UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 4, 2026

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission File Number: 001-32253

EnerSys
(Exact name of registrant as specified in its charter)

Delaware	**23-3058564**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2366 Bernville Road
Reading, Pennsylvania 19605
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: 610-208-1991

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, $0.01 par value per share	ENS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). ☐ Yes ☒ No.

Common Stock outstanding at November 6, 2026: 35,586,729 shares

EnerSys
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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EnerSys
Consolidated Condensed Balance Sheets (Unaudited)
(In Thousands, Except Share and Per Share Data)

	October 4, 2026	March 31, 2026
Assets		
Current assets:		
Cash and cash equivalents	$ 275,500	$ 438,675
Accounts receivable, net of allowance for doubtful accounts: October 4, 2026 - $11,738; March 31, 2026 - $8,583	448,332	506,072
Inventories, net	753,454	724,690
Prepaid and other current assets	426,322	472,373
Total current assets	1,903,608	2,141,810
Property, plant, and equipment, net	561,183	593,002
Goodwill	744,331	752,424
Other intangible assets, net	326,070	342,898
Deferred taxes	65,355	69,008
Other assets	97,831	104,182
Total assets	$ 3,698,378	$ 4,003,324
Liabilities and Equity		
Current liabilities:		
Short-term debt	$ 28,661	$ 29,201
Accounts payable	365,824	354,190
Accrued expenses	400,715	420,647
Total current liabilities	795,200	804,038
Long-term debt, net of unamortized debt issuance costs	786,186	1,079,782
Deferred taxes	13,716	13,909
Other liabilities	193,520	196,723
Total liabilities	1,788,622	2,094,452
Commitments and contingencies		
Equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized, no shares issued or outstanding at October 4, 2026 and at March 31, 2026	—	—
Common Stock, $0.01 par value per share, 135,000,000 shares authorized, 57,805,720 shares issued and 35,822,630 shares outstanding at October 4, 2026; 57,551,440 shares issued and 36,462,211 shares outstanding at March 31, 2026	578	576
Additional paid-in capital	740,219	734,922
Treasury stock at cost, 21,983,090 shares held as of October 4, 2026 and 21,089,229 shares held as of March 31, 2026	(1,542,647)	(1,361,585)
Retained earnings	2,929,313	2,743,635
Accumulated other comprehensive loss	(221,397)	(212,264)
Total EnerSys stockholders' equity	1,906,066	1,905,284
Nonredeemable noncontrolling interests	3,690	3,588
Total equity	1,909,756	1,908,872
Total liabilities and equity	$ 3,698,378	$ 4,003,324

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Quarter ended	
	October 4, 2026	September 28, 2025
Sales from products	$ 849,519	$ 861,194
Sales from services	100,383	90,092
Net sales	949,902	951,286
Cost of goods sold	580,485	599,700
Cost of services	83,993	74,442
Inventory adjustment relating to exit activities	1,071	—
Gross profit	284,353	277,144
Operating expenses	148,180	164,026
Restructuring and other exit charges	20,718	21,086
Operating earnings	115,455	92,032
Interest expense	10,076	12,176
Other expense (income), net	2,843	3,380
Earnings before income taxes	102,536	76,476
Income tax expense	12,962	8,050
Net earnings attributable to EnerSys stockholders	$ 89,574	$ 68,426
Net earnings per common share attributable to EnerSys stockholders:		
Basic	$ 2.49	$ 1.83
Diluted	$ 2.42	$ 1.80
Dividends per common share	$ 0.2875	$ 0.2625
Weighted-average number of common shares outstanding:		
Basic	36,033,626	37,436,456
Diluted	36,957,443	37,977,855

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Income (Unaudited)
(In Thousands, Except Share and Per Share Data)

	Six months ended	
	October 4, 2026	September 28, 2025
Sales from products	$ 1,685,117	$ 1,667,006
Sales from services	200,426	177,304
Net sales	1,885,543	1,844,310
Cost of goods sold	1,119,131	1,165,747
Cost of services	167,628	148,191
Inventory adjustment relating to exit activities	1,071	—
Gross profit	597,713	530,372
Operating expenses	299,418	324,912
Restructuring and other exit charges	31,426	26,948
Operating earnings	266,869	178,512
Interest expense	20,674	23,488
Other expense (income), net	8,652	12,890
Earnings before income taxes	237,543	142,134
Income tax expense	31,519	16,250
Net earnings attributable to EnerSys stockholders	$ 206,024	$ 125,884
Net earnings per common share attributable to EnerSys stockholders:		
Basic	$ 5.68	$ 3.30
Diluted	$ 5.52	$ 3.26
Dividends per common share	$ 0.55	$ 0.5025
Weighted-average number of common shares outstanding:		
Basic	36,256,377	38,113,597
Diluted	37,297,985	38,645,031

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Comprehensive Income (Unaudited)
(In Thousands)

	Quarter ended		Six Months Ended	
	October 4, 2026	September 28, 2025	October 4, 2026	September 28, 2025
Net earnings	$ 89,574	$ 68,426	$ 206,024	$ 125,884
Other comprehensive income (loss):				
Net unrealized gain (loss) on derivative instruments, net of tax	43	(948)	1,600	(486)
Pension funded status adjustment, net of tax	(2)	122	(4)	245
Foreign currency translation adjustment	(3,690)	(2,703)	(10,627)	27,126
Total other comprehensive income (loss), net of tax	(3,649)	(3,529)	(9,031)	26,885
Total comprehensive income (loss)	85,925	64,897	196,993	152,769
Comprehensive income (loss) attributable to noncontrolling interests	43	19	102	59
Comprehensive income (loss) attributable to EnerSys stockholders	$ 85,882	$ 64,878	$ 196,891	$ 152,710

See accompanying notes.

EnerSys
Consolidated Condensed Statements of Cash Flows (Unaudited)
(In Thousands)

	Six months ended	
	October 4, 2026	September 28, 2025
Cash flows from operating activities		
Net earnings	$ 206,024	$ 125,884
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	59,365	54,889
Write-off of assets relating to exit activities	17,373	(619)
Derivatives not designated in hedging relationships:		
Net losses (gains)	88	(498)
Cash (settlements) proceeds	749	2,070
Provision for doubtful accounts	4,377	404
Deferred income taxes	(1,407)	(68)
Non-cash interest expense	967	1,212
Stock-based compensation	14,128	22,036
Loss (gain) on disposal of property, plant, and equipment	1,242	284
Changes in assets and liabilities:		
Accounts receivable	50,062	43,652
Inventories	(33,751)	(48,664)
Prepaid and other current assets	60,349	69,493
Other assets	1,605	560
Accounts payable	12,105	(34,650)
Accrued expenses	(27,521)	(21,393)
Other liabilities	7,064	4,423
Net cash provided by (used in) operating activities	372,819	219,015
Cash flows from investing activities		
Capital expenditures	(24,821)	(53,922)
Purchase of business	—	(12,662)
Proceeds from disposal of property, plant, and equipment	212	4,189
Net cash (used in) provided by investing activities	(24,609)	(62,395)
Cash flows from financing activities		
Net borrowings (repayments) on short-term debt	121	(143)
Proceeds from Second Amended Revolver borrowings	241,500	467,563
Repayments of Second Amended Revolver borrowings	(536,063)	(155,000)
Repayment of Term Loans	—	(210,000)
Options proceeds, net	7,235	16,948
Payment of taxes related to net share settlement of equity awards	(17,042)	(8,192)
Purchase of treasury stock	(180,000)	(217,784)
Dividends paid to stockholders	(19,854)	(18,917)
Debt Issuance Costs Sixth Amended Credit Facility	—	(3,276)
Other	677	588
Net cash (used in) provided by financing activities	(503,426)	(128,213)
Effect of exchange rate changes on cash and cash equivalents	(7,959)	17,068
Net increase (decrease) in cash and cash equivalents	(163,175)	45,475
Cash and cash equivalents at beginning of period	438,675	343,131
Cash and cash equivalents at end of period	$ 275,500	$ 388,606

See accompanying notes.

EnerSys
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)
(In Thousands, Except Share and Per Share Data)

1. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments except those otherwise described herein) considered necessary for a fair presentation have been included, unless otherwise disclosed. Operating results for the three and six months ended October 4, 2026 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2027.

The Consolidated Condensed Balance Sheet at March 31, 2026 has been derived from the audited Consolidated Financial Statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The financial statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2026 Annual Report on Form 10-K (SEC File No. 001-32253), which was filed on May 20, 2026 (the "2026 Annual Report").

EnerSys (the "Company") reports interim financial information for 13-week periods, except for the first quarter, which always begins on April 1, and the fourth quarter, which always ends on March 31. The four quarters in fiscal 2027 end on July 5, 2026, October 4, 2026, January 3, 2027, and March 31, 2027, respectively. The four quarters in fiscal 2026 ended on June 29, 2025, September 28, 2025, December 28, 2025, and March 31, 2026, respectively.

The Consolidated Condensed Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and any partially owned subsidiaries that the Company has the ability to control. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions take into account historical and forward looking factors that the Company believes are reasonable, and the Company's estimates and assumptions may evolve as conditions change. Actual results could differ from those estimates.

Examples of significant estimates include the allowance for credit losses, the recoverability of property, plant and equipment, the incremental borrowing rate for lease liabilities, the recoverability of intangible assets and other long-lived assets, fair value measurements, including those related to financial instruments, fair value of goodwill and intangible assets, valuation allowances on tax assets, production tax credits under the Inflation Reduction Act, pension and postretirement benefit obligations, contingencies and the identification and valuation of assets acquired and liabilities assumed in connection with business combinations.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the Financial Accounting Standards Board issued a final standard on disaggregation of income statement expenses. The standard requires disclosure of more detailed information about certain costs and expenses in the notes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2026 and for interim periods beginning after December 15, 2027. Early adoption is permitted. The standard is applied prospectively with an option for retrospective adoption. The Company is currently evaluating the impact of adopting this standard on its disclosures.

In December 2025, the Financial Accounting Standards Board issued a final standard on accounting for governmental grants. The standard provides guidance on how business entities should recognize, measure, and present government grants received. The standard is effective for fiscal years beginning after December 15, 2028 and interim periods within those fiscal years. Early

adoption is permitted. The standard may be applied using a modified prospective, modified retrospective, or retrospective approach. The Company is currently evaluating the impact of adopting this standard on its disclosures.

2. Revenue Recognition

The Company's revenues by reportable segments are presented in Note 16 and are consistent with how we organize and manage our operations, as well as product line net sales information.

Service revenues related to the work performed for the Company's customers by its maintenance technicians generally represent a separate and distinct performance obligation. Control for these services passes to the customer as the services are performed.

A portion of the Company's customer arrangements oblige the Company to create customized products for its customers that require combining both products and services into a single performance obligation because the individual products and services that are required to fulfill the customer requirements do not meet the definition for a distinct performance obligation. These customized products generally have no alternative use to the Company and the terms and conditions of these arrangements give the Company the enforceable right to payment for performance completed to date, including a reasonable profit margin. For these arrangements, control transfers over time and the Company measures progress towards completion by selecting the input or output method that best depicts the transfer of control of the underlying goods and services to the customer for each respective arrangement. Methods used by the Company to measure progress toward completion include labor hours, costs incurred and units of production. Revenues recognized over time for the second quarter of fiscal 2027 and 2026 amounted to $38,284 and $38,786, respectively. Revenues recognized over time for the six months of fiscal 2027 and 2026 amounted to $79,801 and $76,282.

On October 4, 2026, the aggregate transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations was approximately $178,985, of which, the Company estimates that approximately $74,509 will be recognized as revenue in fiscal 2027, $94,040 in fiscal 2028, $7,002 in fiscal 2029, $3,000 in fiscal 2030, and $434 in fiscal 2031 and after.

Any payments that are received from a customer in advance, prior to the satisfaction of a related performance obligation and billings in excess of revenue recognized, are deferred and treated as a contract liability. Advance payments and billings in excess of revenue recognized are classified as current or non-current based on the timing of when recognition of revenue is expected. As of October 4, 2026, the current and non-current portion of contract liabilities were $47,268 and $1,935, respectively. As of March 31, 2026, the current and non-current portion of contract liabilities were $48,080 and $1,830, respectively. Revenues recognized during the second quarter of fiscal 2027 and 2026 that were included in the contract liability at the beginning of the quarter amounted to $4,533 and $4,630, respectively. Revenues recognized during the six months of fiscal 2027 and 2026 that were included in the contract liability at the beginning of the year, amounted to $12,231 and $3,737, respectively.

Amounts representing work completed and not billed to customers represent contract assets and were $96,736 and $93,798 as of October 4, 2026 and March 31, 2026, respectively.

The Company uses historic customer product return data as a basis of estimation for customer returns and records the reduction of sales at the time revenue is recognized. At October 4, 2026, the right of return asset related to the value of inventory anticipated to be returned from customers was $4,270 and the refund liability representing amounts estimated to be refunded to customers was $6,810.

3. Accounts Receivable

	October 4, 2026	March 31, 2026
Accounts receivable	$ 460,070	$ 514,655
Allowance for doubtful accounts	11,738	8,583
Accounts receivable, net	$ 448,332	$ 506,072

During the third quarter of fiscal 2023, the Company entered into a Receivables Purchase Agreement ("RPA"), under which the Company continuously sells its interest in designated pools of trade accounts receivable, at a discount, to a special purpose entity, which in turn sells certain of the receivables to an unaffiliated financial institution ("unaffiliated financial institution") on a monthly basis. The Company may sell certain US-originated accounts receivable balances up to a maximum amount of $150,000. On December 15, 2025, the Company entered into an amendment to the RPA (as amended, the "Amended RPA"),

that increased the aggregate amount of certain US-originated accounts receivable balances to a maximum amount of $250,000 plus an additional $50,000 accordion feature that is uncommitted and subject to certain additional conditions. The Amended RPA added certain additional financial institutions and matures on December 15, 2028. In return for these sales, the Company receives a cash payment equal to the face value of the receivables and is charged a fee of Secured Overnight Financing Rate ("SOFR") plus 85 basis points against the sold receivable balance. The program is conducted through EnerSys Finance LLC ("EnerSys Finance"), an entity structured to be bankruptcy remote. The Company is deemed the primary beneficiary of EnerSys Finance as the Company has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive the benefits that could potentially be significant to the entity from the transfer of the trade accounts receivable into the special purpose entity. Accordingly, EnerSys Finance is included in the Company's Consolidated Condensed Financial Statements.

Receivables sold to unaffiliated financial institutions under the program are excluded from "Accounts receivable, net" on the Company's Consolidated Condensed Balance Sheets, and cash receipts are reflected as cash provided by operating activities on the Consolidated Condensed Statements of Cash Flows. The purchase price is received in cash when the receivables are sold, and fees charged relating to this balance are recorded to other (income) expense. Certain unsold receivables held by EnerSys Finance serve as collateral to unaffiliated financial institutions. These unsold receivables are included in "Accounts receivable, net" in the Company's Consolidated Condensed Balance Sheets. The Company continues servicing the receivables which were sold and in exchange receives a servicing fee from EnerSys Finance under the program.

During the second quarter and the six months of fiscal 2027, the Company sold $346,318 and $682,504, respectively, of accounts receivable for approximately $346,318 and $682,504, respectively, in proceeds to unaffiliated financial institutions, of which $346,318 and $682,504, respectively, were collected as of October 4, 2026. During the second quarter and the six months of fiscal 2026, the Company sold $209,805 and $399,697, respectively, of accounts receivable for approximately $209,805 and $399,697, respectively, in net proceeds to an unaffiliated financial institution, of which $209,805 and $399,697, respectively, were collected as of September 28, 2025. Total collateralized accounts receivables of approximately $372,887 were held by EnerSys Finance at October 4, 2026.

Any accounts receivables held by EnerSys Finance would likely not be available to other creditors of the Company in the event of bankruptcy or insolvency proceedings relating to the Company until the outstanding balances under the Amended RPA are satisfied. Additionally, the financial obligations of EnerSys Finance to the unaffiliated financial institutions under the program are limited to the assets it owns and there is no recourse to the Company for receivables that are uncollectible as a result of the insolvency of EnerSys Finance or its inability to pay the account debtors.

4. Inventories

	October 4, 2026	March 31, 2026
Raw materials	$ 299,623	$ 287,705
Work-in-process	136,474	111,719
Finished goods	317,357	325,266
Total	$ 753,454	$ 724,690

5. Fair Value of Financial Instruments

Recurring Fair Value Measurements

The following tables represent the financial assets and (liabilities) measured at fair value on a recurring basis as of October 4, 2026 and March 31, 2026, and the basis for that measurement:

	Total Fair Value Measurement October 4, 2026	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$ (1,792)	$ —	$ (1,792)	$ —
Foreign currency forward contracts	(364)	—	(364)	—
Net investment hedges	(55,822)	—	(55,822)	—
Total derivatives	$ (57,978)	$ —	$ (57,978)	$ —

	Total Fair Value Measurement March 31, 2026	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Lead forward contracts	$ (3,521)	$ —	$ (3,521)	$ —
Foreign currency forward contracts	1,173	—	1,173	—
Interest Rate Swaps	(68)	—	(68)	—
Net investment hedges	(69,990)	—	(69,990)	—
Total derivatives	$ (72,406)	$ —	$ (72,406)	$ —

The fair values of lead forward contracts are calculated using observable prices for lead as quoted on the London Metal Exchange ("LME") and, therefore, were classified as Level 2 within the fair value hierarchy, as described in Note 1- *Summary of Significant Accounting Policies* to the Company's Consolidated Financial Statements included in the 2026 Annual Report.

The fair values for foreign currency forward contracts and net investment hedges are based upon current quoted market prices and are classified as Level 2 based on the nature of the underlying market in which these derivatives are traded.

The fair value of interest rate swap agreements is based on observable prices as quoted for receiving the variable one-month term SOFR and paying fixed interest rates and, therefore, were classified as Level 2.

Financial Instruments

The fair values of the Company's cash and cash equivalents approximate carrying value due to their short maturities.

The fair value of the Company's short-term debt and borrowings under the credit facilities as included in Note 11, approximate their respective carrying value, as they are variable rate debt and the terms are comparable to market terms as of the balance sheet dates and are classified as Level 2.

The fair values of the Company's 2032 Notes and 2027 Notes, represent the trading values based upon quoted market prices and are classified as Level 2. The 2032 Notes were trading at approximately 99% and 102% of face value on October 4, 2026 and March 31, 2026, respectively. The 2027 Notes were trading at approximately 98% and 99% of the face value on October 4, 2026 and March 31, 2026, respectively.

The carrying amounts and estimated fair values of the Company's derivatives and Senior Notes at October 4, 2026 and March 31, 2026 were as follows:

	October 4, 2026		March 31, 2026	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Senior Notes [1]	$ 600,000	$ 591,060	$ 600,000	$ 601,425
Derivatives [2]	$ 57,978	$ 57,978	$ 72,406	$ 72,406

(1) The fair value amount of the Senior Notes at October 4, 2026 and March 31, 2026 represent the trading value of the instruments.
(2) Represents lead, foreign currency forward contracts, interest rate swaps, and net investment hedges (see Note 6 for asset and liability positions of the lead, foreign currency forward contracts, interest rate swaps, and net investment hedges at October 4, 2026 and March 31, 2026).

6. Derivative Financial Instruments

The Company utilizes derivative instruments to reduce its exposure to fluctuations in commodity prices, foreign exchange rates and interest, under established procedures and controls. The Company does not enter into derivative contracts for speculative purposes. The Company's agreements are with creditworthy financial institutions and the Company anticipates performance by counterparties to these contracts and therefore no material loss is expected.

Derivatives in Cash Flow Hedging Relationships

Lead Forward Contracts

The Company enters into lead forward contracts to fix the price for a portion of its lead purchases. Management considers the lead forward contracts to be effective against changes in the cash flows of the underlying lead purchases. The vast majority of such contracts are for a period not extending beyond one year. At October 4, 2026 and March 31, 2026, the Company has hedged the price to purchase approximately 48.0 million pounds and 82.7 million pounds of lead, respectively, for a total purchase price of $41,741 and $74,909, respectively.

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts and options to hedge a portion of the Company's foreign currency exposures for lead, as well as other foreign currency exposures so that gains and losses on these contracts offset changes in the underlying foreign currency denominated exposures. The vast majority of such contracts are for a period not extending beyond one year. As of October 4, 2026 and March 31, 2026, the Company had entered into a total of $13,516 and $36,771, respectively, of such contracts.

Interest Rate Swap Agreements

The Company is exposed to changes in variable interest rates on borrowings under our credit agreement. On a selective basis, from time to time, it enters into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. In the second quarter of fiscal year 2027, the Company settled all outstanding interest rate swap agreements. At March 31, 2026, such agreements effectively convert $200,000 of our variable-rate debt to a fixed-rate basis, utilizing the one-month term SOFR, as a floating rate reference. Fluctuations in SOFR and fixed rates affect both our net financial investment position and the amount of cash to be paid or received by us under these agreements.

Derivatives in Net Investment Hedging Relationships

Net Investment Hedges

The Company uses cross currency fixed interest rate swaps to hedge its net investments in foreign operations against future volatility in the exchange rates between the U.S. Dollar and Euro.

Cross-Currency Fixed Interest Rate Swap Contracts Include:

	Notional Amount		
Dated Entered Into	**October 4, 2026**	**March 31, 2026**	**Maturity Date**
September 29, 2022	$ 150,000	$150,000	December 15, 2027
July 2, 2024	150,000	150,000	January 15, 2029
December 23, 2024	150,000	150,000	June 15, 2028
December 24, 2024 [(1)]	125,000	150,000	December 15, 2026

[(1)] On October 1, 2026, the Company terminated $25,000 of cross-currency fixed interest rate swap contracts, originally entered into on December 24, 2024, and a paid net settlement of $2,011 on October 5, 2026.

The cross-currency fixed interest rate swap contracts qualify for hedge accounting as a net investment hedging instrument, which allows for them to be remeasured to foreign currency translation adjustment within AOCI ("Accumulated Other Comprehensive Income") to offset the translation risk from those investments. Balances in the foreign currency translation adjustment accounts remain until the sale or substantially complete liquidation of the foreign entity, upon which they are recognized as a component of other income (expense).

Impact of Hedging Instruments on AOCI

In the coming twelve months, the Company anticipates that $9,042 of pretax loss relating to lead, foreign currency forward contracts, interest rate swaps, and net investment hedges will be reclassified from AOCI as part of cost of goods sold and interest expense. This amount represents the current net unrealized impact of hedging lead, foreign exchange rates and interest rates, which will change as market rates change in the future. This amount will ultimately be realized in the Consolidated

Condensed Statements of Income as an offset to the corresponding actual changes in lead, foreign exchange rates and interest costs resulting from variable lead cost, foreign exchange and interest rates hedged.

Derivatives not Designated in Hedging Relationships

Foreign Currency Forward Contracts

The Company also enters into foreign currency forward contracts to economically hedge foreign currency fluctuations on intercompany loans and foreign currency denominated receivables and payables. These are not designated as hedging instruments and changes in fair value of these instruments are recorded directly in the Consolidated Condensed Statements of Income. As of October 4, 2026 and March 31, 2026, the notional amount of these contracts was $74,342 and $76,262, respectively.

Presented below in tabular form is information on the location and amounts of derivative fair values in the Consolidated Condensed Balance Sheets and derivative gains and losses in the Consolidated Condensed Statements of Income:

Fair Value of Derivative Instruments
October 4, 2026 and March 31, 2026

	Derivatives and Hedging Activities Designated as Cash Flow Hedges		Derivatives and Hedging Activities Designated as Net Investment Hedges		Derivatives and Hedging Activities Not Designated as Hedging Instruments	
	October 4, 2026	March 31, 2026	October 4, 2026	March 31, 2026	October 4, 2026	March 31, 2026
Prepaid and other current assets:						
Lead forward contracts	$ —	$ —	$ —	$ —	$ —	$ —
Foreign currency forward contracts	272	336	—	—	—	837
Net investment hedges	—	—	—	—	—	—
Other assets:						
Interest rate swaps	—	—	—	—	—	—
Net investment hedges	—	—	—	—	—	—
Total assets	$ 272	$ 336	$ —	$ —	$ —	$ 837
Accrued expenses:						
Lead forward contracts	$ 1,792	$ 3,521	$ —	$ —	$ —	$ —
Foreign currency forward contracts	—	—	—	—	636	—
Net investment hedges	—	—	10,278	16,076	—	—
Interest rate swaps	—	68	—	—	—	—
Other liabilities:						
Net investment hedges	—	—	45,544	53,914	—	—
Total liabilities	$ 1,792	$ 3,589	$ 55,822	$ 69,990	$ 636	$ —

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended October 4, 2026

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead forward contracts	$ (1,698)	Cost of goods sold	$ (1,676)
Foreign currency forward contracts	185	Cost of goods sold	111
Interest rate swaps	(7)	Interest expense	(19)
Total	$ (1,520)		$ (1,584)

Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	$ 12,410	Interest expense	$ 1,863
Total	$ 12,410		$ 1,863

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net	$ (1,128)
Total		$ (1,128)

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the quarter ended September 28, 2025

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead forward contracts	$ (3,498)	Cost of goods sold	$ (1,211)
Foreign currency forward contracts	120	Cost of goods sold	(1,066)
Interest rate swaps	163	Interest expense	299
Total	$ (3,215)		$ (1,978)

Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	$ 7,467	Interest expense	$ 4,076
Total	$ 7,467		$ 4,076

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net	$ (620)
Total		$ (620)

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the six months ended October 4, 2026

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead forward contracts	$ (2,254)	Cost of goods sold	$ (4,250)
Foreign currency forward contracts	564	Cost of goods sold	520
Interest rate swaps	4	Interest expense	(64)
Total	$ (1,686)		$ (3,794)

Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	$ 15,890	Interest expense	$ 3,733
Total	$ 15,890		$ 3,733

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net	$ (724)
Total		$ (724)

The Effect of Derivative Instruments on the Consolidated Condensed Statements of Income
For the six months ended September 28, 2025

Derivatives Designated as Cash Flow Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Lead forward contracts	$ (2,009)	Cost of goods sold	$ (2,475)
Foreign currency forward contracts	(1,728)	Cost of goods sold	(842)
Interest rate swaps	383	Interest expense	596
Total	$ (3,354)		$ (2,721)

Derivatives Designated as Net Investment Hedges	Pretax Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Pretax Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
Cross currency fixed interest rate swaps	$ (48,527)	Interest expense	$ 2,903
Total	$ (48,527)		$ 2,903

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Pretax Gain (Loss)
Foreign currency forward contracts	Other (income) expense, net	$ 499
Total		$ 499

7. Income Taxes

The Company's income tax provision consists of federal, state and foreign income taxes. The tax provision for the second quarter of fiscal 2027 and 2026 was based on the estimated effective tax rates applicable for the full years ending March 31, 2027 and March 31, 2026, respectively, after giving effect to items specifically related to the interim periods. The Company's effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions, in which the Company operates, changes in tax laws and the amount of the Company's consolidated earnings before taxes.

The Organization for Economic Co-operation and Development (OECD) has a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective for taxable years beginning after December 31, 2023.

On January 5, 2026, the OECD issued the Side-by-Side package (the "SbS Package"), which provides administrative guidance that modifies the application of the Pillar 2 rules. The SbS Package includes simplifications and additional safe harbors intended to facilitate coordination between domestic and international tax regimes and the Pillar 2 framework. Certain provisions of the SbS Package intend for U.S.-parented groups being exempt from the application of two of the three Pillar 2 top-up taxes.

The SbS Package is expected to be available for fiscal years beginning on or after January 1, 2026. The safe harbors are not self-executing and generally would require enactment through domestic legislation (and related interpretive guidance) by each Inclusive Framework member, subject to local legislative processes and timelines, as well as guidance related to the European Union ("EU") Minimum Tax Directive. The Company continues to monitor developments and assess the potential impact of the SbS Package on its results of operations. In addition, the SbS Package extends the Transitional Country-by-Country Reporting ("CbCR") Safe Harbor by one year, through the end of fiscal year 2027. The Company continues to refine the effective tax rate and cash tax impact for Pillar 2 considering legislative changes in multiple countries.

On July 4, 2025, the "One Big Beautiful Bill Act" ("OBBBA") was enacted into law. The law included permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework, and changes to the tax treatment for certain business provisions and energy credits.

The impact of the enacted legislation is included in our estimated effective tax rate. The Company will continue to monitor and evaluate as new legislation and guidance is issued.

The consolidated effective income tax rates for the second quarter of fiscal 2027 and 2026 were 12.6% and 10.5% and for the six months of fiscal 2027 and 2026 were 13.3% and 11.4%. The rate increase in the second quarter and six months of fiscal 2027 compared to the prior year periods are primarily due to the impact of permanent items which had a lesser relative impact due to a larger current year pretax base and mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 42% for fiscal 2027 compared to 53% for fiscal 2026. The foreign effective tax rates for the six months of fiscal 2027 and 2026 were 17%. Income from the Company's Swiss subsidiary comprised a substantial portion of the Company's overall foreign mix of income for both fiscal 2027 and fiscal 2026 and were taxed at an effective income tax rate of approximately 13% and 14%, respectively.

8. Warranty

The Company provides for estimated product warranty expenses when products are sold, with related liabilities included within accrued expenses and other liabilities. As warranty estimates are forecasts that are based on the best available information, primarily historical claims experience, costs of claims may ultimately differ from amounts provided. An analysis of changes in the liability for product warranties is as follows:

	Quarter ended		Six months ended	
	October 4, 2026	September 28, 2025	October 4, 2026	September 28, 2025
Balance at beginning of period	$ 71,805	$ 68,425	$ 73,721	$ 66,421
Current period provisions	6,727	6,860	11,407	13,878
Costs incurred	(5,303)	(5,423)	(11,875)	(11,449)
Foreign currency translation adjustment	(186)	(372)	(210)	640
Balance at end of period	$ 73,043	$ 69,490	$ 73,043	$ 69,490

9. Commitments, Contingencies and Litigation

Litigation and Other Legal Matters

In the ordinary course of business, the Company and its subsidiaries are routinely defendants in or parties to pending and threatened legal actions and proceedings, including actions brought on behalf of various classes of claimants. These actions and proceedings are generally based on alleged violations of environmental, anticompetition, employment, contract and other laws. In some of these actions and proceedings, claims for substantial monetary damages are asserted against the Company and its subsidiaries. In the ordinary course of business, the Company and its subsidiaries are also subject to regulatory and

governmental examinations, information gathering requests, inquiries, investigations, and threatened legal actions and proceedings. In connection with formal and informal inquiries by federal, state, local and foreign agencies, the Company and its subsidiaries receive numerous requests, subpoenas and orders for documents, testimony and information in connection with various aspects of their activities.

Environmental Issues

As a result of its operations, the Company is subject to various federal, state, and local, as well as international environmental laws and regulations and is exposed to the costs and risks of registering, handling, processing, storing, transporting, and disposing of hazardous substances, especially lead and acid. The Company's operations are also subject to federal, state, local and international occupational safety and health regulations, including laws and regulations relating to exposure to lead in the workplace. The Company believes that it has adequate reserves to satisfy its environmental liabilities.

Lead, Foreign Currency Forward Contracts and Swaps

To stabilize its lead costs and reduce volatility from currency and interest rate movements, the Company entered into contracts with financial institutions. The vast majority of lead and foreign currency contracts are for a period not extending beyond one year. The Company also entered into a cross currency fixed interest rate swap agreements, maturing on December 15, 2026, December 15, 2027, June 15, 2028, and January 15, 2029, to hedge its net investments in foreign operations against future volatility in the exchange rates between the U.S. Dollar and Euro. The Company also entered into floating to fixed interest rate swap agreements matured on September 30, 2026, to hedge its exposure to variable interest rates. Please refer to Note 6 - *Derivative Financial Instruments* for more details.

Tariff refunds

In February 2026, the Supreme Court of the United States ruled against the current administration's use of the International Emergency Economic Powers Act ("IEEPA") to impose certain tariffs levied since February 2025. Pursuant to a court order on March 4, 2026 from the U.S. Court of International Trade ("CIT") directing the refund of such tariffs, including applicable interest, on April 20, 2026, U.S. Customs and Border Protection ("CBP") launched the Consolidated Administration and Processing of Entries ("CAPE") system to facilitate refund claims, to which the Company successfully submitted its refund claim.

The Company recognizes recoveries of previously paid tariffs imposed under the IEEPA when such amounts are realized or realizable. During the first quarter of fiscal 2027, the Company recognized a $30,870 reduction in cost of goods sold related to IEEPA tariffs that became effective in February 2025 and were subsequently struck down in February 2026. Of this amount, $29,015 related to tariffs recognized as expense in the prior fiscal year. As of October 4, 2026, the Company recorded a receivable of approximately $117 related to IEEPA tariffs paid by the Company between February 2025 and February 2026, which is included within prepaid expenses and other current assets on the Company's condensed consolidated balance sheets.

10. Restructuring and Other Exit Charges

Restructuring Programs

As disclosed in the 2026 Annual Report, the Company committed to restructuring plans aimed at improving operational efficiencies across its lines of business.

On July 22, 2025, the Company announced a reduction in force plan (the "Plan") as part of the Company's strategic restructuring plan under its new leadership to better align resources with current business priorities and long-term objectives. The Plan is expected to reduce non-production global workforce by approximately 11%, or approximately 575 employees, and is focused primarily on corporate and management positions. The Company recorded $21,651 in costs relating to the Plan consisting of severance payments, notice period payments in applicable jurisdictions, employee benefits and related costs. The Plan was substantially completed as of March 31, 2026.

Restructuring and exit charges for the second quarter of fiscal 2027 by reportable segments are as follows:

	Quarter ended October 4, 2026				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate Other	Total
Restructuring charges	$ 35	$ 218	$ 6	$ —	$ 259
Exit charges	5,605	1,378	—	13,476	20,459
Restructuring and other exit charges	$ 5,640	$ 1,596	$ 6	$ 13,476	$ 20,718

	Six months ended October 4, 2026				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate Other	Total
Restructuring charges	$ 454	$ 404	$ 5	$ —	863
Exit charges	11,398	5,689	—	13,476	30,563
Restructuring and other exit charges	$ 11,852	$ 6,093	$ 5	$ 13,476	$ 31,426

A roll-forward of the restructuring reserve, excluding exit charges, is as follows:

Balance as of March 31, 2026	$ 5,904
Accrued	863
Costs incurred	(4,763)
Foreign currency impact	(27)
Balance as of October 4, 2026	$ 1,977

Exit Charges

Fiscal 2027 Programs

During the second quarter of fiscal 2027, the Company completed a strategic review of its lithium battery manufacturing initiative and approved a revised strategy that significantly changed the scope of its previously announced lithium-ion cell manufacturing initiative and refocused the Greenville facility on aerospace, defense, and other specialized applications requiring a Foreign Entity of Concern compliant supply chain and a different cell format. As a result of this strategic realignment, the Company is working to transition away from its technology relationship with Verkor, which had previously been established to support the Company's originally planned lithium-ion cell manufacturing operations. The Company recorded charges of $13,476, consisting primarily of the write-off of deferred assets and other amounts that are no longer expected to provide future economic benefit, as well as estimated costs to transition away from the technology relationship with Verkor. As this transition is finalized, the precise scope, timing and time period at issue and the actual costs remain uncertain and, accordingly, the Company’s estimates may change from time to time, and actual losses could vary, with any resulting adjustments being recognized in the period incurred.

Fiscal 2026 Programs

Tijuana

On March 25, 2026, the Company announced a plan to close its facility in Tijuana, Mexico, which focused on manufacturing legacy lead acid batteries. Management determined that the closure was appropriate as part of its efforts to optimize its cost structure, maximize near-term advanced manufacturing production tax benefits, and mitigate future risks associated with potential tariffs while reinforcing the Company's commitment to strengthening domestic industrial capacity and supply chain resilience. In connection with this restructuring plan, which is estimated to be substantially complete by December 2027, the Company plans to sell the land and buildings and possibly the plant and equipment to other parties. In addition, the Company estimates that there will be a reduction of approximately 474 employees upon completion. The Company expects to incur a pre-tax charge of approximately $37,000 under this restructuring plan when completed, the majority of which is expected to be incurred by the end of fiscal year 2027, of which $14,000 is expected to be non-cash charges primarily from accelerated depreciation. Cash charges of approximately $23,000, include severance and employee retention costs, environmental related expenses and equipment decommissioning, along with contractual releases and legal expenses.

During fiscal 2026, the Company recorded $10,969 in severance costs.

During fiscal 2027, the Company recorded $534 primarily relating to retention costs and $6,863 in accelerated depreciation of fixed assets.

Sao Paulo

On March 25, 2026, the Company announced a plan to close its facility in Sao Paulo, Brazil. Management continually evaluates the Company's footprint and decided to exit this facility that operated under NIS and IMS segments due to the challenging local economic environment. In connection with this closure, which is estimated to be substantially complete by the end of fiscal 2027, the Company estimates there will be a reduction of approximately 141 employees. The Company expects to incur a pre-tax charge of approximately $7,500 under this restructuring plan, which includes cash charges of approximately $4,500, primarily related to severance and employee retention costs, and other cash and non-cash items.

During fiscal 2026, the Company recorded $2,984 in cash charges relating to severance and contract termination costs and $1,767 in non cash charges relating to right of use and fixed asset impairments.

During fiscal 2027, the Company recorded a $2,202 primarily related to additional contract termination costs.

Monterrey

On April 1, 2025, the Company's Board of Directors approved a plan to close its facility in Monterrey, Mexico, which focused on manufacturing flooded IMS batteries. Management determined that future demand for traditional IMS flooded cells will decrease as customers transition to maintenance free product solutions in lithium and Thin Plate Pure Lead (TPPL). Production of products being manufactured in Monterrey, Mexico will be moved to the Company's existing facility in Richmond, Kentucky. The Company expects to incur a pre-tax charge of approximately $13,700 under this restructuring plan when completed, the majority of which was recorded by the end of the 2026 fiscal year, of which $1,500 is expected to be a non-cash charge from fixed asset and inventory charges. Cash charges of approximately $12,200, include severance and employee retention costs, environmental related expenses and equipment decommissioning, along with contractual releases and legal expenses.

During fiscal 2026, the Company recorded cash charges totaling $5,182 primarily relating to severance costs and unusual manufacturing variances of $2,268

During fiscal 2027, the Company recorded $2,125 in site cleanup, decommissioning equipment, and other restructuring costs; and losses on disposal of assets of $2,464.

Fiscal 2023 Programs

Ooltewah

On June 29, 2022, the Company committed to a plan to close its facility in Ooltewah, Tennessee, which produced flooded IMS batteries for electric forklifts. Management determined that future demand for traditional IMS flooded cells will decrease as customers transition to maintenance free product solutions in lithium and TPPL. The Company currently estimates that the total charges for these actions will amount to approximately $18,500. Cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses are estimated to be $9,200 and non-cash charges from

inventory and fixed asset write-offs are estimated to be $9,300. These actions will result in the reduction of approximately 165 employees. The plan was completed as of the first quarter of fiscal 2026.

During fiscal 2023, the Company recorded cash charges relating to severance and manufacturing variances of $2,735 and non-cash charges of $7,261 relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of $1,613, which was reported in cost of goods sold.

During fiscal 2024, the Company recorded cash charges relating to site cleanup and decommissioning equipment of $4,399.

During fiscal 2025, the Company recorded $474 cash charges relating to site cleanup.

During fiscal 2026, the Company recorded a $1,142 gain of the sale of the building.

Fiscal 2021 Program

Hagen, Germany

In fiscal 2021, the Company's Board of Directors approved a plan to close substantially all of its facility in Hagen, Germany, which produced flooded IMS batteries for electric forklifts. Management determined that future demand for the IMS batteries produced at this facility was not sufficient, given the conversion from flooded to maintenance free batteries by customers, the existing number of competitors in the market, as well as the near term decline in demand and increased uncertainty from the pandemic. The Company plans to retain the facility with limited sales, service and administrative functions along with related personnel for the foreseeable future.

These actions resulted in the reduction of approximately 200 employees. This program is considered substantially complete as of the end of fiscal 2026.

During fiscal 2021, the Company recorded cash charges relating to severance of $23,331 and non-cash charges of $7,946 primarily relating to fixed asset write-offs.

During fiscal 2022, the Company recorded cash charges primarily relating to severance of $8,069 and non-cash charges of $3,522 primarily relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of $960, which was reported in cost of goods sold.

During fiscal 2023, the Company recorded cash charges of $2,207 relating primarily to site cleanup and $562 of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2024, the Company recorded cash charges of $2,118 relating primarily to site cleanup and $526 of non-cash charges relating to accelerated depreciation of fixed assets.
During fiscal 2025, the Company recorded cash charges of $3,625 relating primarily to site cleanup and $598 of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2026, the Company recorded cash charges of $2,432 relating primarily to site cleanup and $32 of non-cash charges relating to accelerated depreciation of fixed assets. Additionally, the Company recorded a gain on assets held for sale previously impaired of $1,187.

11. Debt

A summary of the Company's short-term borrowings, long term debt and available credit facilities can be found in Note 11 to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended March 31, 2026.

The following summarizes the Company's long-term debt as of October 4, 2026 and March 31, 2026:

	October 4, 2026		March 31, 2026	
	Principal	Unamortized Issuance Costs	Principal	Unamortized Issuance Costs
Senior Notes				
4.375% Senior Notes due 2027	$ 300,000	$ 690	$ 300,000	$ 978
6.625% Senior Notes due 2032	300,000	2,896	300,000	3,171
Amended Credit Facility				
Third Amended Revolver due 2030 [1]	193,000	3,228	487,563	3,632
	$ 793,000	$ 6,814	$ 1,087,563	$ 7,781
Less: Unamortized issuance costs	6,814		7,781	
Long-term debt, net of unamortized issuance costs	$ 786,186		$ 1,079,782	

[1] The Third Amended Revolver bear interest at SOFR plus between 1.250% and 2.25% (currently 1.250% and based on the Company's consolidated net leverage ratio).

Short-Term Debt

As of October 4, 2026 and March 31, 2026, the Company had $28,661 and $29,201, respectively, of short-term borrowings. The weighted average interest rate on these borrowings was approximately 4.0% and 4.0%, respectively, at October 4, 2026 and March 31, 2026.

Letters of Credit

As of October 4, 2026 and March 31, 2026, the Company had $8,686 and $5,856 of standby letters of credit, respectively.

Debt Issuance Costs

Amortization expense, relating to debt issuance costs, included in interest expense was $484 and $479, respectively, for the second quarter ended October 4, 2026 and September 28, 2025, and $967 and $958 for the six months of fiscal 2027 and 2026.

Available Lines of Credit

As of October 4, 2026 and March 31, 2026, the Company had available and undrawn, under all its lines of credit, $849,049 and $565,015, respectively, including $50,719 and $58,347, respectively, of uncommitted lines of credit.

12. Retirement Plans

The following tables present the components of the Company's net periodic benefit cost related to its defined benefit pension plans:

	United States Plans Quarter ended		International Plans Quarter ended	
	October 4, 2026	September 28, 2025	October 4, 2026	September 28, 2025
Service cost	$ —	$ —	$ 248	$ 272
Interest cost	—	—	285	695
Expected return on plan assets	—	(10)	(27)	(375)
Amortization and deferral	—	—	(2)	159
Net periodic benefit cost	$ —	$ (10)	$ 504	$ 751

	United States Plans Six months ended		International Plans Six months ended	
	October 4, 2026	September 28, 2025	October 4, 2026	September 28, 2025
Service cost	$ —	$ —	$ 503	$ 538
Interest cost	—	—	576	1,385
Expected return on plan assets	—	(20)	(54)	(752)
Amortization and deferral	—	—	(4)	319
Net periodic benefit cost	$ —	$ (20)	$ 1,021	$ 1,490

13. Stock-Based Compensation

As of October 4, 2026, the Company maintains the 2023 Equity Incentive Plan ("2023 EIP"). The 2023 EIP reserved 3,614,500 shares of common stock for the grant of various classes of nonqualified stock options, restricted stock units, market condition-based on total shareholder return ("TSR") and performance condition-based share units ("PSU") and other forms of equity-based compensation.

The Company recognized stock-based compensation expense associated with its equity incentive plans of $6,350 for the second quarter of fiscal 2027 and $4,435 for the second quarter of fiscal 2026. Stock-based compensation expense was $14,128 and $22,036 for the six months of fiscal 2027 and fiscal 2026, respectively. The Company recognizes compensation expense using the straight-line method over the vesting period of the awards.

During the six months of fiscal 2027, the Company granted to non-employee directors 14,953 restricted stock units, under the deferred compensation plan for non-employee directors. The awards vest immediately upon the date of grant and are settled in shares of common stock.

During the six months of fiscal 2027, the Company granted to management and other key employees 152,050 restricted stock units that vest ratably over four years from the date of grant and 37,537 PSUs that cliff vest three years from the date of the grant.

Common stock activity during the six months of fiscal 2027 included the exercise of 82,712 stock options and the vesting or release of 269,083 restricted stock units including non-employee director restricted stock units.

As of October 4, 2026, there were 790,669 non-qualified stock options, 824,119 restricted stock units including non-employee director restricted stock units, 1,156 TSRs, and 37,598 PSUs outstanding.

14. Stockholders' Equity and Noncontrolling Interests

Common Stock

The following demonstrates the change in the number of shares of common stock outstanding during the six months ended October 4, 2026:

Shares outstanding as of March 31, 2026	36,462,211
Purchase of treasury stock	(898,703)
Shares issued under equity-based compensation plans, net of equity awards surrendered for option price and taxes	259,122
Shares outstanding as of October 4, 2026	35,822,630

Treasury Stock

During the six months ended October 4, 2026, the Company purchased 898,703 shares for $180,000 and purchased 2,375,741 shares for $217,784 during the six months ended September 28, 2025. At October 4, 2026 and March 31, 2026, the Company held 21,983,090 and 21,089,229 shares as treasury stock, respectively. During the six months ended October 4, 2026, the Company also issued 4,842 shares out of its treasury stock, valued at $62.55 per share to participants under the Company's Employee Stock Purchase Plan. During the six months ended September 28, 2025, the Company issued 8,549 shares out of its treasury stock, valued at $62.55 per share, to participants under the Company's Employee Stock Purchase Plan.

Accumulated Other Comprehensive Income ("AOCI")

The components of AOCI, net of tax, as of October 4, 2026 and March 31, 2026, are as follows:

	March 31, 2026	Before Reclassifications	Amounts Reclassified from AOCI	October 4, 2026
Pension funded status adjustment	$ (2,636)	$ —	$ (4)	$ (2,640)
Net unrealized gain (loss) on derivative instruments	(4,562)	(1,317)	2,917	(2,962)
Foreign currency translation adjustment [1]	(205,066)	(10,729)	—	(215,795)
Accumulated other comprehensive (loss) income	$ (212,264)	$ (12,046)	$ 2,913	$ (221,397)

[1] Foreign currency translation adjustment for the six months ended October 4, 2026 includes a $9,349 gain (net of taxes of $2,808) related to the Company's $600,000 cross-currency fixed interest rate swap contracts.

The following table presents reclassifications from AOCI during the second quarter ended October 4, 2026:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized loss on derivative instruments	$ 1,584	Cost of goods sold
Tax benefit	(366)	
Net unrealized loss on derivative instruments, net of tax	$ 1,218	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	$ (1,863)	Interest expense
Tax expense	436	
Net unrealized gain on derivative instruments, net of tax	$ (1,427)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ (2)	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	—	
Net periodic benefit cost, net of tax	$ (2)	

The following table presents reclassifications from AOCI during the six months ended October 4, 2026:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized loss on derivative instruments	$ 3,793	Cost of goods sold
Tax benefit	(876)	
Net unrealized loss on derivative instruments, net of tax	$ 2,917	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	$ (3,733)	Interest expense
Tax expense	862	
Net unrealized gain on derivative instruments, net of tax	$ (2,871)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ (4)	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	—	
Net periodic benefit cost, net of tax	$ (4)	

The following table presents reclassifications from AOCI during the second quarter ended September 28, 2025:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized loss on derivative instruments	$ 1,978	Cost of goods sold
Tax benefit	(462)	
Net unrealized loss on derivative instruments, net of tax	$ 1,516	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	$ (4,076)	Interest expense
Tax expense	953	
Net unrealized gain on derivative instruments, net of tax	$ (3,123)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ 159	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	(37)	
Net periodic benefit cost, net of tax	$ 122	

The following table presents reclassifications from AOCI during the six months ended September 28, 2025:

Components of AOCI	Amounts Reclassified from AOCI	Location of (Gain) Loss Recognized on Income Statement
Derivatives in cash flow hedging relationships:		
Net unrealized loss on derivative instruments	$ 2,721	Cost of goods sold
Tax benefit	(637)	
Net unrealized loss on derivative instruments, net of tax	$ 2,084	
Derivatives in net investment hedging relationships:		
Net unrealized gain on derivative instruments	$ (2,903)	Interest expense
Tax expense	679	
Net unrealized gain on derivative instruments, net of tax	$ (2,224)	
Defined benefit pension costs:		
Prior service costs and deferrals	$ 319	Net periodic benefit cost, included in other (income) expense, net - See Note 12
Tax benefit	(74)	
Net periodic benefit cost, net of tax	$ 245	

The following demonstrates the change in equity attributable to EnerSys stockholders and nonredeemable noncontrolling interests during the second quarter and six months ended October 4, 2026:

(In Thousands, Except Per Share Data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total EnerSys Stockholders' Equity	Non-redeemable Non-Controlling Interests	Total Equity
Balance at March 31, 2026	**$ —**	**$ 576**	**$ 734,922**	**$ (1,361,585)**	**$ 2,743,635**	**$ (212,264)**	**$ 1,905,284**	**$ 3,588**	**$ 1,908,872**
Stock-based compensation	—	—	7,778	—	—	—	7,778	—	7,778
Exercise of stock options	—	—	5,859	—	—	—	5,859	—	5,859
Purchase of common stock	—	—	—	(49,958)	—	—	(49,958)	—	(49,958)
Other	—	—	(263)	(254)	—	—	(517)	—	(517)
Net earnings	—	—	—	—	116,450	—	116,450	—	116,450
Dividends ($0.2625 per common share)	—	—	245	—	(9,800)	—	(9,555)	—	(9,555)
Pension funded status adjustment (net of tax benefit of $—)	—	—	—	—	—	(2)	(2)	—	(2)
Net unrealized gain (loss) on derivative instruments (net of tax gain of $478)	—	—	—	—	—	1,557	1,557	—	1,557
Foreign currency translation adjustment	—	—	—	—	—	(6,996)	(6,996)	59	(6,937)
Balance at July 5, 2026	**$ —**	**$ 576**	**$ 748,541**	**$ (1,411,797)**	**$ 2,850,285**	**$ (217,705)**	**$ 1,969,900**	**$ 3,647**	**$ 1,973,547**
Stock-based compensation	—	—	6,350	—	—	—	6,350	—	6,350
Exercise of stock options	—	2	1,376	—	—	—	1,378	—	1,378
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	—	(16,539)	—	—	—	(16,539)	—	(16,539)
Purchase of common stock	—	—	—	(130,042)	—	—	(130,042)	—	(130,042)
Other	—	—	243	(808)	—	—	(565)	—	(565)
Net earnings	—	—	—	—	89,574	—	89,574	—	89,574
Dividends ($0.2875 per common share)	—	—	248	—	(10,546)	—	(10,298)	—	(10,298)
Pension funded status adjustment (net of tax benefit of $—)	—	—	—	—	—	(2)	(2)	—	(2)
Net unrealized gain (loss) on derivative instruments (net of tax of $15)	—	—	—	—	—	43	43	—	43
Foreign currency translation adjustment	—	—	—	—	—	(3,733)	(3,733)	43	(3,690)
Balance at October 4, 2026	**$ —**	**$ 578**	**$ 740,219**	**$ (1,542,647)**	**$ 2,929,313**	**$ (221,397)**	**$ 1,906,066**	**$ 3,690**	**$ 1,909,756**

The following demonstrates the change in equity attributable to EnerSys stockholders and nonredeemable noncontrolling interests during the second quarter and six months ended September 28, 2025:

(In Thousands, Except Per Share Data)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total EnerSys Stockholders' Equity	Non-redeemable Non-Controlling Interests	Total Equity
Balance at March 31, 2025	**$ —**	**$ 568**	**$ 662,725**	**$ (988,936)**	**$ 2,489,200**	**$ (247,479)**	**$ 1,916,078**	**$ 3,410**	**$ 1,919,488**
Stock-based compensation	—	—	17,601	—	—	—	17,601	—	17,601
Purchase of common stock	—	—	—	(150,034)	—	—	(150,034)	—	(150,034)
Other	—	—	63	266	—	—	329	—	329
Net earnings	—	—	—	—	57,458	—	57,458	—	57,458
Dividends ($0.240 per common share)	—	—	221	—	(9,328)	—	(9,107)	—	(9,107)
Pension funded status adjustment (net of tax benefit of $37)	—	—	—	—	—	123	123	—	123
Net unrealized gain (loss) on derivative instruments (net of tax gain of $142)	—	—	—	—	—	462	462	—	462
Foreign currency translation adjustment	—	—	—	—	—	29,789	29,789	40	29,829
Balance at June 29, 2025	**$ —**	**$ 568**	**$ 680,610**	**$ (1,138,704)**	**$ 2,537,330**	**$ (217,105)**	**$ 1,862,699**	**$ 3,450**	**$ 1,866,149**
Stock-based compensation	—	—	4,435	—	—	—	4,435	—	4,435
Exercise of stock options	—	4	16,944	—	—	—	16,948	—	16,948
Shares issued under equity awards (taxes paid related to net share settlement of equity awards), net	—	—	(8,174)	—	—	—	(8,174)	—	(8,174)
Purchase of common stock	—	—	—	(67,750)	—	—	(67,750)	—	(67,750)
Other	—	—	26	249	—	—	275	—	275
Net earnings	—	—	—	—	68,426	—	68,426	—	68,426
Dividends ($0.263 per common share)	—	—	257	—	(10,067)	—	(9,810)	—	(9,810)
Pension funded status adjustment (net of tax benefit of $37)	—	—	—	—	—	122	122	—	122
Net unrealized gain (loss) on derivative instruments (net of tax of $289)	—	—	—	—	—	(948)	(948)	—	(948)
Foreign currency translation adjustment	—	—	—	—	—	(2,722)	(2,722)	19	(2,703)
Balance at September 28, 2025	**$ —**	**$ 572**	**$ 694,098**	**$ (1,206,205)**	**$ 2,595,689**	**$ (220,653)**	**$ 1,863,501**	**$ 3,469**	**$ 1,866,970**

15. Earnings Per Share

The following table sets forth the reconciliation from basic to diluted weighted-average number of common shares outstanding and the calculations of net earnings per common share attributable to EnerSys stockholders.

	Quarter ended		Six months ended	
	October 4, 2026	September 28, 2025	October 4, 2026	September 28, 2025
Net earnings attributable to EnerSys stockholders	$ 89,574	$ 68,426	$ 206,024	$ 125,884
Weighted-average number of common shares outstanding:				
Basic	36,033,626	37,436,456	36,256,377	38,113,597
Dilutive effect of:				
Common shares from exercise and lapse of equity awards, net of shares assumed reacquired	923,817	541,399	1,041,608	531,434
Diluted weighted-average number of common shares outstanding	36,957,443	37,977,855	37,297,985	38,645,031
Basic earnings per common share attributable to EnerSys stockholders	$ 2.49	$ 1.83	$ 5.68	$ 3.30
Diluted earnings per common share attributable to EnerSys stockholders	$ 2.42	$ 1.80	$ 5.52	$ 3.26
Anti-dilutive equity awards not included in diluted weighted-average common shares	6,129	870,913	3,065	735,961

16. Business Segments

The Company's chief operating decision maker, or CODM (the Company's Chief Executive Officer), reviews financial information for purposes of assessing business performance and allocating resources, by focusing on the lines of business on a global basis. Effective May 28, 2026, the Company realigned its reportable segments to better serve customers and enhance organizational focus. The Company realigned its previous four operating segments into three operating segments under ASC 280, Segment Reporting as follows:

- **Network & Infrastructure Solutions (NIS)** — providing power solutions and services to broadband, telecommunications, data center, and industrial utility customers.
- **Industrial Mobility Solutions (IMS)** — providing power for electric industrial forklifts, and other material handling equipment as well as transportation applications, primarily Class 8 trucks.
- **Precision Power Solutions (PPS)** — providing energy solutions primarily for military vehicles, advanced defense programs, soldier powering and autonomous systems.

The operating segments of NIS, IMS, and PPS also represent the Company's reportable segments under ASC 280, *Segment Reporting*. All prior comparative periods presented have been recast to conform to these changes.

The following table presents summarized financial information for the reportable segments at October 4, 2026 and September 28, 2025. The Company does not allocate assets to its segments as the CODM does not evaluate the performance of segments using asset information.

	Quarter ended October 4, 2026				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate and other (3)	Total
Net Sales by segment to unaffiliated customers (1)	$ 449,017	$ 397,106	$ 103,779	$ —	$ 949,902
Less:					
Other segment items (4)	$ 398,946	$ 359,571	$ 81,084		$ 839,601
Segment income	$ 50,071	$ 37,535	$ 22,695		$ 110,301
Less:					
Inventory adjustment relating to restructuring and acquisitions	1,071	—	—		1,071
Restructuring and other exit charges	5,640	1,596	6		7,242
Amortization of intangible assets	5,621	367	2,079		8,067
Stock-based compensation	2,336	3,042	972		6,350
Other	113	0	586		699
Total operating earnings	$ 35,290	$ 32,530	$ 19,052	$ 28,583	$ 115,455
Depreciation	$ 9,403	$ 9,424	$ 1,977	$ 0	$ 20,804
Capital Expenditures	$ 6,042	$ 5,202	$ 1,594	$ (439)	$ 12,399

(1) Reportable segments do not record inter-segment revenues and accordingly there are none to report.
(2) The Company does not allocate interest expense or other (income) expense, net, to the reportable segments.
(3) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.
(4) Primarily includes cost of sales and operating expenses.

	Quarter ended September 28, 2025				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate and other (3)	Total
Net Sales by segment to unaffiliated customers (1)	$ 434,643	$ 430,848	$ 85,795	$ —	$ 951,286
Less:					
Other segment items (4)	$ 398,444	$ 387,491	$ 69,946		$ 855,881
Segment income	$ 36,199	$ 43,357	$ 15,849		$ 95,405
Less:					
Inventory adjustment relating to step up to fair value relating to recent acquisitions	—	—	—		—
Restructuring and other exit charges	9,262	10,234	1,591		21,087
Amortization of intangible assets	5,836	408	2,115		8,359
Stock-based compensation	1,585	2,329	521		4,435
Other	4,051	3,071	910		8,032
Total operating earnings	$ 15,465	$ 27,315	$ 10,712	$ 38,540	$ 92,032
Depreciation	$ 7,605	$ 10,733	$ 1,234	$ 64	$ 19,636
Capital Expenditures	$ 7,861	$ 12,051	$ 809	$ 183	$ 20,904

(1) Reportable segments do not record inter-segment revenues and accordingly there are none to report.
(2) The Company does not allocate interest expense or other (income) expense, net, to the reportable segments.
(3) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.
(4) Primarily includes cost of sales and operating expenses.

	Six months ended October 4, 2026				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate and other [3]	Total
Net Sales by segment to unaffiliated customers [1]	$ 877,351	$ 803,957	$ 204,235	$ —	$ 1,885,543
Less:					
Other segment items [4]	$ 782,225	$ 728,753	$ 163,267		$ 1,674,245
Segment income	$ 95,126	$ 75,204	$ 40,968		$ 211,298
Less:					
Inventory adjustment relating to exit activities	1,071	—	—	—	1,071
Restructuring and other exit charges	11,852	6,093	6	—	17,951
Amortization of intangible assets	11,448	735	4,159	—	16,342
Stock-based compensation	5,181	6,780	2,167	—	14,128
Other	129	34	1,183	—	1,346
Total operating earnings	$ 65,445	$ 61,562	$ 33,453	$ 106,409	$ 266,869
Depreciation	$ 17,793	$ 20,502	$ 4,728	$ 0	$ 43,023
Capital Expenditures	$ 10,909	$ 10,163	$ 3,580	$ 169	$ 24,821

(1) Reportable segments do not record inter-segment revenues and accordingly there are none to report.
(2) The Company does not allocate interest expense or other (income) expense, net, to the reportable segments.
(3) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.
(4) Primarily includes cost of sales and operating expenses.

	Six months ended September 28, 2025				
	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Corporate and other [3]	Total
Net Sales by segment to unaffiliated customers [1]	$ 826,013	$ 851,251	$ 167,045	$ —	$ 1,844,309
Less:					
Other segment items [4]	$ 759,854	$ 765,794	$ 138,828		$ 1,664,476
Segment income	$ 66,159	$ 85,457	$ 28,217		$ 179,833
Less:					
Inventory adjustment relating to step up to fair value relating to recent acquisitions	—	—	—		—
Restructuring and other exit charges	10,316	15,042	1,591		26,949
Amortization of intangible assets	11,679	815	4,222		16,716
Stock-based compensation	9,533	11,099	1,404		22,036
Other	5,083	3,825	2,309		11,217
Total operating earnings	$ 29,548	$ 54,676	$ 18,691	$ 75,597	$ 178,512
Depreciation	$ 14,913	$ 20,424	$ 2,760	$ 76	$ 38,173
Capital Expenditures	$ 21,683	$ 27,439	$ 3,026	$ 1,774	$ 53,922

(1) Reportable segments do not record inter-segment revenues and accordingly there are none to report.
(2) The Company does not allocate interest expense or other (income) expense, net, to the reportable segments.
(3) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.
(4) Primarily includes cost of sales and operating expenses.

Goodwill

Concurrent with the change in reporting segments effective May 28, 2026, goodwill was reassigned to the affected reporting units that have been identified within each operating segment, using a relative fair value approach outlined in ASC 350, Intangibles - Goodwill and Other.

The following table presents the amount of goodwill that has been reassigned to each of the Company's reportable segments as of May 28, 2026, using the relative fair value approach, as well as any changes in the carrying amount of goodwill by segment during the first quarter of fiscal 2027:

	Energy Systems	Motive Power	Specialty	Network & Infrastructure Solutions	Industrial Mobility Solutions	Precision Power Solutions	Total
Balance at March 31, 2026	$ 255,722	$ 331,018	$ 165,684	$ —	$ —	$ —	$ 752,424
Reassigned	(255,722)	(331,018)	(165,684)	255,722	362,341	134,361	—
Foreign currency translation adjustment	—	—	—	(5,977)	(1,751)	(365)	(8,093)
Balance as of October 4, 2026	$ —	$ —	$ —	$ 249,745	$ 360,590	$ 133,996	$ 744,331

17. Subsequent Events

On October 27, 2026, The Company, entered into an Agreement and Plan of Merger (the “Merger Agreement”) with EnerSys Mergersub Inc., a Delaware corporation and a wholly owned subsidiary of the Company (“Merger Sub”), and Ultralife Corporation, a Delaware corporation (“Ultralife”).

The Merger Agreement provides for the acquisition of Ultralife by the Company in a two-step transaction, consisting of a tender offer followed by a subsequent merger of Merger Sub with and into Ultralife (the “Merger”). On October 28, 2026, pursuant to the Merger Agreement, Merger Sub commenced a tender offer (the “Offer”) to purchase all of the outstanding shares of Ultralife common stock, par value $0.10 per share (the “Shares”), for $16.00 per Share (the “Offer Price”), net to the seller in cash, without interest and subject to any required withholding of taxes. Following consummation of the Offer, the Merger will be effected under Section 251(h) of the Delaware General Corporation Law, as amended (the “DGCL”), without a meeting or vote of Ultralife’s stockholders, with Ultralife surviving the Merger as a wholly owned subsidiary of the Company. The transaction is subject to customary closing conditions, including the tender of at least a majority of the outstanding shares of Ultralife’s common stock and receipt of applicable regulatory approvals, and is expected to close in the first quarter of calendar year 2027. We expect to fund the transaction with cash on hand. Because the Merger Agreement was executed subsequent to the balance sheet date, no amounts related to the pending acquisition have been recognized in these condensed consolidated financial statements. As of the date these financial statements were issued, the acquisition had not been completed, and we are continuing to evaluate the accounting and disclosure effects of the transaction, including the related purchase accounting, and therefore cannot yet estimate all of the financial statement effects of the pending acquisition.

Between October 5, 2026 and November 6, 2026, the Company repurchased 238,899 shares for approximately $40,000.

On November 11, 2026, the Board of Directors approved a quarterly cash dividend of $0.2875 per share of common stock to be paid on December 31, 2026 to stockholders of record as of December 18, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the "Reform Act") provides a safe harbor for forward-looking statements made by or on behalf of EnerSys. EnerSys and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in EnerSys' filings with the Securities and Exchange Commission ("SEC") and its reports to stockholders. Generally, the inclusion of the words "anticipate," "believe," "expect," "future," "intend," "estimate," "will," "plans," or the negative of such terms and similar expressions identify statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and that are intended to come within the safe harbor protection provided by those sections. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based on management's then-current beliefs and assumptions regarding future events and operating performance, on information currently available to management, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2026 (our "2026 Annual Report") and other unforeseen risks. You should not put undue reliance on any forward-looking statements. These statements speak only as of the date of this Quarterly Report on Form 10-Q, even if subsequently made available by us on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

Our actual results may differ materially from those contemplated by the forward-looking statements for a number of reasons, including the following factors:

- economic, financial and other impacts of the pandemic, including global supply chain disruptions;
- general cyclical patterns of the industries in which our customers operate;
- global economic trends, competition and geopolitical risks, including impacts from the ongoing conflict between Russia and Ukraine and the related sanctions and other measures, tensions across the Middle East, changes in the rates of investment or economic growth in key markets we serve, or an escalation of sanctions, tariffs or other trade tensions between the U.S. and China or other countries, and related impacts on our global supply chains and strategies;
- the extent to which we cannot control our fixed and variable costs;
- the raw materials in our products may experience significant fluctuations in market price and availability;
- certain raw materials constitute hazardous materials that may give rise to costly environmental and safety claims;
- legislation, regulation, or policy regarding the restriction of the use of energy or certain hazardous substances in our products;
- risks involved in our operations such as supply chain issues, disruption of markets, changes in government priorities or budgets, and changes in import and export laws, environmental regulations, currency restrictions and local currency exchange rate fluctuations;
- our ability to raise our selling prices to our customers when our product costs increase;
- the extent to which we are able to efficiently utilize our global manufacturing facilities and optimize our capacity;
- changes in macroeconomic and market conditions and market volatility, including inflation, interest rates, the value of securities and other financial assets, transportation costs, costs and availability of electronic components, lead, plastic resins, steel, copper and other commodities used by us, and the impact of such changes and volatility on our financial position and business;
- competitiveness of the battery markets and other energy solutions for industrial applications throughout the world;
- our timely development of competitive new products and product enhancements in a changing environment and the acceptance of such products and product enhancements by customers;
- our ability to adequately protect our proprietary intellectual property, technology and brand names;
- litigation and regulatory proceedings to which we might be subject;
- our expectations concerning indemnification obligations;
- changes in our market share in the business segments where we operate;
- our ability to implement our cost reduction initiatives successfully and improve our profitability;

- quality problems associated with our products;
- risks related to the proposed acquisition of Ultralife Corporation, a Delaware corporation ("Ultralife");
- our ability to implement business strategies, including our acquisition strategy, manufacturing expansion and restructuring plans;
- our acquisition strategy may not be successful in identifying advantageous targets;
- our ability to successfully integrate any assets, liabilities, customers, systems and management personnel we acquire into our operations and our ability to realize related revenue synergies, strategic gains, and cost savings may be significantly harder to achieve, if at all, or may take longer to achieve;
- our effective income tax rate with respect to any period may fluctuate based on the mix of income in the tax jurisdictions, in which we operate, changes in tax laws and the amount of our consolidated earnings before taxes;
- potential goodwill impairment charges, future impairment charges and fluctuations in the fair values of reporting units or of assets in the event projected financial results are not achieved within expected time frames;
- our debt and debt service requirements which may restrict our operational and financial flexibility, as well as imposing unfavorable interest and financing costs;
- our ability to maintain our existing credit facilities or obtain satisfactory new credit facilities or other borrowings;
- adverse changes in our short and long-term debt levels under our credit facilities;
- our exposure to fluctuations in interest rates on our variable-rate debt;
- our ability to attract and retain qualified management and personnel;
- our ability to maintain good relations with labor unions;
- credit risk associated with our customers, including risk of insolvency and bankruptcy;
- our ability to successfully recover in the event of a disaster affecting our infrastructure, supply chain, or our facilities;
- delays or cancellations in shipments;
- occurrence of natural or man-made disasters or calamities, including health emergencies, the spread of infectious diseases, pandemics, vaccine mandates, outbreaks of hostilities or terrorist acts, or the effects of climate change, and our ability to deal effectively with damages or disruptions caused by the foregoing; and
- the operation, capacity and security of our information systems and infrastructure.

This list of factors that may affect future performance is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Overview

EnerSys (the "Company," "we," or "us") is a global leader in stored energy solutions helping industrial, infrastructure and defense customers address critical power and operational needs with batteries, chargers and other power equipment. The company delivers integrated solutions that combine energy storage technologies, power electronics, software-enabled intelligence, technical expertise and comprehensive global customer support. EnerSys supports customers across communications networks, data centers, energy infrastructure, material handling, transportation, aerospace and defense — including applications where power continuity is essential. Serving customers in more than 100 countries, EnerSys helps organizations manage energy more reliably, efficiently and intelligently in complex operating environments where uptime, safety and resilience matter.

The Company's three operating segments, based on lines of business, are as follows:

- **Network & Infrastructure Solutions (NIS)** — providing power solutions and services to broadband, telecommunications, data center, and industrial utility customers.
- **Industrial Mobility Solutions (IMS)** — providing power for electric industrial forklifts, and other material handling equipment as well as transportation applications, primarily Class 8 trucks.
- **Precision Power Solutions (PPS)** — providing energy solutions primarily for military vehicles, advanced defense programs, soldier powering and autonomous systems.

Economic Climate

Global economic conditions remain mixed, with uncertainty surrounding U.S. tariffs and trade policies, elevated interest rates and heightened geopolitical tensions having varying levels of impacts across North America, China and EMEA. U.S. tariff and trade policies continue to evolve, including country- and product-specific tariffs and retaliatory actions by trading partners. The rates, scope and timing of these measures have changed frequently and may continue to change. We have been able to mitigate most of the financial impact of tariffs on our business, and we believe the international nature of our organizational structure will allow us to continue to mitigate the financial impact of potential tariffs.

The war in Ukraine continues to have widespread economic repercussions, particularly in Europe. Ongoing conflicts and geopolitical tensions in the Middle East, including the war involving Iran, continue to disrupt regional stability and global trade, contributing to volatility in energy prices and transportation costs.

Inflation in North America, China and EMEA remains a challenge, with recent geopolitical developments and volatility in energy prices contributing to inflationary pressures. Central banks continue to balance inflation concerns with economic growth, resulting in elevated interest rates that may affect economic activity and customer spending. Policy actions in China continue to support domestic consumption and economic growth; however, China's economy continues to face challenges from weak domestic demand, a prolonged weak real estate market and global trade tensions.

The supply chain is generally stable, however, ongoing conflicts in the Middle East have disrupted certain shipping routes and contributed to higher fuel, ocean freight and insurance costs, as well as increased transit times. Generally, our mitigation efforts and ongoing lean initiatives have tempered the impact on our business from broad market challenges.

The market demand in the forklift truck and Class 8 truck markets has been impacted by tariff policy uncertainty and broader economic conditions, causing some customers to pause larger projects and general spending activity until there is more clarity. The data center and communications markets tend to be less sensitive to tariff policy, with budget and spending plans based on their unique capital spending needs. The data center market is in the midst of a growth cycle driven by AI and increasing digitization. The communications market is experiencing a gradual spending recovery as investments in maintenance and network build outs are necessary to support the increased data requirements. Global defense budgets continue to increase in response to heightened geopolitical tensions, with growing investment in battlefield and particularly strong spending growth in EMEA.

Volatility of Commodities and Foreign Currencies

Our most significant commodity and foreign currency exposures are related to lead and the Euro, respectively. Historically, volatility of commodity costs and foreign currency exchange rates have caused large swings in our production costs. In the fiscal year 2027, we have experienced a range in lead prices from approximately $0.80 per pound to $0.95 per pound. During fiscal year 2027, costs for some of our other raw materials such as steel, acid, separator paper and electronics have fluctuated modestly, while we have experienced some price increases in other raw materials such as copper and antimony. More recently, geopolitical developments in the Middle East have also contributed to volatility in energy, transportation and certain raw

material costs. Foreign currency exchange rates have remained volatile amid changes in interest rates, trade policies and geopolitical conditions.

Customer Pricing

Our selling prices fluctuated during the last several years to offset the volatile cost of commodities. Approximately 20% of our revenue is now subject to agreements that adjust pricing to a market-based index for lead. Customer pricing changes generally lag movements in lead prices and other costs by approximately six to nine months. In fiscal 2025 and 2026, we increased customer pricing in response to higher commodity prices and other costs.

Based on current commodity markets, it is difficult to predict with certainty whether commodity prices will be higher or lower in fiscal 2027 versus fiscal 2026. However, given the lag related to increasing our selling prices for inflationary cost increase, on average our selling prices should be higher in fiscal 2027 versus fiscal 2026. As we concentrate more on energy systems and non-lead chemistries, the emphasis on lead is expected to continue to decline.

Primary Operating Capital

As part of managing the performance of our business, we monitor the level of primary operating capital, and its ratio to net sales. We define primary operating capital as accounts receivable, plus inventories, minus accounts payable. The resulting net amount is divided by the trailing three-month net sales (annualized) to derive a primary operating capital percentage. We believe these three elements included in primary operating capital are mostly operationally driven, and this performance measure provides us with information about the asset intensity and operating efficiency of the business on a company-wide basis that management can monitor and analyze trends over time. Primary operating capital was $836.0 million (yielding a primary operating capital percentage of 22.0%) at October 4, 2026, $876.6 million (yielding a primary operating capital percentage of 22.2%) at March 31, 2026 and $1,007.3 million at September 28, 2025 (yielding a primary operating capital percentage of 26.5%). The primary operating capital percentage of 22.0% at October 4, 2026 decreased by 20 basis points compared to March 31, 2026 and decreased 450 basis points compared to September 28, 2025. The decrease in primary operating capital percentage at October 4, 2026 compared to March 31, 2026 was primarily due to improved collections and strategic inventory building. The decrease in primary operating capital percentage at October 4, 2026 compared to September 28, 2025 was primarily due to higher amounts of receivables securitized from the Amended Receivables Purchase Agreement (Amended RPA).

Primary operating capital and primary operating capital percentages at October 4, 2026, March 31, 2026 and September 28, 2025 are computed as follows:

($ in Millions)	October 4, 2026	March 31, 2026	September 28, 2025
Accounts receivable, net	$ 448.3	$ 506.1	$ 570.6
Inventory, net	753.5	724.7	804.9
Accounts payable	(365.8)	(354.2)	(368.2)
Total primary operating capital	$ 836.0	$ 876.6	$ 1,007.3
Trailing 3 months net sales	$ 949.9	$ 987.9	$ 951.3
Trailing 3 months net sales annualized	$ 3,799.6	$ 3,951.6	$ 3,805.2
Primary operating capital as a % of annualized net sales	22.0 %	22.2 %	26.5 %

Liquidity and Capital Resources

We believe that our financial position is strong, and we have substantial liquidity to cover short-term liquidity requirements and anticipated growth in the foreseeable future, with $275.5 million of available cash and cash equivalents and available and undrawn committed credit lines of approximately $798.3 million at October 4, 2026, availability subject to credit agreement financial covenants.

A substantial majority of the Company’s cash and investments are held by foreign subsidiaries and are considered to be indefinitely reinvested and expected to be utilized to fund local operating activities, capital expenditure requirements and acquisitions. The Company believes that it has sufficient sources of domestic and foreign liquidity.

We issued $300 million in aggregate principal amount of our 4.375% Senior Notes due December 15, 2027 (the "2027 Notes") and $300 million in aggregate principal amount of our 6.625% Senior Notes due 2032 (the "2032 Notes").

The Company maintains the sixth amendment to the 2017 Credit Facility (as amended, the "Sixth Amended Credit Facility"). The Sixth Amended Credit Facility provides (i) an upsized revolving credit facility in an aggregate committed amount of $1.0 billion (the " Third Amended Revolver"), which represents an increase of $150 million from the existing revolving credit facility and which matures on September 30, 2030 and (ii) certain other modifications to the existing credit agreement as further set forth in the Sixth Amended Credit Facility. In connection with the Sixth Amended Credit Facility, (i) all of the outstanding term loans (including accrued and unpaid interest thereon) and (ii) all accrued and unpaid interest and fees on the outstanding revolving loans, in each case, under the existing credit agreement were repaid in full.

During the six months of fiscal 2027, we purchased 898,703 shares for $180.0 million, and from October 5, 2026 through November 6, 2026, the Company repurchased 238,899 shares for approximately $40.0 million.

On July 23, 2026, we revised the scope of our planned lithium-ion cell manufacturing facility in Greenville, South Carolina. We were awarded a revised grant from the U.S. Department of Energy (DOE) of approximately $150 million, subject to final documentation and customary conditions. Initial capacity is now approximately 1 gigawatt-hour with production focused on aerospace, defense, and specialized industrial applications. The revised DOE grant provides approximately $150 million toward the facility's estimated $650 million cost. We expect EnerSys' net investment of approximately $500 million to be funded entirely through operating cash flow. In addition, and as previously announced, EnerSys has also been awarded a comprehensive incentive package through South Carolina and Greenville County valued at approximately $200 million, which includes a combination of short-term and long-term incentives that will help support ongoing operations of the plant. Construction is expected to begin in the first half of fiscal 2028, subject to finalization of the DOE award and other customary conditions, with full production approximately three years thereafter.

On October 27, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with EnerSys Mergersub Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), and Ultralife. Under the terms of the Merger Agreement, the Company, through a subsidiary, will commence a tender offer to acquire all of the outstanding shares of Ultralife common stock at a price of $16.00 per share in cash at closing, representing a total enterprise value of approximately $320 million. The transaction is subject to customary closing conditions, including the tender of at least a majority of the outstanding shares of Ultralife's common stock and receipt of applicable regulatory approvals, and is expected to close in the first quarter of calendar year 2027. If the proposed acquisition is consummated, we expect to fund the transaction with cash on hand, which would reduce our cash and cash equivalents balance.

We believe that our strong capital structure and liquidity afford us access to capital for future acquisitions, capital investments, stock repurchase opportunities and continued dividend payments.

Results of Operations

Net Sales

Net sales decreased $1.4 million or 0.1% in the second quarter of fiscal 2027 as compared to the second quarter of fiscal 2026. This decrease was the result of a decrease from foreign currency translation.

Net sales increased $41.2 million or 2.2% in the six months of fiscal 2027 as compared to the six months of fiscal 2026. This increase was due to a 1% increase in pricing, and a 1% increase in organic volume.

Segment sales

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Network & Infrastructure Solutions	$ 449.0	47.2 %	$ 434.7	45.7 %	$ 14.3	3.3 %
Industrial Mobility Solutions	397.1	41.8	430.8	45.3	(33.7)	(7.8)
Precision Power Solutions	103.8	10.9	85.8	9.0	18.0	21.0
Total net sales	$ 949.9	100.0 %	$ 951.3	100.0 %	$ (1.4)	(0.1) %

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Network & Infrastructure Solutions	$ 877.3	46.5 %	$ 826.0	44.8 %	$ 51.3	6.2 %
Industrial Mobility Solutions	803.9	42.7	851.3	46.2	(47.4)	(5.6)
Precision Power Solutions	204.3	10.8	167.0	9.1	37.3	22.3
Total net sales	$ 1,885.5	100.0 %	$ 1,844.3	100.0 %	$ 41.2	2.2 %

Net sales of our Network & Infrastructure segment in the second quarter of fiscal 2027 increased $14.3 million or 3.3% compared to the second quarter of fiscal 2026. This increase was due to a 3% increase in organic volume. Net sales of our Network & Infrastructure Solutions segment in the six months of fiscal 2027 increased $51.3 million or 6.2% compared to the six months of fiscal 2026. This increase was due to a 4% increase in organic volume, and a 2% increase in price/mix. This increase in sales for the quarter is primarily a result of continuing robust demand from data center customers and for the six months increased demand from data centers and industrial customers and recovering demand with a stronger product mix in communications.

Net sales of our Industrial Mobility Solutions segment in the second quarter of fiscal 2027 decreased by $33.7 million or 7.8% compared to the second quarter of fiscal 2026. This decrease was primarily due to a 6% decrease in organic volume, and a 2% decrease in price/mix. Net sales of our Industrial Mobility Solutions segment in the six months of fiscal 2027 decreased by $47.4 million or 5.6% compared to the six months of fiscal 2026. This decrease was primarily due to a 5% decrease in organic volume and a 1% decrease in price/mix. This decrease in sales for the quarter and six months is primarily a result of lower volumes, particularly in the Americas, due to ongoing macro and geopolitical uncertainties impacting customer buying behaviors market-wide and lingering weakness in the EMEA automotive market.

Net sales of our Precision Power Solutions segment in the second quarter of fiscal 2027 increased by $18.0 million or 21.0% compared to the second quarter of fiscal 2026. The increase was primarily due to a 13% increase in organic volume, an 8% increase in price/mix. Net sales of our Precision Power Solutions segment in the six months of fiscal 2027 increased by $37.3 million or 22.3% compared to the six months of fiscal 2026. The increase was primarily due to a 14% increase in organic volume, a 7% increase in price/volume, and a 1% increase from acquisitions. This increase in sales for the quarter and six months reflects strong customer demand and a favorable product mix across the segment.

Gross Profit

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	$ 284.4	29.9 %	$ 277.2	29.1 %	$ 7.2	2.6 %

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Gross Profit	$ 597.8	31.7 %	$ 530.4	28.8 %	$ 67.4	12.7 %

Gross profit increased $7.2 million or 2.6% in the second quarter and increased $67.4 million or 12.7% in the six months of fiscal 2027 compared to the comparable periods of fiscal 2026. Gross profit, as a percentage of net sales, increased 80 basis points in the second quarter and increased 290 basis points in six months of fiscal 2027, compared to the second quarter and six months of fiscal 2026. The increase to the gross profit margin for the quarter and six months is primarily related to greater impact of IRC 45X benefits, and IEEPA tariff refunds compared to the prior periods.

Operating Items

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	$ 148.2	15.6 %	$ 164.1	17.2 %	$ (15.9)	(9.7) %
Restructuring and other exit charges	$ 20.7	2.2 %	$ 21.1	2.2 %	$ (0.4)	(1.8) %

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Operating expenses	$ 299.5	15.9 %	$ 324.9	17.7 %	$ (25.4)	(7.8) %
Restructuring and other exit charges	$ 31.4	1.7 %	$ 27.0	1.4 %	$ 4.4	16.6 %

Operating expenses, as a percentage of sales, decreased 160 basis points in the second quarter and decreased 180 basis points in six months of fiscal 2027, compared to the comparable periods of fiscal 2026. Our operating expenses for the second quarter and six months decreased as a percentage of sales due to our cost saving and restructuring initiatives.

Selling expenses, a main component of operating expenses, decreased $6.1 million or 10.4% in the second quarter of fiscal 2027 compared to the second quarter of fiscal 2026, and decreased 63 basis points as a percentage of sales. In the six months of fiscal 2027, selling expenses decreased by $8.1 million or 7.0% compared to the six months of fiscal 2026 and decreased 56 basis points as a percentage of net sales.

Restructuring and Other Exit Charges

Restructuring Charges

On July 22, 2025, the Company announced a reduction in force plan (the "Plan") as part of the Company's strategic restructuring plan under its new leadership to better align resources with current business priorities and long-term objectives. The Plan is expected to reduce non-production global workforce by approximately 11%, or approximately 575 employees, and is focused primarily on corporate and management positions. The Company estimates one-time cash charges related to the Plan to be $21.7 million consisting of severance payments, notice period payments in applicable jurisdictions, employee benefits and related costs. The Plan is substantially completed as of March 31, 2026.

Exit Charges

Fiscal 2027 Programs

During the second quarter of fiscal 2027, the Company completed a strategic review of its lithium battery manufacturing initiative and approved a revised strategy that significantly changed the scope of its previously announced lithium-ion cell manufacturing initiative and refocused the Greenville facility on aerospace, defense, and other specialized applications requiring a Foreign Entity of Concern compliant supply chain and a different cell format. As a result of this strategic realignment, the Company is working to transition away from its technology relationship with Verkor, which had previously been established to support the Company's originally planned lithium-ion cell manufacturing operations. The Company recorded charges of $13.5 million, consisting primarily of the write-off of deferred assets and other amounts that are no longer expected to provide future economic benefit, as well as estimated costs to transition away from the technology relationship with Verkor. As this transition is finalized, the precise scope, timing and time period at issue and the actual costs remain uncertain and, accordingly, the Company’s estimates may change from time to time, and actual losses could vary, with any resulting adjustments being recognized in the period incurred.

Fiscal 2026 Program

Tijuana

On March 25, 2026, the Company announced a plan to close its facility in Tijuana, Mexico, which focused on manufacturing lead acid batteries. Management determined that the closure was appropriate as part of its efforts to optimize its cost structure,

maximize near-term advanced manufacturing production tax benefits, and mitigate future risks associated with potential tariffs while reinforcing the Company's commitment to strengthening domestic industrial capacity and supply chain resilience. In connection with this restructuring plan, which is estimated to be substantially complete by December 2027, the Company plans to sell the land and buildings and possibly the plant and equipment to other parties. In addition, the Company estimates that there will be a reduction of approximately 474 employees upon completion. The Company expects to incur a pre-tax charge of approximately $37 million under this restructuring plan when completed, the majority of which is expected to be incurred by the end of fiscal year 2027, of which $14 million is expected to be non-cash charges primarily from accelerated depreciation. Cash charges of approximately $23 million, include severance and employee retention costs, environmental related expenses and equipment decommissioning, along with contractual releases and legal expenses.

During fiscal 2026, the Company recorded $11.0 million in severance costs.

During fiscal 2027, the Company recorded $0.5 million primarily relating to retention costs and $6.9 million in accelerated depreciation of fixed assets.

Sao Paulo

On March 25, 2026, the Company announced a plan to close its facility in Sao Paulo, Brazil. Management continually evaluates the Company's footprint and decided to exit this facility due to the challenging local economic environment. In connection with this closure, which is estimated to be substantially complete by the end of fiscal 2027, the Company estimates there will be a reduction of approximately 141 employees. the Company expects to incur a pre-tax charge of approximately $7.5 million under this restructuring plan, of which include cash charges of approximately $4.5 million, primarily related to severance and employee retention costs, and other cash and non-cash items.

During fiscal 2026, the Company recorded $3.0 million in cash charges relating to severance and contract termination costs and $1.8 million in non cash charges relating to right of use and fixed asset impairments.

During fiscal 2027, the Company recorded $2.2 million primarily relating to additional contract termination costs.

Monterrey

On April 1, 2025, the Company's Board of Directors approved a plan to close its facility in Monterrey, Mexico, which focused on manufacturing flooded batteries. Management determined that future demand for traditional material handling flooded cells will decrease as customers transition to maintenance free product solutions in lithium and Thin Plate Pure Lead (TPPL). Production of products being manufactured in Monterrey, Mexico will be moved to the Company's existing facility in Richmond, Kentucky. The Company expects to incur a pre-tax charge of approximately $13.7 million under this restructuring plan when completed, the majority of which was recorded by the end of the 2026 fiscal year, of which $1.5 million is expected to be a non-cash charge from fixed asset and inventory related charges. Cash charges of approximately $12.2 million, include severance and employee retention costs, environmental related expenses and equipment decommissioning, along with contractual releases and legal expenses.

During fiscal 2026, the Company recorded cash charges totaling $5.2 million primarily relating to severance costs and unusual manufacturing variances of $2.3 million.

During fiscal 2027, the Company recorded $2.1 million in site cleanup, decommissioning equipment, and other restructuring costs; and losses on disposal of assets of $2.5 million.

Fiscal 2023 Programs

Ooltewah

On June 29, 2022, the Company committed to a plan to close its facility in Ooltewah, Tennessee, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for traditional motive power flooded cells will decrease as customers transition to maintenance free product solutions in lithium and TPPL. The Company currently estimates that the total charges for these actions will amount to approximately $18.5 million. Cash charges for employee severance related payments, cleanup related to the facility, contractual releases and legal expenses are estimated to be $9.2 million and non-cash charges from inventory and fixed asset write-offs are estimated to be $9.3 million. These actions will result in the reduction of approximately 165 employees. The plan was completed as of the first quarter of fiscal 2026.

During fiscal 2023, the Company recorded cash charges relating primarily to severance and manufacturing variances of $2.8 million and non-cash charges of $7.3 million relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of $1.6 million, which was reported in cost of goods sold.

During fiscal 2024, the Company recorded cash charges relating to site cleanup and decommissioning equipment of $4.4 million.

During fiscal 2025, the Company recorded $0.5 million cash charges relating to site cleanup.

During fiscal 2026, the Company recorded a $1.1 million gain of the sale of the building.

Fiscal 2021 Programs

Hagen, Germany

In fiscal 2021, we committed to a plan to close substantially all of our facility in Hagen, Germany, which produced flooded motive power batteries for electric forklifts. Management determined that future demand for the motive power batteries produced at this facility was not sufficient, given the conversion from flooded to maintenance free batteries by customers, the existing number of competitors in the market, as well as the near term decline in demand and increased uncertainty from the pandemic. The Company plans to retain the facility with limited sales, service and administrative functions along with related personnel for the foreseeable future.

These actions resulted in the reduction of approximately 200 employees. The program is considered substantially complete as of the end of fiscal 2026.

During fiscal 2021, the Company recorded cash charges relating to severance of $23.3 million and non-cash charges of $7.9 million primarily relating to fixed asset write-offs.

During fiscal 2022, the Company recorded cash charges, primarily relating to severance of $8.1 million and non-cash charges of $3.5 million primarily relating to fixed asset write-offs. The Company also recorded a non-cash write-off relating to inventories of $1.0 million, which was reported in cost of goods sold.

During fiscal 2023, the Company recorded cash charges of $2.2 million relating primarily to site cleanup and $0.6 million of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2024, the Company recorded cash charges of $2.1 million relating primarily to site cleanup and $0.5 million of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2025, the Company recorded cash charges of $3.6 million relating primarily to site cleanup and $0.6 million of non-cash charges relating to accelerated depreciation of fixed assets.

During fiscal 2026, the Company recorded cash charges of $2.4 million relating primarily to site cleanup and $0.1 million of non-cash charges relating to accelerated depreciation of fixed assets. Additionally, the Company recorded a gain on assets held for sale previously impaired of $1.2 million.

Operating Earnings

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In Millions	%
Network & Infrastructure Solutions	$ 50.1	11.2 %	$ 36.3	8.3 %	$ 13.8	38.3 %
Industrial Mobility Solutions	37.5	9.5	43.3	10.1	(5.8)	(13.4)
Precision Power Solutions	22.7	21.9	15.8	18.5	6.9	43.2
Corporate and other (2)	42.1	4.4	38.5	4.1	3.6	9.1
Subtotal	152.4	16.0	133.9	14.1	18.5	13.7
Inventory adjustment related to exit activities - Network & Infrastructure Solutions	(1.1)	(0.2)	—	—	(1.1)	NM
Restructuring and other exit charges - Network & Infrastructure Solutions	(5.6)	(1.3)	(9.3)	(2.1)	3.7	(39.1)
Restructuring and other exit charges - Industrial Mobility Solutions	(1.6)	(0.4)	(10.2)	(2.4)	8.6	(83.6)
Restructuring and other exit charges - Precision Power Solutions	—	—	(1.6)	(1.9)	1.6	(99.6)
Restructuring and other exit charges - Corporate Other	(13.5)	(1.4)	—	—	(13.5)	NM
Amortization of intangible assets - Network & Infrastructure Solutions	(5.6)	(1.3)	(5.8)	(1.3)	0.2	(3.7)
Amortization of intangible assets - Industrial Mobility Solutions	(0.4)	(0.1)	(0.4)	(0.1)	—	(10.1)
Amortization of intangible assets - Precision Power Solutions	(2.1)	(2.0)	(2.1)	(2.5)	—	(1.7)
Stock compensation expense - Network & Infrastructure Solutions	(2.4)	(0.5)	(1.6)	(0.4)	(0.8)	47.4
Stock compensation expense - Industrial Mobility Solutions	(3.0)	(0.8)	(2.3)	(0.5)	(0.7)	30.6
Stock compensation expense - Precision Power Solutions	(0.9)	(0.9)	(0.5)	(0.6)	(0.4)	86.6
Other - Network & Infrastructure Solutions	(0.1)	—	(4.1)	(1.0)	4.0	(97.2)
Other - Industrial Mobility Solutions	—	—	(3.1)	(0.7)	3.1	NM
Other - Precision Power Solutions	(0.6)	(0.6)	(0.9)	(1.0)	0.3	(32.1)%
Total operating earnings	$ 115.5	12.2 %	$ 92.0	9.7 %	$ 23.5	25.5 %

NM = not meaningful

(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales; Corporate and other is computed based on total consolidated net sales

(2) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales (1)	In Millions	Percentage of Total Net Sales (1)	In Millions	%
Network & Infrastructure Solutions	$ 95.1	10.8 %	$ 66.2	8.0 %	28.9	43.8 %
Industrial Mobility Solutions	75.2	9.4	85.4	10.0	(10.2)	(12.0)
Precision Power Solutions	41.0	20.1	28.2	16.9	12.8	45.2
Corporate and other (2)	119.9	6.4	75.6	4.1	44.3	58.6
Subtotal	331.2	17.6	255.4	13.9	75.8	29.7
Inventory adjustment related to exit activities - Network & Infrastructure Solutions	(1.1)	(0.1)	—	—	(1.1)	NM
Stock compensation expense - Network & Infrastructure Solutions	(5.2)	(0.6)	(9.6)	(1.2)	4.4	(97.5)
Stock compensation expense - Industrial Mobility Solutions	(6.8)	(0.8)	(11.0)	(1.3)	4.2	(99.1)
Stock compensation expense - Precision Power Solutions	(2.1)	(1.1)	(1.4)	(0.8)	(0.7)	(94.5)
Restructuring and other exit charges - Network & Infrastructure Solutions	(11.8)	(1.4)	(10.4)	(1.2)	(1.4)	14.9
Restructuring and other exit charges - Industrial Mobility Solutions	(6.1)	(0.8)	(15.0)	(1.7)	8.9	(58.0)
Restructuring and other exit charges - Precision Power Solutions	—	—	(1.6)	(1.0)	1.6	NM
Restructuring and other exit charges - Corporate Other	(13.5)	(7.1)	—	—	(13.5)	NM
Amortization of intangible assets - Network & Infrastructure Solutions	(11.4)	(1.3)	(11.7)	(1.4)	0.3	(2.0)
Amortization of intangible assets - Industrial Mobility Solutions	(0.8)	(0.1)	(0.8)	(0.1)	—	(9.8)
Amortization of intangible assets - Precision Power Solutions	(4.2)	(2.0)	(4.2)	(2.5)	—	(1.5)
Other - Network & Infrastructure Solutions	(0.1)	—	(5.0)	(0.6)	4.9	(97.5)
Other - Industrial Mobility Solutions	—	—	(3.9)	(0.5)	3.9	NM
Other - Precision Power Solutions	(1.2)	(0.6)	(2.3)	(1.4)	1.1	(27.8)
Total operating earnings	$ 266.9	14.2 %	$ 178.5	9.7 %	$ 88.4	49.5 %

NM = not meaningful
(1) The percentages shown for the segments are computed as a percentage of the applicable segment's net sales; Corporate and other is computed based on total consolidated net sales
(2) Corporate and other unallocated includes amounts managed on a company-wide basis and not directly allocated to any reportable segments, primarily relating to IRC 45X production tax credits and refunds of IEEPA tariffs recognized relating to amounts paid in prior periods. Also, included are start-up costs for exploration of a new lithium plant.

Operating earnings increased $23.5 million or 25.5% and increased $88.4 million or 49.5% in the second quarter and six months of fiscal 2027, respectively, compared to the second quarter and six months of fiscal 2026. Operating earnings, as a percentage of net sales, increased 250 basis points and 450 basis points in the second quarter and six months of fiscal 2027, respectively, compared to the second quarter and six months of fiscal 2026.

The Network and Infrastructure Solution operating earnings, as a percentage of sales, increased 290 basis points and 280 basis points in the second quarter and six months of fiscal 2027, respectively, compared to the second quarter and six months of fiscal 2026. The increase for the second quarter was driven by higher volumes from data center customers as well as lower costs, and the six months increases were driven by improved price/mix combined with higher volumes of data center and industrial customers. We also continue to benefit from lower operating costs from tight cost controls and restructuring initiatives.

The Industrial Mobility Solutions operating earnings, as a percentage of sales, decreased 60 basis points and decreased 60 basis points in the second quarter and six months of fiscal 2027, respectively, compared to the second quarter and six months of fiscal

2026. The decrease in the quarter and six months was driven by unfavorable price/mix as customers delay purchases of higher margin product categories in anticipation of upcoming new product releases, and lost leverage from lower sales

The Precision Power Solutions operating earnings, as a percentage of sales, increased 340 basis points and increased 320 basis points in the second quarter and six months of fiscal 2027, respectively, compared to the second quarter and six months of fiscal 2026. The improvement was driven primarily by favorable product mix and operating leverage resulting from higher sales volumes.

Interest Expense

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Interest expense	$ 10.1	1.1 %	$ 12.2	1.3 %	$ (2.1)	(17.3)%

	Six Months Ended October 4, 2026		Six Months Ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Interest expense	$ 20.7	1.1 %	$ 23.5	1.3 %	$ (2.8)	(12.0)%

Interest expense of $10.1 million in the second quarter of fiscal 2027 (net of interest income of $2.8 million) was $(2.1) million lower than the interest expense of 12.2 million in the second quarter of fiscal 2026 (net of interest income of $3.3 million).

Interest expense of $20.7 million in the six months of fiscal 2027 (net of interest income of $7.0 million) was $(2.8) million lower than the interest expense of $23.5 million in the six months of fiscal 2026 (net of interest income of $6.4 million).

The decrease in interest expense in the second quarter and six months of fiscal 2027 is primarily due to lower borrowing levels in the quarter and higher interest income in the year. Our average debt outstanding was $1,019.0 million and $1,078 in the second quarter and six months of fiscal 2027, compared to $1,314.0 million and $1,234.7 million in the second quarter and six months of fiscal 2026.

Included in interest expense are non-cash charges for deferred financing fees of $0.6 million and $1.1 for the second quarter and six months of fiscal 2027 and $0.5 million and $1.0 million in the second quarter and six months of fiscal 2026.

Other (Income) Expense, Net

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Other (income) expense, net	$ 2.8	0.3 %	$ 3.4	0.4 %	$ (0.6)	(15.9)%

NM = not meaningful

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Other (income) expense, net	$ 8.6	0.5 %	$ 12.9	0.7 %	$ (4.3)	(32.9)%

NM = not meaningful

Other (income) expense, net in the second quarter of fiscal 2027 was expense of $2.8 million compared to expense of $3.4 million in the second quarter of fiscal 2026. Other (income) expense, net in the six months of fiscal 2027 was expense of $8.6 million compared to expense of $12.9 million in the six months of fiscal 2026. Foreign currency impact resulted in a loss of $0.2 million and a loss of $0.4 million in the second quarter and six months of fiscal 2027, respectively, compared to a foreign currency loss of $1.0 million and a loss of $7.2 million in the second quarter and six months of fiscal 2026, respectively.

Earnings Before Income Taxes

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Earnings before income taxes	$ 102.6	10.8 %	$ 76.4	8.0 %	$ 26.2	34.1 %

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Earnings before income taxes	$ 237.6	12.6 %	$ 142.1	7.7 %	$ 95.5	67.1 %

As a result of the above, earnings before income taxes in the second quarter of fiscal 2027 increased $26.2 million, or 34.1%, compared to the second quarter of fiscal 2026 and increased $95.5 million, or 67.1% in the six months of fiscal 2027 compared to the six months of fiscal 2026.

Income Tax Expense

	Quarter ended October 4, 2026		Quarter ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Income tax expense	$ 13.0	1.4 %	$ 8.0	0.9 %	$ 5.0	61.0 %
Effective tax rate	12.6%		10.5%		2.1%	

	Six months ended October 4, 2026		Six months ended September 28, 2025		Increase (Decrease)	
	In Millions	Percentage of Total Net Sales	In Millions	Percentage of Total Net Sales	In Millions	%
Income tax expense	$ 31.5	1.7 %	$ 16.2	0.9 %	$ 15.3	94.0 %
Effective tax rate	13.3%		11.4%		1.9%	

The Company’s income tax provision consists of federal, state and foreign income taxes. The tax provision for the second quarter of fiscal 2027 and 2026 was based on the estimated effective tax rates applicable for the full years ending March 31, 2027 and March 31, 2026, respectively, after giving effect to items specifically related to the interim periods. The Company’s effective income tax rate with respect to any period may be volatile based on the mix of income in the tax jurisdictions, in which the Company operates, changes in tax laws and the amount of the Company's consolidated earnings before taxes.

The Organization for Economic Co-operation and Development (OECD) has a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 effective for taxable years beginning after December 31, 2023.

On January 5, 2026, the OECD issued the Side-by-Side package (the "SbS Package"), which provides administrative guidance that modifies the application of the Pillar 2 rules. The SbS Package includes simplifications and additional safe harbors intended to facilitate coordination between domestic and international tax regimes and the Pillar 2 framework. Certain provisions of the SbS Package intend for U.S.-parented groups being exempt from the application of two of the three Pillar 2 top-up taxes.

The SbS Package is expected to be available for fiscal years beginning on or after January 1, 2026. The safe harbors are not self-executing and generally would require enactment through domestic legislation (and related interpretive guidance) by each Inclusive Framework member, subject to local legislative processes and timelines, as well as guidance related to the European Union ("EU") Minimum Tax Directive. The Company continues to monitor developments and assess the potential impact of the SbS Package on its results of operations. In addition, the SbS Package extends the Transitional Country-by-Country Reporting ("CbCR") Safe Harbor by one year, through the end of fiscal year 2027. The Company continues to refine the effective tax rate and cash tax impact for Pillar 2 considering legislative changes in multiple countries.

On July 4, 2025, the "One Big Beautiful Bill Act" ("OBBBA") was enacted into law. The law included permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework, and changes to the tax treatment for certain business provisions and energy credits.

The impact of the enacted legislation is included in our estimated effective tax rate. The Company will continue to monitor and evaluate as new legislation and guidance is issued.

The consolidated effective income tax rates for the second quarter of fiscal 2027 and 2026 were 12.6% and 10.5% and for the six months of fiscal 2027 and 2026 were 13.3% and 11.4%. The rate increase in the second quarter and six months of fiscal 2027 compared to the prior year periods are primarily due to the impact of permanent items which had a lesser relative impact due to a larger current year pretax base and mix of earnings among tax jurisdictions.

Foreign income as a percentage of worldwide income is estimated to be 42% for fiscal 2027 compared to 53% for fiscal 2026. The foreign effective tax rates for the six months of fiscal 2027 and 2026 were 17%. Income from the Company's Swiss subsidiary comprised a substantial portion of the Company's overall foreign mix of income for both fiscal 2027 and fiscal 2026 and were taxed at an effective income tax rate of approximately 13% and 14%, respectively.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies from those discussed under the caption "Critical Accounting Policies and Estimates" in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2026 Annual Report.

Liquidity and Capital Resources

Cash Flow and Financing Activities

Operating activities provided cash of $372.8 million in the six months of fiscal 2027 compared to $219.0 million of cash provided in the six months of fiscal 2026. Inventory increased or used cash of $33.8 million, and accounts receivable decreased or provided cash of $50.1 million. Additionally, accounts payable increased or provided cash of $12.1 million. In the six months of fiscal 2027, net earnings were $206.1 million, depreciation and amortization $59.4 million, write-off of assets relating to exit activities $17.4 million, stock-based compensation $14.1 million, and $0.7 million in cash proceeds from derivatives not designated in hedging relationships. Prepaid and other current assets provided funds of $60.3 million, primarily from a decrease of $50.3 million in prepaid taxes that included $115.5 million payment from the IRS relating to prior year tax return refund, $1.2 million in miscellaneous other accruals, $11.9 million in non trade receivables, and partially offset by increases of $3.0 million in contract assets. Accrued expenses were a use of funds of $27.5 million primarily from a decrease in payroll accruals of $21.5 million, sales related accruals of $7.7 million, contract liabilities of $7.4 million, restructuring accruals of $3.6 million, and taxes payable of $7.0 million partially offset by increases of $12.0 million in miscellaneous and other accruals, and $6.9 million to deferred income.

In the first six months of fiscal 2026, operating activities provided cash of $219.0 million with the decrease in operating cash resulting mainly due to activity in accounts receivable, inventory, prepaid and other current assets, accrued expenses and accounts payable. Inventory increased or used cash of $48.7 million, and accounts receivable decreased or provided cash of $43.7 million. Additionally, accounts payable decreased or used cash of $34.7 million. In the six months of fiscal 2026, net earnings were $125.9 million, depreciation and amortization $54.9 million, stock-based compensation $22.0 million, and $2.1 million in cash proceeds from derivatives not designated in hedging relationships. Prepaid and other current assets provided funds of $69.5 million, primarily from a decrease of $81.4 million in prepaid taxes included $137.0 million payment from the IRS relating to prior year tax return refund, and $16.4 million in contract assets, partially offset by a decrease of $3.1 million in other prepaid expenses and $3.0 million in non trade receivables. Accrued expenses were a use of funds of $21.4 million primarily from a decrease in tax accruals of $34.7 million and sales related accruals of $5.3 million, partially offset by increases of $12.6 million to restructuring accruals, $5.6 million to miscellaneous other accruals, and $3.9 million in freight.

Investing activities used cash of $24.6 million in the six months of fiscal 2027, which primarily consisted of capital expenditures of $24.8 million relating to plant improvements.

Investing activities used cash of $62.4 million in the six months of fiscal 2026, which primarily consisted of acquisitions of $12.7 million and capital expenditures of $53.9 million relating to plant improvements, partially offset by $4.2 million in proceeds from disposal of property, plants, and equipment.

Financing activities used cash of $503.4 million in the six months of fiscal 2027. During the six months of fiscal 2027, we borrowed $241.5 million under the Second Amended Revolver and repaid $536.1 million of the Second Amended Revolver. We purchased treasury stock totaling $180.0 million and paid cash dividends to our stockholders totaling $19.9 million. Additionally in the six months, we received option proceeds of $7.2 million and we paid taxes related to net settlement of equity awards of $17.0 million.

Financing activities used cash of $128.2 million in the six months of fiscal 2026. During the six months of fiscal 2026, we borrowed $467.6 million under the Second and Third Amended Revolver and repaid $155.0 million of the Second Amended Revolver and $210.0 million of Term Loans. Net repayments on short-term debt were $0.1 million. We purchased treasury stock totaling $217.8 million and paid cash dividends to our stockholders totaling $18.9 million. Additionally in the six months, we received options proceeds of $16.9 million and paid $8.2 million relating to taxes for net share settlement of equity awards. We paid $3.3 million in debt issuance costs as well relating to our sixth amendment to the Credit Facility.
Currency translation had a negative impact of $8.0 million on our cash balance in the six months of fiscal 2027 compared to the positive impact of $17.1 million on our cash balance in the six months of fiscal 2026. In the six months of fiscal 2027, principal currencies in which we do business such as the Euro, Polish zloty, Swiss Franc and British pound weakened versus the U.S. dollar.

As a result of the above, total cash and cash equivalents decreased by $163.2 million to $275.5 million, in the six months of fiscal 2027 compared to an increase of $45.5 million to $388.6 million, in the six months of fiscal 2026.

Compliance with Debt Covenants
The Company maintains the sixth amendment to the 2017 Credit Facility (as amended, the “Sixth Amended Credit Facility”). The Sixth Amended Credit Facility provides (i) an upsized revolving credit facility in an aggregate committed amount of $1.0 billion (the “ Third Amended Revolver”), which represents an increase of $150 million from the existing revolving credit facility and which matures on September 30, 2030 and (ii) certain other modifications to the existing credit agreement as further set forth in the Sixth Amended Credit Facility. In connection with the Sixth Amended Credit Facility, (i) all of the outstanding term loans (including accrued and unpaid interest thereon) and (ii) all accrued and unpaid interest and fees on the outstanding revolving loans, in each case, under the existing credit agreement were repaid in full.

All obligations under our Sixth Amended Credit Facility are secured by, among other things, substantially all of our U.S. assets. The Sixth Amended Credit Facility contains various covenants which, absent prepayment in full of the indebtedness and other obligations, or the receipt of waivers, limit our ability to conduct certain specified business transactions, buy or sell assets out of the ordinary course of business, engage in sale and leaseback transactions, pay dividends and take certain other actions. There are no prepayment penalties on loans under this credit facility.

We are in compliance with all covenants and conditions under our Sixth Amended Credit Facility and Senior Notes. We believe that we will continue to comply with the financial covenants and conditions, and that we have the financial resources and the capital available to fund the foreseeable organic growth in our business and to remain active in pursuing further acquisition opportunities. See Note 11 to the Consolidated Financial Statements included in our 2026 Annual Report and Note 11 to the

Consolidated Condensed Financial Statements included in this Quarterly Report on Form 10-Q for a detailed description of our debt.

Contractual Obligations and Commercial Commitments

A table of our obligations is contained in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations of our 2026 Annual Report. As of October 4, 2026, we had no significant changes to our contractual obligations table contained in our 2026 Annual Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks

Our cash flows and earnings are subject to fluctuations resulting from changes in raw material costs, foreign currency exchange rates and interest rates. We manage our exposure to these market risks through internally established policies and procedures and, when deemed appropriate, through the use of derivative financial instruments. Our policy does not allow speculation in derivative instruments for profit or execution of derivative instrument contracts for which there are no underlying exposures. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. We monitor our underlying market risk exposures on an ongoing basis and believe that we can modify or adapt our hedging strategies as needed.

Counterparty Risks

We have entered into lead forward purchase contracts, foreign exchange forward and purchased option contracts, interest rate swaps, and cross currency fixed interest rate swaps to manage the risk associated with our exposures to fluctuations resulting from changes in raw material costs, foreign currency exchange rates and interest rates. The Company's agreements are with creditworthy financial institutions. Those contracts that result in a liability position at October 4, 2026 are $58.7 million (pre-tax). Those contracts that result in an asset position at October 4, 2026 are $0.7 million (pre-tax). The impact on the Company due to nonperformance by the counterparties has been evaluated and not deemed material.

We hedge our net investments in foreign operations against future volatility in the exchange rates between the U.S. dollar and Euro. Depending on the movement in the exchange rates between the U.S. dollar and Euro at maturity, the Company may owe the counterparties an amount that is different from the notional amount of $575 million.

Cross-Currency Fixed Interest Rate Swap Contracts:

Dated Entered Into	Notional Amount (in millions)	Maturity Date
September 29, 2022	$ 150.0	December 15, 2027
July 2, 2024	150.0	January 15, 2029
December 23, 2024	150.0	June 15, 2028
December 24, 2024	125.0	December 15, 2026

Excluding our cross currency fixed interest rate swap agreements, the vast majority of these contracts will settle within one year.

Interest Rate Risks

We are exposed to changes in variable U.S. interest rates on borrowings under our credit agreements, as well as short-term borrowings in our foreign subsidiaries. On a selective basis, from time to time, we enter into interest rate swap agreements to reduce the negative impact that increases in interest rates could have on our outstanding variable rate debt. In the quarter the Company settled all outstanding interest rate swap agreements. At March 31, 2026, such agreements effectively convert $200.0 million of our variable-rate debt to a fixed-rate basis, utilizing the one-month Term SOFR, as a floating rate reference.

A 100 basis point increase in interest rates would have increased annual interest expense by approximately $0.2 million on the variable rate portions of our debt.

Commodity Cost Risks – Lead Contracts

We have a significant risk in our exposure to certain raw materials. Our largest single raw material cost is for lead, for which the cost remains volatile. In order to hedge against increases in our lead cost, we have entered into forward contracts with financial institutions to fix the price of lead. The vast majority of such contracts are for a period not extending beyond one year. We had the following contracts outstanding at the dates shown below:

Date	$'s Under Contract (in millions)	# Pounds Purchased (in millions)	Average Cost/Pound	Approximate % of Lead Requirements (1)
October 4, 2026	$ 41.7	48.0	$ 0.87	9 %
March 31, 2026	74.9	82.7	0.91	19
September 28, 2025	95.2	104.4	0.91	18

(1) Based on the fiscal year lead requirements for the periods then ended.

For the remaining quarter of this fiscal year, we believe approximately 68% of the cost of our lead requirements is known. This takes into account the hedge contracts in place at October 4, 2026, lead purchased by October 4, 2026 that will be reflected in future costs under our FIFO accounting policy, and the benefit from our lead tolling program.

We estimate that a 10% increase in our cost of lead would have increased our cost of goods sold by approximately $16 million in the second quarter and $32 million in the six months of fiscal 2027.

Foreign Currency Exchange Rate Risks

We manufacture and assemble our products globally in the Americas, EMEA and Asia. Approximately 40% of our sales and related expenses are transacted in foreign currencies. Our sales revenue, production costs, profit margins and competitive position are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold. Additionally, as we report our financial statements in U.S. dollars, our financial results are affected by the strength of the currencies in countries where we have operations relative to the strength of the U.S. dollar. The principal foreign currencies in which we conduct business are the Euro, Swiss franc, British pound, Polish zloty, Chinese renminbi, Canadian dollar, Brazilian real and Mexican peso.

We quantify and monitor our global foreign currency exposures. Our largest foreign currency exposure is from the purchase and conversion of U.S. dollar-based lead costs into local currencies in Europe. Additionally, we have currency exposures from intercompany financing and intercompany and third-party trade transactions. On a selective basis, we enter into foreign currency forward contracts and purchase option contracts to reduce the impact from the volatility of currency movements; however, we cannot be certain that foreign currency fluctuations will not impact our operations in the future.

At a point in time, we hedge approximately 5% - 10% of the nominal amount of our known annual foreign exchange transactional exposures. We primarily enter into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. The vast majority of such contracts are for a period not extending beyond one year.

Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincide with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. We also selectively hedge anticipated transactions that are subject to foreign exchange exposure, primarily with foreign currency exchange contracts, which are designated as cash flow hedges in accordance with Topic 815 - Derivatives and Hedging. We also entered into cross-currency fixed interest rate swap agreements, to hedge our net investments in foreign operations against future volatility in the exchange rates between the U.S. dollar and Euro.

At October 4, 2026 and September 28, 2025, we estimate that an unfavorable 10% movement in the exchange rates would have adversely changed our hedge valuations by approximately $137.7 million and $81.0 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective.

(b) Internal Control Over Financial Reporting. Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and determined that there were no changes in our internal control over financial reporting during the quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation incidental to the conduct of our business. See Litigation and Other Legal Matters in Note 9 - *Commitments, Contingencies and Litigation* to the Consolidated Condensed Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Form 10-Q and the risk factors set forth below, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our 2026 Annual Report and our Quarterly Report on Form 10-Q for the period ended July 5, 2026, which could materially affect our business, financial condition or future results.

We may be unable to successfully complete our acquisition of Ultralife, which could adversely affect our business and financial condition.

Our entry into the Merger Agreement with Ultralife represents several risks. The acquisition of Ultralife is subject to the satisfaction of a number of other conditions beyond the parties' control that may prevent, delay or otherwise materially adversely affect the completion of the transaction. Completion of the transaction remains subject to the tender of at least a majority of Ultralife's outstanding shares and the satisfaction of other customary closing conditions, and there can be no assurance that the acquisition will be completed on the expected terms, in the expected timeframe or at all. In addition, our realization of the value from the pending acquisition of Ultralife relies on successful integration and continued operations. We may not be able to integrate Ultralife's business successfully into our existing business, realize the anticipated benefits of the pending acquisition, or retain key employees in connection with the pending acquisition, which could adversely affect our business and financial condition. Further, our ongoing business may be disrupted, and our management's attention may be diverted by the pending Ultralife acquisition, including due to transition and/or integration activities following the closing of the acquisition. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert management time and resources.

Our investors should consider the risks set forth in Part I, Item 1A, Risk Factors, of our Annual Report that could affect us and our business. Although we have tried to discuss key factors, our investors need to be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Investors should consider carefully the discussion of risks and the other information included or incorporated by reference in this Quarterly Report, including "Forward-Looking Statements," which are included in Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes the number of shares of common stock we purchased from participants in our equity incentive plans, as well as repurchases of common stock authorized by the Board of Directors. As provided by the Company's equity incentive plans, (a) vested options outstanding may be exercised through surrender to the Company of option shares or vested options outstanding under the Company's equity incentive plans to satisfy the applicable aggregate exercise price (and any withholding tax) required to be paid upon such exercise and (b) the withholding tax requirements related to the vesting and settlement of restricted stock units and market and performance condition-based share units may be satisfied by the surrender of shares of the Company's common stock.

Purchases of Equity Securities

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs (1) (2)
July 6 - August 2, 2026	250,713	$ 200.29	249,893	$ 850,957,781
August 3 - August 30, 2026	330,616	192.26	228,978	806,811,746
August 31 - October 4, 2026	202,672	178.74	200,628	769,996,837
Total	784,001	$ 191.33	679,499	

(1) The Company's Board of Directors has authorized the Company to repurchase up to such number of shares as shall equal the dilutive effects of any equity-based awards issued during such fiscal year under the 2023 Equity Incentive Plan and the number of shares exercised through stock option awards during such fiscal year, approximately $75.0 million.

(2) On August 6, 2025, the Company announced the establishment of a $1.0 billion stock repurchase authorization, with an expiration date of five years from the time of adoption unless otherwise modified or terminated by the Board.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter ended October 4, 2026, none of our directors or officers (as defined in Section 16 of the Securities Exchange Act of 1934, as amended) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c) of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
3.1	Fifth Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (File No. 333-115553) filed on July 13, 2004).
3.2	Fifth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended December 29, 2024 (File No. 001-32253) filed on February 5, 2025).
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) Under the Securities Exchange Act of 1934 (filed herewith).
32.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.INS	XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENERSYS (Registrant)

By /s/ Andrea J. Funk
Andrea J. Funk
Chief Financial Officer

Date: November 12, 2026