NON-GAAP MEASURES

(USD in millions)

	FY 2023	FY 2022
Reconciliation to Adjusted EBITDA		
Net Income from Continuing Operations	**$ 257.0**	**$ 242.9**
Adjusted for:		
Income tax expense (benefit)	28.3	14.9
Net interest and other expenses	177.3	126.2
Depreciation and amortization	217.5	217.2
Transaction-related expenses	2.2	2.1
Asset impairments	0.1	1.1
Restructuring expenses	11.6	9.5
Share-based compensation expense	27.4	44.3
Inventory impairments and adjustments [(1)] (included in cost of sales)	7.4	20.9
Severance expenses (included in cost of sales)	0.4	0.8
Severance expenses (included in SG&A)	1.0	0.5
Credit loss related to customer bankruptcty (included in SG&A) [(2)]	11.4	-
Cybersecurity incident expenses [(3)]	5.2	-
Other items not directly related to current operations	0.2	0.2
Adjusted EBITDA	**$ 747.0**	**$ 680.6**
Adjusted EBITDA margin		
Net Sales	$ 3,570.2	$ 3,554.2
Adjusted EBITDA	$ 747.0	$ 680.6
Adjusted EBITDA margin	**20.9%**	**19.1%**
Reconciliation to Net Leverage		
Total principal amount of debt	$ 2,471.9	$ 2,491.4
Less: Cash and cash equivalents	(720.6)	(578.4)
Net Debt	**$ 1,751.3**	**$ 1,913.0**
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)	**2.3 x**	**2.8 x**

(1) During the year ended December 30, 2023, inventory impairments and adjustments included $7.3 million for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis. The recent inflationary environment has caused LIFO values to drop below First-in, First-out (“FIFO”) values because LIFO measurement resulted in the more recent inflated costs being matched against current sales while historical, lower costs are retained in inventories.

(2) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded a $11.4 million pre-tax charge for the year ended December 30, 2023, to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy in determining whether adjustments to this recovery estimate are necessary.

(3) On February 11, 2023, Gates determined that it was the target of a malware attack. Cybersecurity incident expenses include legal, consulting, and other costs incurred as a direct result of this incident, some of which may be partially offset by insurance recoveries.

RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions, except share numbers and per share amounts)

	FY 2023	FY 2022
Reconciliation to Adjusted Net Income		
Net Income Attributable to Shareholders	**$ 232.9**	**$ 220.8**
Adjusted for:		
Loss on the disposal of discontinued operations	0.6	0.4
Amortization of intangible assets arising from the 2014 acquisition of Gates	116.2	115.6
Transaction-related expenses	2.2	2.1
Asset impairments	0.1	1.1
Restructuring expenses	11.6	9.5
Share-based compensation expense	27.4	44.3
Inventory impairments and adjustments (1) (included in cost of sales)	7.4	20.9
Adjustments relating to post-retirement benefits	(3.0)	(6.5)
Financing and other FX related losses (gains)	26.8	(7.9)
One-time deferred tax benefit from unrecognized tax benefit (2)	(12.3)	(26.4)
Credit loss related to customer bankruptcy (included in SG&A) (3)	11.4	-
Cybersecurity incident expenses (4)	5.2	-
Other adjustments	(4.7)	(6.2)
Estimated tax effect of the above adjustments	(48.1)	(38.7)
Adjusted Net Income	**$ 373.7**	**$ 329.0**
Diluted weighted average number of shares outstanding	275,648,328	287,586,210
Adjusted Net Income per diluted share	**$ 1.36**	**$ 1.14**

(1) During the year ended December 30, 2023, inventory impairments and adjustments included $7.3 million for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis. The recent inflationary environment has caused LIFO values to drop below First-in, First-out (“FIFO”) values because LIFO measurement resulted in the more recent inflated costs being matched against current sales while historical, lower costs are retained in inventories.

(2) During the year ended December 30, 2023, a one-time deferred tax benefit from unrecognized tax benefits included $12.3 million due to the lapsed statute of limitations being recognized.

(3) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded a $11.4 million pre-tax charge for the year ended December 30, 2023, to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy in determining whether adjustments to this recovery estimate are necessary.

(4) On February 11, 2023, Gates determined that it was the target of a malware attack. Cybersecurity incident expenses include legal, consulting, and other costs incurred as a direct result of this incident, some of which may be partially offset by insurance recoveries.

RECONCILIATIONS – FREE CASH FLOW

(USD in millions)	FY 2023	FY 2022
Reconciliation of Free Cash Flow		
Net Cash Provided By Operating Activities	$ 481.0	$ 265.8
Capital Expenditures [(1)]	(71.4)	(87.0)
Free Cash Flow	**$ 409.6**	**$ 178.8**

(1) Capital expenditures represent purchases of property, plant and equipment and purchases of intangible assets.

RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)

	FY 2023	FY 2022
Return On Invested Capital (ROIC)		
LTM Adjusted EBITDA	**$ 747.0**	**$ 680.6**
LTM Total depreciation and amortization	(217.5)	(217.2)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	116.2	115.6
LTM Adjusted EBIT	**645.7**	**579.0**
Notional tax at 25%	(161.4)	(144.8)
LTM Tax-effected Adjusted EBIT	**$ 484.3**	**$ 434.2**
Total Assets	$ 7,254.5	$ 7,191.6
Adjusted for:		
Cash	(720.6)	(578.4)
Taxes receivable	(48.9)	(28.1)
Deferred tax assets	(622.4)	(600.3)
Prepaid taxes	(14.0)	(11.4)
Accounts payable	(457.7)	(469.6)
Intangibles arising from the acquisition of Gates	(3,289.2)	(3,335.1)
Invested Capital	**$ 2,101.7**	**$ 2,168.7**
Return On Invested Capital	**23.0%**	**20.0%**

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