capital	302.5	299.2
Retained earnings	1,139.0	1,130.2
Accumulated other comprehensive loss	(32.6)	(33.3)
Common stock held in treasury, at cost	(1.2)	(1.2)
Total shareholders' equity	1,407.9	1,395.1
Total liabilities and equity	\$ 2,501.3	\$ 2,647.8

EnPro Industries, Inc.
Segment Information (Unaudited)

For the Quarters and Nine Months Ended September 30, 2023 and 2022

(Dollars In Millions)

Sales

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sealing Technologies	\$ 161.4	\$ 157.9	\$ 511.4	\$ 467.4
Advanced Surface Technologies	89.4	122.5	299.1	360.7
	250.8	280.4	810.5	828.1
Less: intersegment sales	(0.1)	(0.3)	(0.3)	(0.8)
	\$ 250.7	\$ 280.1	\$ 810.2	\$ 827.3

Income from continuing operations attributable to EnPro Industries, Inc.

\$ 8.3 \$ 26.2 \$ 15.7 \$ 64.2

Earnings before interest, income taxes, depreciation, amortization and other selected items (Adjusted Segment EBITDA)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sealing Technologies	\$ 48.0	\$ 39.7	\$ 153.9	\$ 118.1
Advanced Surface Technologies	19.0	39.9	72.6	112.6
	\$ 67.0	\$ 79.6	\$ 226.5	\$ 230.7

Adjusted Segment EBITDA Margin

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Sealing Technologies	29.7 %	25.1 %	30.1 %	25.3 %
Advanced Surface Technologies	21.3 %	32.6 %	24.3 %	31.2 %
	26.7 %	28.4 %	28.0 %	27.9 %

Reconciliation of Adjusted Segment EBITDA to Income from Continuing Operations Attributable to EnPro Industries, Inc.

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from continuing operations attributable to EnPro Industries, Inc.	\$ 8.3	\$ 26.2	\$ 15.7	\$ 64.2
Plus: net income (loss) attributable to redeemable non-controlling interests	(0.1)	0.6	(4.3)	0.8
Income from continuing operations	8.2	26.8	11.4	65.0
Income tax expense	(14.7)	(9.1)	(17.0)	(19.8)
Income from continuing operations before income taxes	22.9	35.9	28.4	84.8
Acquisition and divestiture expenses	—	—	—	0.4
Non-controlling interest compensation allocation ¹	—	(0.6)	(0.3)	(0.1)
Amortization of the fair value adjustment to acquisition date inventory	—	1.0	—	12.3
Restructuring and impairment expense	2.0	0.1	2.6	1.2
Depreciation and amortization expense	23.5	25.7	70.9	77.7
Corporate expenses	9.4	9.1	35.1	31.4

Interest expense, net	7.1	9.3	23.6	23.9
Goodwill impairment	—	—	60.8	—
Other expense (income), net	2.1	(0.9)	5.4	(0.9)
Adjusted Segment EBITDA	\$ 67.0	\$ 79.6	\$ 226.5	\$ 230.7

Adjusted Segment EBITDA is total segment revenue reduced by operating expenses and other costs identifiable with the segment, excluding acquisition and divestiture expenses, restructuring and impairment expense, non-controlling interest compensation, amortization of the fair value adjustment to acquisition date inventory, goodwill impairment, and depreciation and amortization.

Corporate expenses include general corporate administrative costs. Expenses not directly attributable to the segments, corporate expenses, net interest expense, gains/losses related to the sale of assets, and income taxes are not included in the computation of Adjusted Segment EBITDA. The accounting policies of the reportable segments are the same as those for the Company.

¹Non-controlling interest compensation allocation represents compensation expense adjustment associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred. The LeanTeq non-controlling interests were acquired by Enpro in December 2022.

EnPro Industries, Inc.
Adjusted Segment EBITDA Reconciling Items by Segment (Unaudited)

For the Quarters and Nine Months Ended September 30, 2023 and 2022

(In Millions)

	Quarter Ended September 30, 2023		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Restructuring and impairment expense	\$ 1.6	\$ 0.4	\$ 2.0
Depreciation and amortization expense	\$ 6.2	\$ 17.3	\$ 23.5

	Quarter Ended September 30, 2022		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Non-controlling interest compensation allocation ¹	\$ —	\$ (0.6)	\$ (0.6)
Amortization of the fair value adjustment to acquisition date inventory	\$ —	\$ 1.0	\$ 1.0
Restructuring and impairment expense	\$ 0.1	\$ —	\$ 0.1
Depreciation and amortization expense	\$ 6.3	\$ 19.4	\$ 25.7

	Nine Months Ended September 30, 2023		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Non-controlling interest compensation allocation ¹	\$ —	\$ (0.3)	\$ (0.3)
Restructuring and impairment expense	\$ 1.7	\$ 0.9	\$ 2.6
Depreciation and amortization expense	\$ 18.9	\$ 52.0	\$ 70.9

	Nine Months Ended September 30, 2022		
	Sealing Technologies	Advanced Surface Technologies	Total Segments
Acquisition and divestiture expenses	\$ —	\$ 0.4	\$ 0.4
Non-controlling interest compensation allocation ¹	\$ —	\$ (0.1)	\$ (0.1)
Amortization of the fair value adjustment to acquisition date inventory	\$ —	\$ 12.3	\$ 12.3
Restructuring and impairment expense	\$ 0.6	\$ 0.6	\$ 1.2
Depreciation and amortization expense	\$ 19.9	\$ 57.8	\$ 77.7

¹Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred. The LeanTeq non-controlling interests were acquired by Enpro in December 2022.

EnPro Industries, Inc.
Reconciliation of Income from Continuing Operations Before Income Taxes to Adjusted Income from Continuing Operations Attributable to EnPro Industries, Inc. and Adjusted Diluted Earnings Per Share (Unaudited)

For the Quarters and Nine Months Ended September 30, 2023 and 2022

(In Millions, Except Per Share Data)

	Quarters Ended September 30,					
	2023			2022		
		Average common shares outstanding, diluted	Per Share		Average common shares outstanding, diluted	Per Share
	\$			\$		
Income from continuing operations attributable to EnPro Industries, Inc.	\$ 8.3	21.0	\$ 0.39	\$ 26.2	20.9	\$ 1.26
Net income (loss) attributable to redeemable non-controlling interests	(0.1)			0.6		
Income tax expense	14.7			9.1		
Income from continuing operations before income taxes	22.9			35.9		
Adjustments from selling, general, and administrative:						
Non-controlling interest compensation allocations ¹	—			(0.6)		
Amortization of acquisition-related intangible assets	17.1			18.7		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment expense	2.2			0.1		
Amortization of the fair value adjustment to acquisition date inventory	—			0.9		
Adjustments from other non-operating expense:						
Environmental reserve adjustments	0.4			0.1		
Costs associated with previously disposed businesses	0.4			0.2		
Pension expense (income) (non-service cost)	0.4			(0.7)		
Foreign exchange losses related to the divestiture of a discontinued operation ²	0.5			—		
Other adjustments:						
Other	0.2			0.2		
Adjusted income from continuing operations before income taxes	44.1			54.8		
Adjusted income tax expense	(11.1)			(14.8)		
Net loss (income) attributable to redeemable non-controlling interests	0.1			(0.6)		
Adjusted income from continuing operations attributable to EnPro Industries, Inc.	\$ 33.1	21.0	\$ 1.58 ³	\$ 39.4	20.9	\$1.89 ³

	Nine Months Ended September 30,					
	2023			2022		
		Average common shares outstanding, diluted	Per Share		Average common shares outstanding, diluted	Per Share
	\$			\$		
Income from continuing operations attributable to EnPro Industries, Inc.	\$ 15.7	21.0	\$ 0.75	\$ 64.2	20.9	\$ 3.08
Net income (loss) attributable to redeemable non-controlling interests	(4.3)			0.8		
Income tax expense	17.0			19.8		
Income from continuing operations before income taxes	28.4			84.8		
Adjustments from selling, general, and administrative:						
Acquisition and divestiture expenses	0.1			1.0		
Non-controlling interest compensation allocations ¹	(0.3)			(0.2)		
Amortization of acquisition-related intangible assets	51.5			56.3		
Adjustments from other operating expense and cost of sales:						
Restructuring and impairment expense	3.2			2.2		
Amortization of the fair value adjustment to acquisition date inventory	—			12.1		
Adjustments from other non-operating expense:						
Asbestos receivable adjustment	—			2.8		
Environmental reserve adjustments	0.5			(0.2)		
Costs associated with previously disposed businesses	0.8			0.8		
Pension expense (income) (non-service cost)	1.1			(2.1)		
Goodwill impairment	56.6			—		
Foreign exchange losses related to the divestiture of a discontinued operation ²	1.5			—		
Other adjustments:						
Other	0.3			0.6		
Adjusted income from continuing operations before income taxes	143.7			158.1		
Adjusted income tax expense	(35.9)			(42.7)		
Net loss (income) attributable to redeemable non-controlling interests	4.3			(0.8)		
Adjusted income from continuing operations attributable to EnPro Industries, Inc.	\$ 112.1	21.0	\$ 5.35 ³	\$ 114.6	20.9	\$ 5.49 ³

Management of the Company believes that it would be helpful to the readers of the financial statements to understand the impact of certain selected items on the Company's reported net income attributable to EnPro Industries, Inc. and diluted earnings per share attributable to EnPro Industries, Inc., including items that may recur from time to time. The items adjusted for in this schedule are those that are excluded by management in budgeting or projecting for performance in future periods, as they typically relate to events specific to the period in which they occur. This presentation enables readers to better compare EnPro Industries, Inc. to other diversified industrial manufacturing companies that do not incur the sporadic impact of restructuring activities, costs associated with previously disposed of businesses, acquisitions and divestitures, or other selected items. The adjustments in the table above relate solely to expenses attributable to EnPro Industries, Inc. and have been adjusted to remove any amounts attributable to non-controlling interests.

Management acknowledges that there are many items that impact a company's reported results and this list is not intended to present all items that may have impacted these results.

Other adjustments are included in selling, general, and administrative, cost of sales, and other operating expenses on the consolidated statements of operations.

The adjusted income tax expense presented above is calculated using a normalized company-wide effective tax rate excluding discrete items of 25.0% and 27.0% for the 2023 and 2022 periods, respectively. Per share amounts were calculated by dividing by the weighted-average shares of diluted common stock outstanding during the periods.

¹Non-controlling interest compensation allocation represents compensation expense adjustment associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred. The LeanTeq non-controlling interests were acquired by Enpro in December 2022.

²In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this note, we recorded a loss due to the change in exchange rate in 2023. In January 2023, we hedged the outstanding note in order to mitigate related gains or losses.

³Adjusted diluted earnings per share.

EnPro Industries, Inc.**Reconciliation of Income from Continuing Operations Attributable to EnPro Industries, Inc. to Adjusted EBITDA (Unaudited)**

For the Quarters and Nine Months Ended September 30, 2023 and 2022

(In Millions)

	Quarters Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Income from continuing operations attributable to EnPro Industries, Inc.	\$ 8.3	\$ 26.2	\$ 15.7	\$ 64.2
Net income (loss) attributable to redeemable non-controlling interests	(0.1)	0.6	(4.3)	0.8
Income from continuing operations	8.2	26.8	11.4	65.0
Adjustments to arrive at earnings before interest, income taxes, depreciation, amortization, and other selected items (Adjusted EBITDA):				
Interest expense, net	7.1	9.3	23.6	23.9
Income tax expense	14.7	9.1	17.0	19.8
Depreciation and amortization expense	23.6	25.7	71.1	77.9
Restructuring and impairment expense	2.2	0.1	3.2	2.2
Environmental reserve adjustments	0.4	0.1	0.5	(0.2)
Costs associated with previously disposed businesses	0.4	0.2	0.8	0.8
Acquisition and divestiture expenses	—	—	0.1	1.0
Pension expense (income) (non-service cost)	0.4	(0.7)	1.1	(2.1)
Non-controlling interest compensation allocation ¹	—	(0.6)	(0.3)	(0.1)
Asbestos receivable adjustment	—	—	—	2.8
Amortization of the fair value adjustment to acquisition date inventory	—	1.0	—	12.3
Foreign exchange losses related to the divestiture of a discontinued operation ²	0.5	—	1.5	—
Goodwill impairment	—	—	60.8	—
Other	0.2	0.3	0.3	0.6
Adjusted EBITDA	<u>\$ 57.7</u>	<u>\$ 71.3</u>	<u>\$ 191.1</u>	<u>\$ 203.9</u>

¹Non-controlling interest compensation allocation represents compensation expense associated with a portion of the rollover equity from the acquisitions of LeanTeq and Alluxa that is subject to reduction for certain types of employment terminations of the LeanTeq and Alluxa sellers and is directly related to the terms of the respective acquisitions. This expense will continue to be recognized as compensation expense over the term of the put and call options associated with the acquisitions unless certain employment terminations have occurred. The LeanTeq non-controlling interests were acquired by Enpro in December 2022.

²In connection with the sale of GGB, accounted for as a discontinued operation, in the fourth quarter of 2022, we issued an intercompany note between a domestic and foreign entity that was denominated in a foreign currency. As a result of this note, we recorded a loss due to the change in exchange rate in 2023. In January 2023, we hedged the outstanding note in order to mitigate related gains or losses.

Supplemental disclosure: Adjusted EBITDA as presented also represents the amount defined as "EBITDA" under the indenture governing the Company's 5.75% Senior Notes due 2026. For the nine months ended September 30, 2023, approximately 46% of the adjusted EBITDA as presented above was attributable to Enpro's subsidiaries that do not guarantee the Company's 5.75% Senior Notes due 2026.

EnPro Industries, Inc.**Reconciliation of Free Cash Flow (Unaudited)**

(In Millions)

Free Cash Flow - Nine Months Ended September 30, 2023

Net cash provided by operating activities of continuing operations	\$	154.8
Purchases of property, plant, and equipment		(20.7)
Free cash flow	\$	134.1

Free Cash Flow - Nine Months Ended September 30, 2022

Net cash provided by operating activities of continuing operations	\$	111.6
Purchases of property, plant, and equipment		(10.2)
Free cash flow	\$	101.4