

# **Gates Industrial Corporation plc**

# Annual Report and Financial Statements December 28, 2024

Registered Number 10980824

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#### **Forward-looking Statements**

This Annual Report for the fiscal year ended December 28, 2024 (this "annual report" or "report") contains forward-looking statements that reflect our current views with respect to, among other things, our operations and financial performance. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "trends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. You should not place undue reliance on these forward-looking statements. Although such statements are based on management's current estimates and expectations and/or currently available competitive, financial, and economic data, forward-looking statements are inherently uncertain and are subject to risks and uncertainties that could cause our actual results to differ materially from what may be inferred from such statements. Factors that could cause or contribute to such differences include those described under the "III. Principal Risks and Uncertainties" section of the Strategic Report. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements included in this annual report and in our other periodic filings. Gates Industrial Corporation plc undertakes no obligation to update or supplement any forward-looking statements as a result of new information, future events or otherwise, except as required by law.

#### ABOUT THIS ANNUAL REPORT

#### **Financial Statement Presentation**

Gates Industrial Corporation plc is a public limited company that was incorporated in the United Kingdom under the Companies Act 2006 on September 25, 2017 and is registered in England and Wales. It is listed on the New York Stock Exchange.

Certain monetary amounts, percentages and other figures included elsewhere in this annual report have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or charts may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

All amounts in this annual report are expressed in United States of America ("U.S.") dollars, unless indicated otherwise.

#### **Certain Definitions**

As used in this annual report, unless otherwise noted or the context requires otherwise:

- "Gates", the "Group", "Company", "we", "us" and "our" refer to Gates Industrial Corporation plc and its consolidated subsidiaries;
- "Fiscal 2024" refers to the fiscal year ended December 28, 2024, "Fiscal 2023" refers to the fiscal year ended December 30, 2023; and
- "Board" refers to the board of directors of Gates Industrial Corporation plc.

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#### **Gates Industrial Corporation plc**

#### STRATEGIC REPORT

The directors present their Strategic Report for the year ended December 28, 2024. This report is comprised of the following sections:

- I. Strategy and Business Overview
- II. Section 172 Statement
- III. Principal Risks and Uncertainties
- IV. Non-Financial and Sustainability Information Statement
- V. Business Trends and Outlook
- VI. Key Performance Indicators
- VII. Business Performance
- VIII. Liquidity and Capital Resources
- IX. Financial Risk Management Objectives and Policies
- X. Employees
- XI. Environmental Matters

This Strategic Report has been prepared for the Group for the year ended December 28, 2024 consistent with the basis of preparation of the accompanying consolidated financial statements.

#### I. Strategy and Business Overview

We are a global manufacturer of innovative, highly engineered power transmission and fluid power solutions. We offer a broad portfolio of products to diverse replacement channel customers, and to original equipment manufacturers ("OEM") as specified components, with the majority of our revenue coming from replacement channels. Our products are used in applications across numerous end markets, including automotive replacement, automotive OEM, diversified industrial, industrial off-highway, industrial on-highway, energy and resources, and personal mobility. Our net sales have historically been, and remain, highly correlated with industrial activity and utilization, and not with any single end market given the diversification of our business and high exposure to replacement markets. We sell our products globally under the Gates brand, which is recognized by distributors, equipment manufacturers, installers and end users as a premium brand for quality and technological innovation; this reputation has been built over more than 110 years since Gates' founding in 1911.

Within the diverse end markets we serve, our highly engineered products are often critical components in applications for which the cost of downtime is high relative to the cost of our products, resulting in the willingness of end users to pay a premium for superior performance and availability. These applications subject our products to normal wear and tear, resulting in natural, and often preventative, replacement cycles that drive high-margin, recurring revenue. Our product portfolio represents one of the broadest ranges of power transmission and fluid power products in the markets we serve, and we maintain long-standing relationships with a diversified group of well-known customers throughout the world. As a leading designer, manufacturer and marketer of highly engineered, mission-critical products, we have become an industry leader across most of our end markets and the regions in which we operate.

#### **Our History**

In 1911, Charles Gates, Sr. purchased the Colorado Tire and Leather Company, a manufacturer of steel-studded bands of leather that attached to wheels to extend their life. In 1917, the Company commercialized the V-belt, which used rubber and woven threading instead of rope belts, which were more commonly used at that time. In 1963, we built the first of many international facilities in Erembodegem, Belgium, followed by Jacarei, Brazil, in 1973. In 1986, we acquired the Uniroyal Power Transmission Company, which included a controlling interest in a joint venture that laid the groundwork for Gates' growth in the Asia-Pacific region.

In 1996, Gates was acquired by a publicly held conglomerate based in the United Kingdom ("U.K."), Tomkins plc, which was itself acquired in 2009 by Onex Partners and the Canada Pension Plan Investment Board, who proceeded to divest certain of Tomkins plc's businesses under a new parent entity, Pinafore Holdings B.V. Gates was acquired by certain investment funds affiliated with Blackstone Inc. ("Blackstone") in July 2014 and in 2015 established a new executive leadership team with Ivo Jurek as Chief

Executive Officer. In January 2018, Gates completed an initial public offering ("IPO"), listing on the New York Stock Exchange ("NYSE").

#### **Our Solutions**

We operate our business on a product-line basis through our two reporting segments - *Power Transmission* and *Fluid Power*. See Note 4 to our audited consolidated financial statements included elsewhere in this report for additional information.

We sell our products under the Gates brand in all of the geographies and end markets we serve, as well as under select customer brands in certain markets. Our Power Transmission segment includes elastomer drive belts and related components used to efficiently transfer power in a broad range of applications. Power transmission products represented approximately 62% of our total net sales for Fiscal 2024. Our Fluid Power segment includes hoses, tubing and fittings designed to convey hydraulic fluid at high pressures in both mobile and stationary applications, and other high-pressure and fluid transfer hoses. Our fluid power products represented approximately 38% of our net sales for Fiscal 2024.

Our power transmission and fluid power products are often critical to the functioning of the equipment, process or system in which they are components, such that the cost of downtime or potential equipment damage is high relative to the cost of our products. Our products are therefore replaced not only as a result of normal wear and tear, but also pre-emptively as part of ongoing, normal maintenance to the broader system.

We have a broad portfolio of both power transmission and fluid power products in the end markets we serve. We have a long history of focusing on customer engagement and training, driving product innovation and providing best-in-class order fulfillment services.

**Power Transmission.** Our power transmission solutions transfer power, convey materials and provide motion control. They are used in applications in which belts, chains, cables, geared transmissions or direct drives transfer power from an engine motor or other source of mechanical power to another part or system. Our belts are made of highly engineered polymer formulations, fabrics or textiles (made from a variety of polymer or natural fibers) and embedded cords for reinforcement (which may be made from polymers such as polyesters or aramids, fiberglass or high performance carbon fibers). Many of these materials are proprietary to Gates. Within our Power Transmission segment, we offer solutions across the following key application platforms:

- Stationary drives: fixed drive systems such as those used in a factory driving a machine or pump, on a grain elevator
  driving the lift auger or in a distribution center driving automated equipment such as conveyor lines or robotic picking
  machines;
- Mobile drives: drives on a piece of mobile machinery such as the threshing and separation drives on a combine harvester;
- Engine systems: synchronous drives and related components for cam shaft drives, auxiliary drives and asynchronous accessory drives for air conditioning ("A/C") compressors, power steering, alternators and starter/generator systems; and
- *Personal mobility:* drives on motorcycles, scooters, bicycles, both traditional and electric, as well as on snowmobiles and other power sports vehicles that are used to transfer power between the power source and the drive wheel(s) or track.

Customers choose power transmission solutions based on a number of factors, including application requirements such as load, speed, gear ratio, temperature, operating environment, ease of maintenance, noise, efficiency and reliability, as well as the support they receive from their suppliers, including application-specific engineering services. Belt-based drive systems have many advantages over other alternatives, as they are typically clean, low-maintenance, lubrication-free, quiet with low-vibration, lightweight, compact, energy-efficient, durable and reliable.

Belt-based power transmission drives typically consist of either a synchronous belt (such as a timing belt) or an asynchronous belt (such as a V-belt, continuously-variable transmission ("CVT") belt or Micro-V® belt) and related components (sprockets, pulleys, mechanical water pumps, tensioners or other accessories). In addition, we also manufacture metal drive components and assemble certain product kits for the automotive replacement channel.

Asynchronous Belts. Asynchronous belts are our highest-volume products and are used in a broad range of applications. We were a pioneer in the design and manufacturing of V-belts, which draw their name from the shape of their profile. We also manufacture "ribbed" V-belts, which are belts with lengthwise V-shaped grooves, which we market under the Micro-V® name. This design results in a thinner and narrower belt for the same drive performance, making it more flexible and offering improved efficiency.

In industrial end markets, asynchronous belts have a wide variety of applications, including use in pump drives, manufacturing lines, HVAC systems, industrial, truck, bus and marine engines, forestry and mining equipment and many other applications. CVT systems often found in scooters, power sports vehicles and a variety of industrial applications use a specialized V-belt known as a CVT belt. In automotive applications, our asynchronous belts perform functions that include transferring power from the crankshaft to accessory drive components such as the alternator, A/C compressor, power steering system, water pump and, in some vehicles, a belt/ starter generator system used in start/stop accessory drive systems to improve fuel economy.

Recently, Gates introduced a new Micro-V® platform for engine accessory drive systems. The combination of newly developed material compounds and product design utilizes less material, reduces belt weight and results in lower bending stiffness. These improvements enable tighter pulley configurations and reduced drive bending losses as compared to previous belt technologies; lower losses result in benefits such as reduced energy consumption, CO<sub>2</sub> emissions and heat generation. Additionally, Gates expanded its G-Force product portfolio by introducing the G-Force Workhorse CVT belt for specialty and recreation vehicles. The G-Force Workhorse belt offers more longevity and increased compatibility for end users relative to its predecessor. In 2024, we launched our Quad Power 4 in North America. Quad Power 4 is a maintenance-free, bandless V-belt that utilizes minimal stretch cord technology and is designed to extend product life and eliminate downtime. We also launched timing chain component kits in the United States and India supporting a wide array of vehicles in operation, enhancing value and convenience for both service technicians and consumers.

Synchronous Belts. Synchronous belts, also known as timing belts, have molded teeth and run over matching toothed pulleys or sprockets. Synchronous belts experience no slippage and are often used to transfer high levels of power or to control motion for indexing or timing purposes, as well as for linear positioning and positive drive conveying. They are typically used instead of chains or gears and we believe they have a number of advantages over these alternatives, including less noise, no need for lubrication, improved durability and performance and a more compact design.

Examples of industrial applications include use in HVAC systems, food processing and bottling plants, mining and agricultural equipment, automated warehouse systems and robotics. Our synchronous belts are also utilized in personal mobility vehicles, including both traditional and electric motorcycles, bicycles and scooters, applications in which clean, quiet performance is often valued. In automotive applications, our synchronous belts are used to synchronize the rotation of the engine crankshaft with the camshaft in a valve train system, as well as in electric power steering, parking brake and accessory drive systems which are present in internal-combustion, hybrid and electric vehicles.

In recent years, Gates launched the Carbon Drive CDC® synchronous belt designed for commuter bicycle applications, and in Fiscal 2022 Gates launched the Carbon Drive Moto X5 synchronous belt designed specifically for mid-motor, sit-down electric scooters and motorcycles typically found in commuting applications in the rapidly evolving Asian market. In Fiscal 2022, Gates launched an updated version of Gates Design Power, an award-wining new digital toolkit consisting of six modules, including four allnew applications and substantially upgraded versions of well-known Gates digital tools, Design IQ<sup>TM</sup> and Design Flex Pro<sup>TM</sup>. Among the all-new programs is the industry-first Mobility Drive Analysis tool aimed at making it easier for engineers from bicycle, scooter, motorcycle, and power sports OEMs to design Gates' clean, quiet, durable and low-maintenance Carbon Drive belt systems into their next-generation vehicles to further accelerating conversion from chain and other technologies. In Fiscal 2023, Gates launched the mobile version of Gates Design Power, putting advanced digital design tools to support the engineering of belt drive systems on customers' mobile devices.

Metal Drive Components. We source, manufacture and sell tensioners, idlers, pulleys, sprockets and other components used in belt drive systems. These products are designed and engineered to work efficiently with our belts. Tensioners are devices that maintain a constant tension in the belt drive system, thereby ensuring proper function and preventing loss of power or system failure. Tensioners typically employ a spring-loaded arm and a damping mechanism to help control tension in a belt drive system. Idlers, which sometimes also perform as tensioners, are used to take up extra belt length. Gates' pulleys and sprockets are designed to optimize the performance and working service life of the belt drive system.

Kits. Our kits for the automotive replacement channel include all of the parts needed by an automotive service shop to perform a replacement of one or more of our products. Kits are created for specific vehicle makes and models and typically include belts, tensioners and idlers, and will sometimes also include water pumps, which are often replaced simultaneously with a timing belt due to the relatively high labor component in the total cost of a typical replacement. Our kits are convenient for service technicians as they eliminate the need for more complicated product sourcing and provide a more efficient replacement job. On a comparable quantity basis, kits typically sell at a premium to a loose belt and the individual related components.

Our power transmission products are used in a broad range of applications in end markets including: automotive replacement and OEM, diversified industrial, industrial off-highway, industrial on-highway, energy and resources, and personal mobility. The majority of our Fiscal 2024 net sales came from replacement channels, which provide high-margin, recurring revenue streams and are driven by attractive market trends. The bulk of our power transmission replacement business resides in developed regions, in which a large, aging installed base of equipment follows a natural maintenance cycle and is served by well-established distribution channels. For example, a combine harvester can have over 25 high-performance belts that are typically replaced at regular intervals, depending on wear and tear, with end users having access to replacement parts through a large network of distributors. Similarly, in the mature automotive aftermarkets such as North America and Europe, maintenance intervals are well defined, and miles (or kilometers) driven per vehicle and the average vehicle age have generally been increasing, leading to more wear and tear on vehicles. A smaller portion of our power transmission replacement business is generated in emerging markets, which generally have a smaller base of installed equipment and relatively nascent distribution channels. As they continue to develop, these replacement channels in emerging markets represent a significant long-term opportunity for growth. In addition to our power transmission replacement business, we also serve a wide variety of well-known OEM customers across all of our end markets.

*Fluid Power.* Our fluid power solutions are used in applications in which hoses and rigid tubing assemblies either transfer power hydraulically or convey fluids, gases or granular materials from one location to another. Within our Fluid Power segment, we offer solutions across the following key application platforms:

- Stationary hydraulics: applications within stationary machinery, such as an injection molding machine or a manufacturing press;
- *Mobile hydraulics:* applications used to power various implements in mobile equipment used in construction, agriculture, mining and other heavy industries;
- *Vehicle systems:* applications in thermal management, emissions reduction, turbocharger, air intake and other systems for electric, hybrid and internal combustion passenger and commercial vehicles; and
- *Other industrial:* applications in which hoses are used to convey fluids, gases or granular material across several industries such as food and beverage, other process industries, oil and gas drilling and refining, and data centers.

Customers choose fluid power solutions based on a number of factors, including application-specific product performance parameters such as pressure and temperature ratings, corrosion and leak resistance, weight, flexibility, abrasion resistance and cleanliness, as well as compliance with standards and product availability. Attributes associated with the supplier, including brand, global footprint and reputation for reliability, quality and service, are also considered.

Hydraulics. Our hydraulics product line is comprised of hoses, couplings, tubing and fittings, offered either as standalone products or completed assemblies. Our hydraulic products are key components of hydraulic systems in both stationary and mobile equipment applications across end-markets such as construction, agricultural and forestry equipment, as well as in a wide range of manufacturing applications. We provide a full selection of hose sizes and construction types for use in a wide variety of operating requirements and conditions. Hydraulic hoses are made of elastomers reinforced with steel wire or a textile-based yarn, and typically operate at very high pressures, often in extreme environmental conditions. These products are designed for applications that require high levels of quality and durability. In Fiscal 2024, we launched the PRO<sup>TM</sup> Series ProFlex<sup>TM</sup> hydraulic hose, which can be applied in a variety of applications while offering lighter weight and more flexibility relative to the key competition.

Our hydraulic couplings, fittings and tubing are engineered to match the product performance of our hydraulic hoses. The high-pressure nature of hydraulic systems requires that these products have high levels of performance similar to those found in our hydraulic hoses. The ultimate performance of a hydraulic assembly, in which our products function as part of a hydraulic circuit, depends not only on how well the components are made, but also on how well they complement each other. Our hydraulic fittings are manufactured in a wide assortment of sizes and configurations to ensure we meet the wide range of installation requirements in these systems. We also provide Gates-engineered and third-party crimping systems to ensure a proper interface is obtained between our hoses and these metal components to create high-quality, robust hydraulic assemblies.

In recent years, Gates introduced a new premium product family consisting of hydraulic hoses that are lighter weight and more flexible. Made with a high-performance reinforcement and robust, abrasion-resistant cover, the MXT line of hydraulic hose is comprised of universally applicable, high-performance products that meet the needs of a wide range of applications. Subsequently, we launched the MXG line of hydraulic hose, a flexible, light-weight solution with increased durability and temperature performance, designed to replace conventional spiral hoses typically used in the most demanding applications. We continue to broaden the MXT and MXG product lines. We also launched a smart e-crimper, which is a machine used to attach fittings to hydraulic hoses. In addition to convenient, web-enabled access to training content and product crimp specs, this new crimper can be used with Gates' intuitive mobile eCrimp app. In Fiscal 2022, we launched the ProV hose family in Europe, which is an addition to our Pro Series product portfolio that leverages technologies developed and first launched in our MXT and MXG product lines.

Thermal and Emissions Management. Our thermal and emissions management and related products perform a variety of fluid conveyance, emissions reduction and efficiency improvement functions in electric, hybrid and internal combustion passenger and commercial vehicles. In electric applications, Gates offers hose and electric water pump solutions for the thermal management system regulating the battery, inverter, motor(s) and passenger compartment. In internal combustion applications, Gates primarily provides thermal management hose and water pumps for engine cooling, selective catalytic reduction hoses that are part of systems that reduce harmful emissions from diesel engines and hoses for functions that improve air intake and engine efficiency. In Fiscal 2021, we launched a new line of ThermalPro electric water pumps for OEM and aftermarket applications, broadening Gates presence in hybrid and battery electric vehicle as well as other thermal management applications like data center cooling.

Industrial Hose. Our industrial hoses are used to transfer a wide range of substances - chemicals, food, beverages, petroleum, fuels, bulk materials, water, steam and air - to meet the requirements of a diverse range of applications, including manufacturing, mining, oil and gas drilling, marine, agriculture, industrial cleaning, construction, and liquid-cooled data centers. Our application engineering teams work with customers to assist them in selecting the appropriate hose solution to safely meet their operational needs. We leverage our materials science expertise to design hoses that perform at varying pressures and levels of resistance to chemicals, oil, abrasion, ozone, flame and both hot and cold temperatures. For performance in extreme environments, many of our industrial hoses feature both crush-resistant and flexible designs. Gates industrial hoses are highly engineered to meet or exceed a multitude of industry standards and certifications, and are offered in a range of diameters, lengths and colors to allow customers to differentiate the hoses in applications. In Fiscal 2024, we introduced our Data Master<sup>TM</sup> line of hoses designed to support liquid-cooled data centers. During the year, we also launched our Clean Master<sup>TM</sup> Plus line of pressure washer hoses, which is meaningfully more flexible and lighter relative to traditional 6,000 psi hoses. We also offer a wide range of couplings to provide complete assembly solutions.

Our fluid power products are used in numerous applications in end markets including automotive replacement and OEM, diversified industrial, industrial off-highway, industrial on-highway, and energy and resources. The largest portion of our Fiscal 2024 fluid power revenue came from replacement markets. Within these replacement markets, the majority of our revenue came from industrial applications.

#### **Our Diverse End Markets**

Our products play essential roles in a diverse range of applications across a wide variety of end markets including the following:

- automotive replacement and OEM end markets;
- diversified industrial applications from automated manufacturing and logistics systems to everyday consumer applications such as printers, power washers, automatic doors and vacuum cleaners;
- industrial off-highway applications such as agriculture and construction;
- industrial on-highway commercial vehicles such as heavy-duty trucks and buses;
- energy and resources markets such as oil, gas and mining; and
- personal mobility such as scooters, motorcycles, bicycles, all-terrain vehicles (ATVs) and snowmobiles.

Our net sales have historically been, and remain, highly correlated with industrial activity and utilization, and not with any single end market given the diversification of our business and high exposure to replacement markets. Key indicators of our performance include manufacturing Purchasing Managers' Index, industrial production, industrial sales and manufacturer shipments.

Our products are sold in over 130 countries across our four commercial regions: (1) the Americas; (2) Europe, Middle East & Africa ("EMEA"); (3) Greater China; and (4) East Asia & India. We have a long-standing presence in each of these regions.

#### **Our Channels**

We sell our power transmission and fluid power products both as replacement components and as specified components on original equipment to customers worldwide. During Fiscal 2024, approximately 68% of our net sales were generated from replacement channels and 32% from OEM channels globally. Our mix of replacement channel sales to OEM sales varies by region based on our market strategy and the maturity of the equipment fleet and channel. For example, in emerging markets such as China and India, replacement channels are developing. We believe that enhancing our brand visibility, including through our OEM presence in these emerging markets will allow us to better develop the replacement channels as they mature over time. By contrast, in North America and EMEA, where there are long-established replacement markets, approximately 71% and 74% of our Fiscal 2024 net sales, respectively, were derived from these higher-margin replacement channels.

**Replacement.** The majority of our sales are generated from customers in replacement channels, who primarily serve a large base of end users with installed equipment that follows a natural maintenance cycle. Our ability to help replacement channel partners maximize revenue is an important part of our value proposition. These customers miss sales opportunities if a required product cannot be obtained quickly, either from a short-lead time order or on-hand inventory.

In addition to our products, we offer digital tools and other content to distributors, installers and end users of equipment containing our products. We also assist with customer training on product installation and early identification of wear-and-tear on components, which helps drive sales for our channel customers while mitigating the risk of equipment failure for end users.

**OEM.** We work closely with our OEM customers by providing application engineering expertise to assist them with equipment design and selecting the right products to optimize performance. Close interactions between our research and development ("R&D") organization and customer technical teams provide input into our innovation and product development processes. We selectively participate in OEM projects, focusing on opportunities where we are able to differentiate with technology and innovative solutions.

#### **Customers**

We maintain long-standing relationships with many customers, who range from regional or local distributors to large, global multinational distributors and OEMs. No single customer accounted for more than 10% of our Fiscal 2024 net sales.

#### Sales and Marketing and Distribution Organization

Our sales and distribution operations are structured to serve our customers efficiently across the globe. We have field representatives who possess local knowledge of customers and their product and application requirements, as well as established distribution networks in each region, giving us the capability to usually meet our customers' product availability needs on short lead times.

#### Manufacturing

Our commercial capabilities are complemented by our "in-region, for region" manufacturing footprint, which generally allows us to manufacture products in close proximity to our customers around the world. This model also yields advantages in supply resiliency, avoidance of long logistics routes and associated greenhouse gas ("GHG") emissions and foreign exchange/tariff costs. We have power transmission and fluid power operations in each commercial region and typically manufacture products for both OEM customers and replacement customers in the same factory, which provides for sharing of raw material inputs, improved factory loading and demand leveling, as well as optimization of capital expenditures. We operate manufacturing facilities and service centers as well as several major technical centers giving us a presence in 31 countries throughout the world. Our in-country deployment of manufacturing and technical resources gives us the capability to meet customer needs rapidly and satisfy regional variations in product preference, while our scale allows us to service global customers on a world-wide basis.

#### Competition

We operate in competitive markets and industries that are very fragmented. Consequently, we have many competitors across our various markets and product offerings. These competitors and the degree of competition vary by product line, geography, end market and channel. Our global presence and the importance of product availability make it difficult for smaller, regional and low-cost country manufacturers to penetrate our markets. We generally differentiate ourselves on the basis of product performance and quality, innovation, breadth of portfolio, customer support and training, service level, fill rates and product availability.

#### Research, Development and Intellectual Property

Advanced R&D is performed primarily at certain R&D centers in the U.S. and Western Europe. These teams focus on developing advanced materials, product constructions and manufacturing processes in support of new and improved products. We also have commercialization and field application engineering teams in all of our regions that are located close to customers in support of their businesses.

As of December 28, 2024, we held more than 2,200 patents and patent applications and 3,500 trademarks in various jurisdictions, and have elected to protect a variety of technologies and processes as trade secrets. While no individual patent or group of patents, taken alone, is considered critical to our business, collectively our patents and trademarks provide meaningful protection for our products and technical innovations.

#### **Materials and Suppliers**

We use a wide variety of materials, resulting in a highly diversified mix of inputs, which are sourced from a variety of suppliers around the world. Generally, we seek to obtain materials in the regions where our products are manufactured to minimize lead times, as well as transportation and other costs. We continually seek to manage commodity and raw material costs using various strategies, including working with our customers and suppliers on pricing and costs, exploring material substitution opportunities, combining purchase requirements across regions and changing or qualifying new suppliers when appropriate.

#### **Environmental**

Details of applicable environmental regulations and metrics can be found under "Environment" in the Directors' Report.

#### **Employees**

Details of our employees can be found under section X. of this Strategic Report.

#### **Code of Ethics**

We maintain a Code of Business Conduct and Ethics that applies to all of our directors, officers, and employees, which is posted on our website. Our Code of Business Conduct and Ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K as promulgated by the Securities and Exchange Commission ("SEC"). Details of how we train our employees and monitor compliance with our code of ethics can be found under section X of the Strategic Report.

#### **Our Growth Strategies**

Our growth strategies are aimed at penetrating the significant markets addressable by our products by leveraging our iconic brand, product portfolio, customer relationships and other competitive strengths. We believe that these initiatives and the investments we have made in the business, in combination with anticipated strong secular tailwinds in our diverse end-markets, support our ability to take share, achieve above-market growth and expand margins.

#### Further Penetrate Industrial Power Transmission Applications

Through our Chain to Belt, Belt to Belt and Precision Motion Control & Conveyance initiatives, we are targeting specific opportunities within our existing industrial end markets and product portfolio to further penetrate industrial power transmission applications, particularly those currently driven by competing technologies, including roller chain, direct drive systems, gearboxes and steel cable. Chain and steel cable currently drive most industrial drive systems. This presents a significant and attractive opportunity for us to grow by leveraging our brand and distribution channel presence, and the fundamental value proposition of belt-drive systems. Industrial belt-drive systems often compare favorably to other types of industrial drive systems in terms of their quiet, low maintenance and efficient operation, as well as being relatively light-weight. Materials science-based advances in our product portfolio provide us with opportunities to displace competing drive systems in larger, high-torque applications that belt drives have historically been unable to address. We are also able to utilize our application engineering capabilities to complement our product strength by assisting end users in optimal drive system design.

#### Extend Product Line in Fluid Power

Gates' products typically compete in the premium segment of the market, where customers value quality, portfolio breadth and design capability. Customers in this segment use our products in numerous, demanding applications with a wide range of performance requirements. For example, there can be different product performance requirements for different hydraulic circuits within the same piece of construction equipment. Through materials science-based innovation, VA/VE and process engineering we will continue to broaden our portfolio of fit-for-purpose fluid power products, optimizing their performance for different customer applications. This ongoing investment aims to substantially increase the size of our addressable market and enable us to capture even more of the premium segment. Our expansion into data center applications is a recent example of our product and market expansion strategies. In 2024, we launched an electric water pump specified for liquid-cooled data centers and the Data Master<sup>TM</sup> data center cooling hose. Our data center products are designed to offer superior flexibility, compactness and cleanliness to ensure optimal performance of IT infrastructure.

#### Capitalize on Vehicle Electrification

Gates has extensive experience in power transmission drives and thermal management solutions across a wide variety of automotive, light commercial and heavy-duty vehicle platforms. As propulsion technologies shift from internal combustion to hybridization and full electrification, we believe Gates is well-positioned to participate. We believe that the overall available dollar content per vehicle for Gates' product portfolio will increase as propulsion shifts towards electrified platforms due to the significant thermal management requirements of batteries, inverters/chargers and electric motor drive systems. We will continue to build out our aftermarket catalog coverage for battery electric vehicles to support future growth as the vehicle parc ages.

#### Accelerate Growth in Mobility and Recreation Applications

The markets for personal mobility and recreation applications, including bicycles, scooters, motorcycles, power sports equipment (such as ATVs, side-by-sides and snowmobiles), as well as fitness equipment (such as stationary cardio and weight training equipment), are experiencing strong growth. Gates' power transmission solutions provide attractive benefits in these applications, particularly considering the shift towards electrification with eBikes, eScooters and eMotorcycles becoming popular options for commuting and recreation. The value propositions for belt drives, including improved efficiency and reduced weight, noise and maintenance, are particularly relevant to these applications. We intend to continue to increase our share of these growing markets by leveraging our strong value proposition and global footprint.

#### Drive Technical Innovation in Our Markets

We continue to invest in advanced development programs and our core R&D capabilities to ensure that we remain at the forefront of innovation and product performance in our markets. We have established global centers of excellence that specialize in different functional areas of R&D with special emphasis on materials science, advanced modeling techniques, product design, process engineering and commercialization. We utilize long-standing relationships with our blue-chip customers to design products that meet or exceed their anticipated future performance requirements. Our commitment to continue to invest in these relationships, and our R&D capabilities strengthen our position to serve our core replacement markets with highly innovative and differentiated products to further increase the strength of our brand.

#### Continue to Grow and Invest in Emerging Markets

We have a long-standing presence in key emerging markets and a track record of driving growth from the early stages of a market's development. We have successfully entered these markets by focusing on establishing our brand, including through OEM partnerships, while building our channels to serve the replacement base. We continue to see strong opportunity for growth in emerging markets due to a number of factors, such as increases in industrial production, mechanization, urbanization, infrastructure development and vehicle ownership. To capitalize on these trends, we plan to continue to increase our catalog coverage, develop regionally appropriate product portfolios, expand our channel coverage and optimize regional manufacturing capacity.

#### Pursue Strategic Acquisitions

We intend to continue to strategically pursue and execute acquisitions to accelerate our growth strategies and we accordingly regularly evaluate potential acquisition opportunities. Our markets are highly fragmented, providing numerous inorganic opportunities for us to expand our reach and capabilities. We plan to maintain a disciplined approach to acquisitions and target strategic opportunities where we can realize synergies by leveraging our brand, channel presence, operating culture, global reach and other core competencies.

#### Where You Can Find More Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. Our SEC filings are also available on our website, free of charge, at http://investors.gates.com as soon as reasonably practicable after they are filed with or furnished to the SEC.

We maintain an internet site at http://www.gates.com. We use our website as a channel of distribution of company information. The information we post through this channel may be deemed material. Accordingly, investors should monitor this channel, in addition to following our press releases, SEC filings and public conference calls, and webcasts. In addition, you may automatically receive email alerts and other information about Gates when you enroll your email address by visiting the "Investor Resources—Email Alerts" section of our website at investors.gates.com/investor-resources. Our website and the information contained on or connected to that site are not incorporated into this report.

#### II. Section 172 Statement

Section 172(1) of the Companies Act 2006 ("section 172") requires our directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of our shareholders. As part of the Board's decision-making process, the directors consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Engaging with stakeholders such as employees, customers and suppliers takes a variety of forms, from day-to-day business interactions to specific outreach initiatives. As authority for the day-to-day management of the Company is delegated by the Board to executive management, subject to defined limits and monitoring by the Board, most of this engagement takes places at an operational level. As part of their regular Board meetings, our directors consider the Company's activities and receive information relevant to stakeholder interests based on the outcomes of engagement activities. Key decisions are made after due consideration of this information, which the Board uses to assess the impact on each stakeholder group. Through working collaboratively with management and considering feedback from our stakeholders, the Board believes that Gates is well positioned to make informed decisions that promote the success of the Company.

#### Engagement with key stakeholders

The success of our business is dependent on the support of all of our stakeholders. Building positive relationships with stakeholders that share our values is important to us, and essential for working together towards shared goals that deliver sustainable long-term success. We engage regularly with our stakeholders at various levels, depending on the particular issue. Our Board has established a governance framework through which operational decision-making authority is delegated to the executive director and the management team. Management pursues our corporate strategies by making decisions with a long-term view and with high standards of conduct, in line with Company policies.

This approach necessarily involves a high degree of delegation to management of communication with stakeholders. In addition to the direct engagement activities of members of the Board with stakeholders, the Board is also advised of stakeholder views through reports and presentations made to the Board by executive management covering strategy, performance and decisions taken at the management level. In 2024, this included regular Board and/or committee reviews related to senior employee remuneration, reviews of ethics and whistleblower matters, legal and regulatory updates, budget reviews, operational updates, sustainability program updates, and enterprise risk reports, as well as sponsor-appointed director representation at Board meetings. This reporting provides the Board with assurance that proper consideration is given to stakeholder interests in operational decision-making.

Stakeholder group

**Key issues** 

#### How we engage with our stakeholders

At the beginning of our Fiscal 2024, the Former Sponsor owned a substantial portion of our

ordinary shares and under the terms of our shareholder agreement had the right to designate

#### **Shareholders**

Blackstone Inc. (the 'Former Sponsor'') began Fiscal 2024 holding 36.4% of our stock, and then continued to sell shares throughout the year until December 2024 when it sold its last interests in us. We also had and continue to have a mix of individual and institutional shareholders whose views are valued.

Performance and return on investment;
Executive compensation;
Sustainability;
Corporate

governance

The Company values shareholder engagement and is committed to maintaining open communications with existing and potential shareholders.

nominees to our Board representing 8.4% of the total voting power to enable direct participation in decision-making. During the course of the year, the Former Sponsor sold shares in the Company until, in December 2024, it held none of our shares. In addition, its director nominee to our Board resigned as of Dec 31, 2024. In 2024, the Company ensured that the interests of the Board were aligned with our shareholders through executive management's engagement efforts, investor representation on our Board, and a requirement that a portion of director compensation is share-based (except for any sponsor designated director, who did not receive compensation from the Company for serving on the Board). Throughout the year, we engaged with individual and institutional shareholders on topics including company strategy and performance, corporate governance, compensation practices and sustainability. During Fiscal 2024, in addition to quarterly earnings calls, our senior management team participated in nine investor conferences. These engagements typically included our Chief Executive Officer and executive director, Mr. Jurek, as well as our Chief Financial Officer and our Vice President of Investor Relations. In addition to our engagement with shareholders throughout the year, we also completed our annual fall engagement efforts. This included contacting shareholder governance teams representing our top 20 shareholders (other than the Former Sponsor) in anticipation of our annual general meeting of shareholders ("AGM"), resulting in meetings held with six shareholders representing approximately 20% of our ordinary shares as of September 30, 2024 (excluding shares held by the Former Sponsor). This engagement included senior leaders of

The input from these engagements is reported back to the Board through its committees and informs our decision-making and we intend to continue this outreach going forward.

We welcome investor interaction and feedback and also regularly engage with our shareholders through our active investor relations program.

our human resources, investor relations, and corporate secretary departments.

Each year the Board receives a report after the AGM giving a breakdown of the votes and feedback on its voting decisions to inform it on any issues arising. At the most recent AGM, all resolutions were passed. For the voting results, please refer to the section entitled "Consideration of Shareholder Views" of the Directors' Remuneration Report included elsewhere in this report.

Any shareholder or other interested party may also communicate with our directors, individually or as a group, by addressing such communications to the Corporate Secretary of the Company, 1144 Fifteenth Street, Denver, Colorado 80202, who forwards such communications to the appropriate party unless the communications are of a personal nature or not related to the duties and responsibilities of the Board.

Sustainability is important to our Board and to our shareholders. Each year, we issue a Sustainability Report, available on our website, which provides shareholders and the broader community with details on our sustainability goals and achievements. Such reports are not incorporated by reference into this report.

Our Board approved a share repurchase program allowing for up to \$100 million in authorized share repurchases of our ordinary shares, exclusive of commissions, in February 2024. In July 2024, our Board of Directors cancelled the then existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025. This program was being used to create additional capital allocation flexibility to provide value to shareholders. During Fiscal 2024, this program was utilized through the repurchase, and subsequent cancellation of 11,690,303 ordinary shares, and \$125.0 million remained available under the share repurchase program as of December 28, 2024.

#### **Employees**

Globally, we had approximately 14,100 full time employees as of December 28, 2024. Each of these employees is a vital element in our success.

- Health and safety
- Development and training Diversity and

inclusion

Information on our engagement with employees can be found in section X of this Strategic Report.

Gates encourages employees to speak up when they have concerns. Concerns may be raised through internal channels or on an anonymous and confidential basis through a hotline and website managed by an outside, independent service provider. Reports from the independent service provider are received by the Company's Chief Legal Officer and Legal Compliance Team, investigated if appropriate and reported to the Audit Committee, in accordance with the Company's documented policies.

#### Customers

We have thousands of customers in many countries. They range from sole proprietors to large multinational conglomerates.

- Quality
- Product innovation
- Reliability of supply
- Value

We continually strive to enhance how we engage with our markets and customers, including through our increasing use of technology, data and analytics. Our commercial teams in each region work extensively with our customers to ensure that their feedback is relayed to our production teams to feed our cycle of constant innovation, quality and process improvement, all while seeking to maximize our value proposition to our customers. We engage and partner with many customers early in the product lifecycle to identify and leverage opportunities for collaboration. We also rely on both informal conversations with customer representatives and formal surveys, business reviews and customer scorecards to gather opinions, suggestions and ideas of our customers on our products, people and services. Although executive management generally handles direct interaction with customers as part of the authority delegated to it by the Board, regular operational updates are made to the Board covering topics arising from our customers' feedback such as quality, product innovation, reliability of supply and value.

#### **Suppliers**

As a large international business, with manufacturing and distribution facilities around the globe, we have many complex supply chains.

- Communicati on and production planning
- Building relationships
- Innovation

We actively engage with our suppliers through regular interaction, industry events, workshops and trainings, building strong relationships to develop mutually beneficial and lasting partnerships. The Board recognizes that relationships with suppliers are important to our long-term success and considers the insights from regular supplier feedback and review, as communicated by executive management to the Board as part of regular operational updates. Key areas on which we engage include production planning, innovation, product development, supply chain flexibility, health and safety, ethics and compliance, and sustainability. We maintain policies governing our interaction with our suppliers to ensure adherence to human rights principles and to foster high ethical standards in our business relationships. These include policies on anti-corruption, anti-boycott, global antitrust and fair competition, conflict of interest, and human rights. The Board, including through its committees, oversees and reviews material legal and regulatory policies. As far as possible, we hold our suppliers to the same high standards of business ethics that we have in place for our own employees.

# Communities &

environment

Supporting the communities in which we operate, and respecting our environment are central to Gates' values as a company

Sustainability

**Key issues** 

Leading community improvement
 Community

support

Information on our engagement with our communities and environment can be found in section X of the Strategic Report and under "Environment" in the Directors' Report.

Sustainability is important to our Board and to our shareholders. Each year, we issue a Sustainability Report, available on our website, which provides shareholders and other stakeholders with details on our sustainability goals and achievements. The contents of our Sustainability Reports do not form a part of this report. The Board, including through its committees, exercises oversight of environmental, social and governance ("ESG") strategies, practices, and policies, including those related to human capital management and the Company's reporting on such matters. The Nominating and Governance Committee assists the Board by overseeing and evaluating risks and responsibilities related to the Company's ESG and sustainability programs, as the Nominating and Governance Committee deems appropriate or as directed by the Board or its Audit Committee.

Our sustainability program is led by our director of sustainability and includes our Sustainability Management Committee, which was formed in 2022. This management committee is comprised of cross-functional and cross-regional leaders. This group meets regularly to discuss strategic priorities, progress against our goals and commitments and emerging sustainability topics. Our director of sustainability regularly discusses ESG and sustainability matters, strategies, and progress towards goals with the Nominating and Governance Committee. Our sustainability department also supports the Audit Committee of the Board on ESG and climate-change financial and regulatory-related disclosures and risk management.

Our Board is committed to integrating these principles into the Company's long-term strategic vision.

#### **Principal decisions**

The principal decisions taken by the Board during 2024 included capital allocation strategy and budget approval, employee compensation setting, cybersecurity risk management, and key employee changes. We describe below some of these decisions in more detail, including their impacts on our key stakeholders.

#### Capital allocation decisions

The Board considered the benefits to shareholders of various uses of capital such as funding organic growth projects, paying down debt, share repurchases, and strategic acquisitions.

Share repurchases: In February 2024, the Company's Board approved a share repurchase program for up to \$100.0 million in authorized share repurchases, with an expiration date of October 6, 2024. On February 12, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 20,125,000 ordinary shares of the Company at a price of \$12.045 per ordinary share (the "February 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the February 2024 Offering, which closed on February 16, 2024. In connection with the February 2024 Offering, the Company repurchased 4,151,100 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$12.045 per ordinary share for an aggregate consideration of approximately \$50.0 million (the "February 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.3 million. This repurchase was funded by cash on hand. All shares repurchased pursuant to the February 2024 Repurchase have been cancelled.

In July 2024, the Company's Board cancelled the then existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025. On August 16, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 23,000,000 ordinary shares of the Company at a price of \$16.58 per ordinary share (the "August 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the August 2024 Offering, which closed on August 21, 2024. In connection with the August 2024 Offering, the Company repurchased 7,539,203 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a

price of \$16.58 per ordinary share for an aggregate consideration of approximately \$125.0 million (the "August 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.8 million. This repurchase was funded by cash on hand and a borrowing of \$40.0 million under Gates' secured revolving credit facility. All shares repurchased pursuant to the August 2024 Repurchase were pending cancellation as of December 28, 2024.

Senior Notes and Credit Agreement Amendments: In May 2024, the Board approved the issuance of new unsecured senior notes of \$500.0 million (the "Dollar Senior Notes due 2029"), and the redemption of our existing unsecured senior notes due 2026 of \$568.0 million aggregate principal amount (the "Dollar Senior Notes due 2026"). At the same time, the Board approved the extinguishment of the Company's asset-backed revolving credit facility and amended the Company's credit agreement (the "Credit Agreement") governing its secured revolving credit facility and outstanding term loans in order to: (i) increase the Company's borrowing capacity under the secured revolving credit facility that provides for multi-currency revolving loans from \$250.0 million to \$500.0 million; (ii) extend the maturity from November 18, 2026 to the date that is the earliest of (x) June 4, 2029 and (y) April 1, 2029, if greater than \$500.0 million in aggregate principal amount of the Dollar Senior Notes due 2029 are outstanding; (iii) reprice the Company's dollardenominated term loans drawn on November 16, 2022 (the "2022 Dollar Term Loans"), reducing the interest rate spread by 75 basis points from Term SOFR plus 3.00% to Term SOFR plus 2.25%; and (iv) issue a new tranche of \$1,300.0 million of dollardenominated term loans (the "2024 Dollar Term Loans"). The proceeds of the 2024 Dollar Term Loans were used to extinguish the entire outstanding principal balance of dollar-denominated term loans of \$1,232.6 million, which was issued on February 24, 2021 (the "2021 Dollar Term Loans"), plus \$1.1 million of accrued interest and to redeem a portion of the Dollar Senior Notes due 2026. The Board believed these actions supported the success of the Company by, among other things, refinancing maturing debt, simplifying and optimizing the Company's debt structure, extending certain debt maturities, and decreasing the Company's interest expense on its term loans.

#### Key Employee Changes

During 2024, our Board oversaw two adjustments regarding the Company's officers.

In June of 2024, the Board supported and approved the Company's selection of John Patouhas as Senior Vice President & Chief Accounting Officer. Mr. Patouhas is responsible for the Company's accounting function, including financial reporting, risk, controls, and compliance in accordance with applicable standards, laws and regulations. The Board considered the role of Chief Accounting Officer to be important to the Company's success. Prior to his role at the Company, Mr. Patouhas served as chief accounting officer for an automotive components manufacturer, Tenneco, after serving in a similar capacity with a company that was acquired by Tenneco in 2018. Previously, John held positions of increasing responsibility at various companies, where he provided leadership in the establishment of a strong reporting and controls framework to manage risk and ensure compliant finance and accounting processes. Mr. Patouhas began his career in public accounting as an auditor with Deloitte. Mr. Patouhas was selected to this important role due to his robust understanding of the financial systems, processes, and programs necessary to optimize and oversee the accounting function in a global manufacturing environment.

In August 2024, the Board oversaw the transition of the Company's President, Americas role to Thomas Pitstick. Mr. Pitstick had previously been promoted to Chief Strategy Officer of the Company in April 2023 and was responsible for leading the Company's global marketing, strategy, and personal mobility business as well as the East Asia & India ("EA&I") region. In his new role, Mr. Pitstick is responsible for Gates strategic direction and business performance across the Americas as well as for the personal mobility business unit. The Board considered the leadership of the Company's largest region by revenue and the Company's personal mobility business, a growing end-market, to be important to the Company's overall success. As a result, the Board provided oversight of and approved the decision to re-assign Mr. Pitstick. Mr. Pitstick has served in leadership roles of increasing responsibility at the Company since 2016, including Chief Marketing Officer and Senior Vice President of Product Line Management, as well as Senior Vice President of Innovation. Prior to joining the Company he held leadership roles at various industrial and technology companies. Mr. Pitstick has extensive experience in strategic planning, innovation, business development, global marketing, and product line management.

## More information on the Board's consideration of the section 172 factors

The table below provides a summary of where to find further information on how the Board has had regard to each of the section 172 factors:

Factor	Annual Report section	Торіс
Consequence of any decision in the long term	I. Strategy and Business Overview	Our Growth Strategies
	II. Section 172 Statement	Principal decisions
Interests of employees	X. Employees	Employees
Fostering business relationships with suppliers,	I. Strategy and Business	Channel Breadth and Relationships
customers and others	Overview	Drive Technical Innovation in Our Markets
		Customers
		Materials and Suppliers
Impact of operations on the community and the	X. Employees	Community involvement
environment	Directors' Report	Environment
Maintaining a reputation for high standards of	I. Strategy and Business	Materials and Suppliers
business conduct	Overview	Code of Ethics
	X. Employees	Human rights issues
Acting fairly between members	II. Section 172 Statement	Engagement with key stakeholders

#### III. Principal Risks and Uncertainties

Our Board exercises direct oversight of strategic risks to the Company. The Audit Committee reviews guidelines and policies governing the process by which management assesses and manages the Company's exposure to risk, including the Company's major financial risk exposures and the steps management takes to monitor and control such exposures. The Compensation Committee oversees risks relating to the Company's compensation policies and practices. The Nominating and Governance Committee assists the Board by overseeing risks related to the Company's ESG and sustainability programs. Each committee charged with risk oversight reports to the Board on those matters.

Additionally, with respect to cybersecurity risk oversight, our Board and Audit Committee receive updates from our information technology team to assess the primary cybersecurity risks facing the Company and the measures the Company is taking to mitigate such risks. In addition to such updates, our Board and our Audit Committee receive updates from management as to changes to the Company's cybersecurity risk profile or significant newly identified risks.

The risk factors noted in this section and other factors noted throughout this annual report, describe the principal risks and uncertainties that could cause our actual results to differ materially from those contained in any forward-looking statement and should be considered carefully in evaluating our company and our business.

In the ordinary course of our business, we face various strategic, operating, compliance and financial risks. These risks could have a material impact on our business, financial condition and results of operations. We have implemented our Enterprise Risk Management ("ERM") process to identify and address significant risks. Our ERM process is a company-wide initiative that is designed with the intent of prioritizing risks and allocating appropriate resources to address such risks.

Management has identified and prioritized critical risks based on the severity and likelihood of each risk and assigned risk owners to address each major identified risk area and lead action plans to monitor and mitigate risks, where possible. Our Board provides oversight of the ERM process and regularly reviews identified critical risks. The Audit Committee of our Board also reviews major financial risk exposures and the steps management has taken to monitor and control them.

Our goal is to proactively manage risks in a structured approach and in conjunction with the strategic planning process, with the intent to preserve and enhance shareholder value. However, these and other risks and uncertainties could cause our results to vary materially from recent results or from our anticipated future results. The risk factors and uncertainties described below, together with information incorporated by reference or otherwise included elsewhere in this annual report, should be carefully considered. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. Additional risks and uncertainties of which we are currently unaware or that we currently believe to be immaterial may also adversely affect our business.

For reference to the full list of the Company's risks, see "Risk Factors," beginning on page 14 of the Company's U.S. Annual Report on Form 10-K for the year ended December 28, 2024.

#### **Risks Related to Economic and Market Conditions**

U.S. policies, actions, or legislation could have a material adverse impact on our and our business partners' operations and financial results.

Although we have global operations, our corporate headquarters and a significant portion of our facilities and workforce are located in the U.S. Approximately 37% of our Fiscal 2024 revenues were generated from customers in the U.S. Accordingly, our business and results of operations, as well as the business and results of operations of many of our vendors and customers, are subject to risks associated with U.S. government policies, actions, and legislation, including risks related to:

- the imposition of tariffs and other trade restrictions or embargoes and uncertainty related thereto, including inflationary pressures;
- economic and political instability related to U.S. relationships with its key trading partners;
- withdrawal of or changes in federal funding and support of organizations and programs that affect companies operating in the U.S. and their workforces, including those related to cyber security; and
- other changes to U.S. policies that may have a negative impact on us.

The likelihood and duration of such occurrences and their potential effect on us, our vendors and our customers, are unpredictable and our efforts to minimize or eliminate the effects of these occurrences may not be successful. While we have taken

measures to help mitigate the impact of recently enacted U.S. tariffs and retaliatory tariffs, such as price increases and adjustments to our supply chain and operations, recent tariff policies have been volatile, making it difficult for us and our vendors to predict or act to mitigate negative impacts of the tariffs. If we are unable to recoup cost increases through price increases on a timely basis or at all, or are unable to offset these cost increases through other means, our operating margins and results of operations may be materially adversely affected. Moreover, we may be impacted by tariffs to a greater degree than our competitors who operate in countries that are not subject to tariffs or are subject to lesser tariffs, placing us at a disadvantage. The duration of the tariffs and the extent to which additional tariffs will be enacted remain uncertain. Uncertainty with respect to tariffs and other trade measures has led to, and may continue to lead to, volatility in the global financial markets, which could negatively impact demand for our products. Certain of these risks may be exacerbated if key trading partners coordinate retaliatory efforts against the U.S.

We are subject to economic, political and other risks associated with international operations that could adversely affect our business and our strategy to capitalize on our global reach.

A substantial portion of our operations are conducted and located outside the U.S. For Fiscal 2024, approximately 63% of our net sales originated from outside of the U.S. We have manufacturing, sales and service facilities spanning six continents and sell to customers in over 130 countries. Moreover, a significant amount of our manufacturing functions and sources of raw materials and components are from emerging markets such as China, India and Eastern Europe. Accordingly, our business and results of operations, as well as the business and results of operations of our vendors and customers, are subject to risks associated with doing business internationally, including:

- changing economic conditions in the global and regional end markets we serve, which could impact the level of demand for our products, as a portion of our revenues are derived from customers in cyclical industries that typically are adversely affected by downward economic cycles;
- macroeconomic factors beyond the Company's control, such as recent significant volatility around inflation, material and logistics availability, supply chain and labor challenges;
- political, social or economic instability, civil unrest, terrorist attacks, conflicts or war (such as the ongoing conflicts in
  Eastern Europe and the Middle East), public health crises (including pandemics), natural disasters (including as a result of
  climate change), widespread cybersecurity incidents, and other catastrophic events may disrupt economic activities
  (including demand for and production and distribution of our products) and our workforce in affected countries or globally;
- trade wars and the imposition of additional sanctions, tariffs or other trade restrictions or embargoes, as well as import and export licensing and control requirements;
- volatility of global financial markets, including interest rate fluctuations and hyperinflation or deflation in the countries in which we operate;
- exchange rate fluctuations, as well as currency restructurings, the imposition of currency restrictions, and limitations on repatriation of earnings, that could affect our ability to realize a profit or our ability to readily access global cash balances;
- partial or total expropriation by local, state or national governments;
- compliance with or effect of complying with complex and changing laws, regulations and policies of foreign governments, including differing and, in some cases, more stringent labor, sustainability, environmental, social, and governance ("ESG") and HSE-related regulations as well as limitations on our ability to enforce our legal rights and remedies;
- differing local product preferences and product requirements; and
- difficulties involved in staffing and managing widespread operations, including challenges in enforcing corporate policies, which may be different than the normal business practices of local cultures.

The likelihood of such occurrences and their potential effect on us vary from country to country and are unpredictable. Certain regions, including Latin America, Asia, Eastern Europe, the Middle East and Africa, can be economically and politically volatile and as a result, our operations in these regions could be subject to significant or frequent fluctuations in sales and operating income. Because a significant percentage of our operating income in recent years has come from these regions, adverse fluctuations in the operating results in these regions could have a material adverse impact on our results of operations in future periods. While we have adopted certain operational and financial measures to reduce the risks associated with doing business internationally, such measures

may not be successful and any one of the risks listed above may have a material adverse effect on our financial condition and results of operations.

We may be unable to obtain raw materials or other manufacturing inputs at favorable prices in sufficient quantities, or at the time we require them.

We purchase our energy, steel, aluminum, rubber-based materials, chemicals, polymers and other key manufacturing inputs from outside sources. We do not traditionally have long-term pricing contracts with raw material suppliers. The costs of these raw materials have been volatile historically and are influenced by factors that are outside of our control, including the imposition of tariffs. In recent years, the prices and availability of energy, metal alloys, polymers and certain other of our raw materials have fluctuated significantly, exacerbated by inflation and global disruptions such as the Russia-Ukraine conflict. If we are unable to pass increases in the costs of our raw materials on to our customers on a timely basis or at all, maintain current pricing, or are otherwise unable to offset these cost increases, our operating margins and results of operations may be materially adversely affected.

Additionally, our businesses compete globally for raw materials and key production inputs. The availability of qualified suppliers and of key inputs may be disrupted by market disturbances or any number of geopolitical factors, including political unrest and significant weather events. Such disruptions may require additional capital or operating expenditures by us or force reductions in our production volumes. In the event of an industry-wide general shortage of certain raw materials or key inputs, or a shortage or discontinuation of certain raw materials or key inputs from one or more of our suppliers, we may not be able to arrange for alternative sources of certain raw materials or key inputs. Any such shortage may materially adversely affect our competitive position versus companies that are able to better or more cheaply source such raw materials or key inputs.

We may experience adverse changes in our relationships with, or the financial condition, performance, purchasing patterns or inventory levels of, key channel partners.

Certain of our businesses sell a significant amount of their products to key channel partners, including distributors, which have valuable relationships with end users. Some of these channel partners may also sell our competitors' products, and if they favor competing products for any reason they may fail to market our products effectively. Adverse changes in our relationships with these channel partners, or adverse developments in their financial condition, performance or purchasing patterns, could adversely affect our business, financial condition and results of operations. The levels of inventory maintained by our distributors and other channel partners, and changes in those levels, such as destocking, can also significantly impact our results of operations in any given period.

#### Risks Related to Our Business and Industry

We are dependent on the continued operation of our manufacturing facilities, supply chains, distribution systems and information technology systems, and a major disruption or closure, including as a result of a catastrophic event, could have a material adverse effect on our business.

If any of our manufacturing facilities, supply chains, distribution systems or technology systems were to experience a catastrophic loss or ongoing closure or disruption due to adverse weather or natural disasters (including as a result of climate change), labor unrest, public health crises such as pandemics, terrorist attacks or armed conflicts, cyberattacks, power loss, telecommunications failure, significant mechanical failure of our equipment or other catastrophic event or government responses thereto, it could adversely affect our employees, data centers or critical business of information technology systems, our ability to produce and distribute our products or conduct normal business operations, and our reputation and, ultimately, result in a potential loss of customers and sales or significantly increased operating costs, including large repair and replacement expenses. These risks could be exacerbated to the extent our disaster recovery plans do not adequately address the event.

The third-party insurance coverage that we maintain will vary from time to time in both type and amount depending on cost, availability and our decisions regarding risk retention, and may be unavailable or insufficient to protect us against losses. Additionally, we have in the past and may in the future make investments in new or existing manufacturing facilities that could lead to disruption or closure, or to consolidate manufacturing facilities to adapt our production capacity to changing market conditions. The costs of such disruptions or closures may have a material adverse effect on our business, financial condition and results of operations.

#### We may not be able to accurately forecast demand or meet significant increases in demand for our products.

Certain of our businesses operate with short lead times, and we order raw materials and supplies and plan production based on discussions with our customers and internal forecasts of demand. If we are unable to accurately forecast demand for our products, in terms of both volume and specific products, or react appropriately to abrupt changes in demand, we may experience delayed product shipments and customer dissatisfaction. If demand increases significantly from current levels, both we and our suppliers may have difficulty meeting such demand, particularly if such demand increases occur rapidly. Additionally, we may carry excess inventory if demand for our products decreases below projected levels. Failure to accurately forecast demand or meet significant increases in demand could have a material adverse impact on our business, financial condition and operating results.

# We have taken, and continue to take, cost-reduction and other restructuring actions that may expose us to additional risk and we may not be able to maintain the level of cost reductions that we have achieved.

We have been implementing cost reduction and restructuring actions in all of our businesses, such as our ongoing footprint optimization plan, and have discontinued product lines, consolidated or relocated manufacturing operations and reduced our employee population in some locations. The impact of these cost-reduction and restructuring actions on our sales and profitability may be influenced by many factors and we may not be able to maintain the level of cost savings that we have achieved. In connection with the implementation and maintenance of our cost reduction and restructuring measures, we may face delays in anticipated workforce reductions, a decline in employee morale and a potential inability to meet operational targets due to an inability to retain or recruit key employees.

#### Our revenue growth may be dependent on market acceptance of new product introductions and product innovations.

The markets in which we operate, or seek to operate, are subject to technological change and, in some cases, developing. Our long-term operating results depend upon our ability to continually develop, introduce, and market new and innovative products, to modify existing products, to respond to technological change, and to customize certain products to meet customer requirements and evolving sustainability and industry standards. The development of new product introductions and product innovations may require significant investment by us. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change (including those related to the utilization of artificial intelligence) or that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands. For example, the increased adoption of electric vehicles and demand for data centers may result in application requirements that are not supported by our current technologies. If we are unable to adapt to these changes, our business and results of operations may be adversely affected.

# We may pursue strategic transactions, including acquisitions, divestitures, joint ventures, strategic alliances or investments, which could create risks and present unforeseen integration obstacles or costs.

We consider strategic transactions on an ongoing basis, and regularly discuss potential acquisitions of complementary businesses or assets to expand our product portfolio and geographic presence, certain of which may be material. Strategic transactions, particularly investments in emerging markets, involve legal, economic, operational and political risks. We also encounter risks in the selection of appropriate investment and disposal targets, negotiation and execution of transactions, and integration of acquired businesses or assets.

Our efforts to integrate acquired businesses or assets could be affected by a number of factors beyond our control, such as general economic conditions and increased competition. In addition, the process of integrating these businesses or assets could cause the interruption of, or loss of momentum in, the activities of our existing business, diversion of management's attention, disruption as a result of infrastructure and information technology conversions, and other challenges, such as difficulty integrating key personnel and retaining customers and suppliers.

Pursuing strategic transactions could involve the use of a substantial amount of cash, assumption of liabilities and indemnification obligations, costly regulatory requirements, incurrence of a substantial amount of debt or issuance of a substantial amount of equity, and we may not be able to recoup our investment or achieve the synergies and economic benefits that we anticipated. Failure to successfully identify, consummate or integrate strategic transactions in a timely and cost-effective manner could have a material adverse effect on our business, financial condition and results of operation.

#### Pricing pressures from our customers may materially adversely affect our business.

We generate strong margins by selling premium products at premium prices. Accordingly, our margins could suffer if our customers are no longer willing to pay a premium for our product and service offerings. We continue to face pricing pressure from our

customers in OEM end markets as well as other end markets. Many manufacturers seek price reductions in both the initial bidding process and during the term of the award. If we are not able to offset price reductions through improved operating efficiencies, reduced expenditures, or new product introductions, those price reductions may have a material adverse effect on our results of operations.

#### Risks Related to Cybersecurity and Information Systems

Cybersecurity vulnerabilities, threats and more sophisticated and targeted computer crimes could pose a risk to our systems, networks, products, solutions, services and data.

Increased global cybersecurity vulnerabilities, threats, computer viruses and more sophisticated and targeted cyber-related attacks (such as the recent increasing use of ransomware, social engineering, and phishing attacks), as well as cybersecurity failures resulting from human error, catastrophic events (such as fires, floods, hurricanes and tornadoes), and technological errors, pose a risk to our systems (including third-party systems utilized by us), products and data as well as potentially to our employees', customers', partners', suppliers' and third-party service providers' systems and data. An attack on our systems or those of certain of our vendors could result in security breaches, theft, lost or corrupted data, misappropriation of sensitive, confidential or personal data or information, loss of trade secrets and commercially valuable information, production downtimes and operational disruptions. We defend against attempted cyber-attacks in the normal course of our business. For example, in February 2023, we experienced a malware attack that temporarily disrupted our normal business operations, including some disruption to sales, and resulted in additional costs of \$5.2 million in Fiscal 2023. We attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans, but we remain potentially vulnerable to additional known or unknown threats. There is no assurance the financial or operational impact from such threats will not be material.

#### Risks Related to Legal and Regulatory Matters

Existing or new laws and regulations, including but not limited to those relating to HSE, sustainability, and ESG matters, may prohibit, burden, restrict or make significantly more costly the sale of our products and the operation of our business.

Our operations, products and properties are subject to extensive foreign, federal, state, local and provincial laws and regulations relating to HSE sustainability, and ESG matters around the world. These laws vary by jurisdiction but generally govern air emissions, wastewater discharges, material handling and transportation, waste management and disposal, product stewardship and packaging requirements, toxicity and hazardous substances, supplier due diligence and standards, and workplace health and safety, as well as the investigation and clean-up of contaminated sites. Failure to comply with such laws and regulations could have significant consequences on our business and operations, including the imposition of substantial fines and sanctions for violations, injunctive relief (including requirements that we limit or cease operations at affected facilities), and negative publicity.

In addition, these laws and regulations have become increasingly stringent and new laws and regulations or stricter interpretation or enforcement of existing laws and regulations could adversely affect our business, financial condition and results of our operations and product demand. This includes increasing legal requirements and global efforts to control emissions of carbon dioxide, methane, fluorinated and other GHGs in an effort to minimize the effect on climate change, which have the potential to influence the price of the energy and raw materials we purchase. For example, we anticipate the enactment of the EU's Carbon Border Adjustment Mechanism will increase the cost of materials we need for production in the EU and could reduce the demand for our products manufactured for the EU market. GHG regulations and carbon taxes could also impact oil and gas production, a key demand driver of our industrial end markets, and reduce demand for our products by driving down the use of fossil fuels. The evolution of laws to restrict specific chemical substances in our products or impose labeling and other requirements, such as the EU's Registration, Evaluation, Authorization, and Restriction of Chemical Substances ("REACH") Regulation, and rising global concerns around microplastics, extended producer responsibility, plastic packaging or hazardous chemicals such as per-and polyfluoroalkyl substances ("PFAS") could result in significant costs to us or limit our access to certain markets.

We have incurred, and will continue to incur, both operating and capital costs to comply with HSE, sustainability, and ESG related and other laws and regulations, including costs associated with the investigation and clean-up of some of our current and former properties and offsite disposal locations. As the present and former operator of industrial properties that use and generate hazardous materials, we could be subject to additional liability for environmental contamination in the future, regardless of whether we caused such contamination.

Additionally, most U.S. states have passed laws that regulate or limit the use of aftermarket products in certain types of repair work. These laws include requirements relating to consumer disclosure, owner's consent regarding the use of aftermarket products in the repair process, and the requirement to have aftermarket products certified by an independent testing organization. Additional legislation of this kind may be introduced in the future. Moreover, many major insurance companies recommend or require the use of aftermarket products only if they have been certified by an independent certifying organization. If additional laws prohibiting or restricting the use of aftermarket products are passed or if our certifications are revoked, it could have an adverse impact on our aftermarket products business.

Certain organizations test the quality and safety of vehicle replacement products. If these organizations decide not to test a particular vehicle product, or in the event that such organizations decide that a particular vehicle product does not meet applicable quality or safety standards, we may incur additional costs to meet such standards or experience a decrease in sales of such products, including as a result of a decision to discontinue sales of such product or insurance companies deciding to discontinue authorization of repairs using such product. Such events could adversely affect our business.

We are also subject to new and proposed rules and regulations of a number of governmental and self-regulatory bodies and organizations, such as the SEC, the NYSE, the EU, and the U.K. government, that require increased public disclosure of data related to sustainability and ESG issues and mandate additional requirements for sustainability and ESG related marketing claims. In addition, customers, investors, employees and other stakeholders are increasingly focused on these matters and related disclosures and marketing claims. At the same time, regulators have increasingly expressed or pursued opposing views, legislation and investment expectations with respect to sustainability and ESG initiatives, including the proposal or enactment of "anti-ESG" legislation or policies. These opposing views may also be adopted by our investors. Conflicting regulations and expectations across the jurisdictions in which we operate may create enhanced compliance risks and costs. These changing and inconsistent rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention to comply with or meet those regulations and expectations. For example, measuring and reporting information and metrics in compliance with the EU's recently enacted Corporate Sustainability Reporting Directive has been, and we expect will continue to be, costly, difficult and time consuming. Our sustainability initiatives and goals could be difficult and expensive to implement, and we could be criticized for or subject to litigation related to the accuracy, adequacy, consistency or completeness of our sustainability disclosures and marketing claims or the scope or nature of our initiatives or goals or revisions thereto. Further, statements about our sustainability initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve and assumptions that are subject to change in the future. If our sustainability related data, claims, processes and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to our sustainability goals on a timely basis, or at all, our reputation and financial results could be adversely affected and we could be exposed to litigation.

We are subject to anti-corruption laws in various jurisdictions, as well as other laws governing our international operations. If we fail to comply with these laws we could be subject to civil or criminal penalties, other remedial measures, and legal expenses.

Our operations are subject to one or more anti-corruption laws in various jurisdictions, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA") and the U.K. Bribery Act of 2010 that generally prohibit employees and intermediaries from making improper payments for the purpose of obtaining or retaining business or gaining some other business advantage. We operate in a number of jurisdictions that pose a high risk of potential anti-corruption violations, and we participate in joint ventures and relationships with third parties whose actions could potentially subject us to liability under anti-corruption laws. We are subject to other laws and regulations governing our operations, including regulations administered by the U.S. Department of Commerce's Bureau of Industry and Security, the U.S. Department of Treasury's Office of Foreign Assets Control, and various non-U.S. government entities, including applicable export control regulations, economic sanctions on countries and persons, customs requirements, currency exchange regulations, and transfer pricing regulations (collectively, "Trade Control Laws"). We are also subject to U.K. corporate criminal laws governing the failure to prevent the facilitation of tax evasion pursuant to the Criminal Finances Act 2017 ("Criminal Finances Act").

We have instituted policies, procedures and ongoing training of employees designed to ensure that we and our employees engage in ethical business conduct and comply with anti-corruption laws, Trade Control Laws and the Criminal Finances Act. However, there is no assurance that our efforts have been and will be effective in ensuring compliance with all applicable anti-corruption laws or other legal requirements. If we are subject to an investigation of a potential violation or are found not in compliance with anti-corruption laws, Trade Control Laws or the Criminal Finances Act, we may incur legal expenses and experience reputational harm, and could be subject to criminal and civil penalties and sanctions that could have a material adverse impact on our business, financial condition, and results of operations.

#### Risks Related to Human Capital Management

#### If we lose our senior management or key personnel, our business may be materially and adversely affected.

The success of our business is largely dependent on our senior management team, as well as on our ability to attract and retain other qualified key personnel. In addition, there continues to be significant demand in our industry for skilled workers. It cannot be assured that we will be able to retain all our current senior management personnel and attract and retain other necessary personnel, including skilled workers, necessary for the development of our business. Further, in the event we do lose key personnel, the success of our business may depend on whether we have appropriate succession plans in place and can implement such plans to identify and integrate new personnel. The loss of the services of senior management and other key personnel or the failure to attract additional personnel and implement succession plans as required could have a material adverse effect on our business, financial condition and results of operations.

#### Risks Related to Tax Matters

#### Changes in our effective tax rate or additional tax liabilities could adversely impact our net income.

We are subject to income taxes as well as non-income based taxes in the U.K., the U.S. and various other jurisdictions in which we operate. The laws and regulations in these jurisdictions are inherently complex and the Company and its subsidiaries are obliged to make judgments and interpretations about the application of these laws and regulations to the Company and its subsidiaries and their operations and businesses, including those related to any restructuring of intercompany operations, holdings or financings; the valuation of intercompany services; cross-border payments between affiliated companies; and the related effects on income tax, value added tax ("VAT") and transfer tax. Further, our tax liabilities could be adversely affected by numerous other factors, including income before taxes being lower than anticipated in countries with lower statutory tax rates and higher than anticipated in countries with higher statutory tax rates, changes in the valuation of deferred income tax assets and liabilities, and changes in tax laws and regulations. We are regularly under audit by taxing authorities in certain of the jurisdictions in which we operate. Although we believe our tax estimates are reasonable, including our estimates of reserves for unrecognized tax benefits related to the implementation of our European corporate center in 2019, any changes in our judgments and interpretation of tax laws or any material differences as a result of the audits could result in unfavorable tax adjustments that have an adverse effect on our overall tax liability.

#### **Risks Related to Our Indebtedness**

Our indebtedness and subsidiary structure could adversely affect our financial condition, our ability to raise additional capital to fund our operations, to operate our business, to capitalize on business opportunities, to react to changes in the economy or our industry, or to pay our debts, and could divert our cash flow from operations to debt payments.

As of December 28, 2024, the total principal amount of our debt was \$2,363.5 million. Our level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our obligations with respect to our debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a significant portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;

- exposing us to the risk of increased interest rates as certain of our borrowings are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

Additionally, the credit agreements that govern our senior secured term loan facilities and the indenture that governs our notes impose significant operating and financial restrictions on our subsidiaries. These restrictions limit the ability of certain of our subsidiaries to, among other things: incur or guarantee additional debt or issue disqualified stock or preferred stock; pay dividends and make other distributions on, or redeem or repurchase, capital stock; make certain investments; incur certain liens; enter into transactions with affiliates; merge or consolidate; or transfer or sell assets. As a result of these restrictions, we are limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include similar or more restrictive covenants. We cannot ensure that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders or amend the covenants.

Further, our consolidated assets are owned by, and our business is conducted through, many of our subsidiaries. Earnings from these subsidiaries are a significant source of funds for debt payments and operating expenses. If our subsidiaries are restricted from making distributions, our ability to meet our debt service obligations or otherwise fund our operations may be impaired. Moreover, there may be restrictions on payments by subsidiaries to their parent companies under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to shareholders only from profits. As a result, although a subsidiary of ours may have cash, we may not be able to obtain that cash to satisfy our obligation to service our outstanding debt or fund our operations.

Our failure to comply with the restrictive covenants described above as well as other terms of our other indebtedness or the terms of any future indebtedness from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our results of operations and financial condition could be adversely affected.

#### IV. Non-Financial and Sustainability Information Statement

In this section we provide climate-related disclosures as required under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and to comply with sections 414CA and 414CB of the Companies Act 2006.

#### Governance

Board Oversight of Climate-Related Risks and Opportunities

Our Board, including through its committees, plays an important role in overseeing our strategy, risk management, and sustainability initiatives. The full board directly oversees our strategic risks, and has delegated to its Nominating and Governance Committee the responsibility to review and monitor risks and responsibilities related to our ESG and sustainability programs, as the Nominating and Governance Committee, the Board, or the Audit Committee deems appropriate. This includes oversight of our efforts to assess climate-related risks. The Nominating and Governance Committee regularly meets with and receives reports from leaders from our Sustainability Management Committee on our ESG and sustainability matters, including annual climate risk planning. The Nominating and Governance Committee provides a report to the Board following each committee meeting. During 2024, the leaders from our Sustainability Management Committee met with the Nominating and Governance Committee three times.

Management's Role in Assessing and Managing Climate-Related Risks

Our Sustainability Management Committee is led by our Sustainability Director and is made up of cross-functional senior leaders across our organization, including members from each of our regions and within our operations, environmental, supply chain, legal, risk management, human resources, commercial, HSE and other functions. This group meets regularly to discuss strategic priorities, progress against goals and commitments, and emerging sustainability topics, including the Company's climate risk planning.

The Sustainability Management Committee also helps our Enterprise Risk Committee consider the Company's exposure to certain climate-related risks. With the support of our Sustainability Management Committee, our Sustainability Director is responsible for managing climate-related risks, as may be appropriate, and our climate-related risks assessment process described below.

#### Risk Management

Risk Management Process and identification, assessment and management of climate-related risks

Our ERM program includes a risk assessment to identify key risks to the Group, maintaining a risk register to monitor mitigation actions in response to key risks, on-going dialogue and collaboration among management to identify emerging risks, quarterly review of mitigation actions, and periodic reports to the Audit Committee and the Board. This risk assessment process typically occurs every other year. The ERM process is directed by our Enterprise Risk Committee, led by the Chief Financial Officer, Chief Legal Officer, Chief Accounting Officer, Chief Information Officer, and Vice President of Global Internal Audit, in coordination with senior functional leaders across our company. Certain climate-related risks, assessed at the site and entity level, have been considered in our ERM program such as relevant current and emerging regulations and market shifts towards lower emissions vehicles.

As a result, our legal, compliance and operational teams routinely monitor and prepare for policies and developments concerning ESG, sustainability, and climate-related laws and regulations and new reporting and financial disclosure requirements; including, but not limited to, California's Climate Corporate Data Accountability Act and Climate-Related Financial Risk Act, the UK's Sustainability Disclosure Reporting framework (UK SRS), the EU's Corporate Sustainability Reporting Directive (CSRD), and the EU's Carbon Border Adjustment Mechanism (CBAM). In addition, our engineers and product teams have developed and continue to develop new technologies and products to meet shifting market demand, and opportunities for more efficient drive systems, resulting in reduced environmental and thermal emissions. Representative applications include electric water pumps and cooling systems for lower emissions vehicles (EV/HEV), belt and sprocket drive systems for personal mobility products, and a range of industrial belt drive systems used at the OEM and replacement levels. The drive system products allow for customers to transition from heavier chain systems to lower maintenance belt drives that do not require any petrochemical grease or oil lubrication, and include our Carbon Drive family of belts specifically designed for electric scooters and motorcycles as well as our GT-Line and Twin Power line products for the industrial chain-to-belt consumer base. Our water pump and cooling systems enhance the heat regulation needed for the long-term operation of electric battery technologies, and include a range of ThermalPro.

In addition to our ERM process and in preparation of these climate-related disclosures, we conducted our first climate focused risk assessment in early 2024 to further understand climate risks affecting our company's industry and footprint. We engaged a third-party consultant to conduct a quantitative scenario analysis and assist in evaluating our potential material exposure to climate-related physical and transition risks. We considered two time horizons in our analysis: medium-term (2030) and long-term (2050), three global warming scenarios for each time horizon, and evaluated potential impacts of climate-related physical and transition risks on our assets and operations for each of the six possible combinations. We shared these results for consideration within our broader ERM framework, which is designed to identify and monitor mitigation actions related to our most important enterprise risks.

#### Strategy

Climate-related risks- Physical Risks

Our quantitative physical risk scenario analysis was designed to identify which climate-related hazards may potentially pose the greatest risk to our company over time, based on our industry and geographic footprint. This analysis evaluated over 90 of our facilities globally. The analysis was performed using the latest suite of climate datasets aligned with the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6), the Shared Socioeconomic Pathway (SSP) scenarios, and did not factor in our existing mitigation measures. The analysis evaluated the following eight physical hazards across three climate scenarios:

- · Extreme heat
- · Coastal flooding
- Drought
- · Water stress
- · Riverine flooding
- Extreme rainfall flooding (pluvial flooding)

- Wildfire
- Cyclones (hurricanes)

These hazards were assessed across three climate scenarios: SSP1-RCP2.6 (below 2°C), SSP2-RCP4.5 (2°C-4°C) and SSP5-RCP8.5 (above 4°C) for the medium-term (2030) and long-term (2050). These scenarios were selected as they provide a range of possible climate futures that can help inform the various potential impacts to our company. A low warming scenario (SSP1-RCP2.6) provides insight into the most extreme potential transition risks and a high warming scenario (SSP5-RCP8.5) provides insight into the most extreme potential physical impacts from climate change. This assists us to consider how the greatest potential impacts could affect our business and determine the appropriate risk mitigation strategies, if any. The underlying dataset for the assessment of these hazards is developed using output from climate models.

Climate models use scenarios to project future climate conditions by integrating assumptions about future socioeconomic development, emissions pathways, and greenhouse gas mitigation strategies into their simulations. The latest suite of scenarios, in alignment with the IPCC AR6 report, are Shared Socioeconomic Pathway (SSP) scenarios. These scenarios currently represent reputable scenarios that are widely used and becoming more commonly understood. Climate models are complex and uncertain, serving to provide a general indication of possible future outcomes but they are not a forecast for the future.

SSP scenarios provide five different narratives of potential future socioeconomic development and emissions pathways, influencing both mitigation and adaptation measures. They depict a potential spectrum of possibilities, from sustainable development with aggressive greenhouse gas (GHG) mitigation efforts to scenarios of heavy fossil fuel dependency with limited mitigation and reactive adaptation strategies. These narratives are combined with Representative Concentration Pathways (RCPs), which specify future levels of GHG concentrations in the atmosphere.

We leveraged three of the five SSP scenarios in our physical climate risk scenario analysis. SSP1-RCP2.6 represents an optimistic scenario with aggressive mitigation efforts, low population growth, and widespread adoption of clean and efficient technologies. SSP2-RCP4.5 represents a middle-of-the-road scenario with moderate mitigation efforts where challenges to adaptation and mitigation are intermediate, with moderate population growth and economic development. SSP5-RCP8.5 represents a pessimistic scenario with limited mitigation efforts, high emissions, and heavy reliance on fossil fuels.

The scenario analysis findings for 2030 and 2050 provided insights into potential impacts from each hazard at the sites included in the analysis. These results were then converted into damage factors (risk scores) which represent the intensity of the potential damage on the asset using hazard-specific damage functions tailored to each location, time frame, and scenario. Risk scores are based on a scale to determine elevated risk exposure under each time horizon. Asset vulnerability to various hazards was considered through the inclusion of subjective vulnerability factors, determined based on our internal subject matter expertise drawn from past experiences.

The physical climate risk scenario analysis identified water stress and extreme heat as our highest risk areas in both timelines and in a high or very high warming scenario. While we do not view the potential financial impact of these risks to be material to our business, we take them seriously and work to minimize their impact on our employees and operations. All sites undergo an annual planning cycle to identify high priority infrastructure projects and process improvement opportunities. These are then turned into implementation plans and submitted to a program tracker. A global team including members representing HSE, Energy Management, Environmental Management, Sustainability and Operations supports implementation and cross-regional coordination.

Water stress occurs when demand for water exceeds the available water, or the quality of water available makes it inappropriate for use. Water stress impacts water availability for users upstream and downstream. For manufacturers, like us, stressed water systems could result in increased input, treatment, and manufacturing costs. This initial climate scenario analysis indicates that water stress in a high or very high warming scenario could have potential global impacts, with our highest potential impacts in the Middle East, North America, and Southern Europe. For this reason, we monitor our water usage and have site-based water initiatives aimed at achieving reductions in our water use. This includes infrastructure projects for certain of our sites located in regions with limited water, such as water recycling and rainwater collection. We also have wastewater management plans at our manufacturing facilities and conduct audits of our water inputs and outputs.

Extreme heat can affect worker productivity, especially in manufacturing settings, potentially resulting in health impacts due to heat exposure. For this reason, we have focused on strategies to mitigate the effects of heat exposure in our manufacturing facilities that are currently subject to extreme heat events. In addition to following local and regional HSE guidance, we employ various risk mitigation measures to reduce potential effects of extreme heat on employees and manufacturing equipment, such as: plant idling as

needed; cooling towers; job rotation strategies; providing hydrating beverages and snacks; and providing cooling bandanas. Additionally, we have established several internal occupational health centers to support employees during times of heat stress. Our initial climate scenario analysis indicated that our manufacturing and distribution sites in India, Mexico, Turkey, and southern U.S. may experience the highest risk exposure to extreme heat by 2030 and 2050.

The physical climate risk scenario analysis also identified areas of lower risk for us due to the localized nature of the risk, but with potentially significant financial exposure. These areas include pluvial flooding, wildfire and cyclones in the geographies where some of our facilities are located. For example, climate scenario analysis indicates that our potential exposure to wildfire is primarily limited to certain of our facilities in Mexico. In addition, the analysis shows our exposure to pluvial flooding primarily relates to our operations in China and parts of the United States. Last, the analysis indicates that future cyclone exposure, while potentially financially impactful, is uncertain and currently primarily limited to our office facilities in the southern United States and one of our distribution sites in Mexico. These types of extreme weather events can damage buildings and infrastructure and potentially our facilities and inventory. They can also affect employee health and safety and cause shipping delays.

We manage extreme weather event risks through a variety of methods, including emergency preparedness and response plans at certain of our facilities which are specific to those facilities' potential exposures and designed to outline our response, mitigation, and remediation plan for potential dangers and impacts. To support this, we have a public addressing system to communicate information about impacts from natural disasters and climate impacts to personnel as needed. We also have protocols in place to inform customers of impacts to orders. Our global manufacturing footprint also provides alternative production locations and distribution methods, which support our resilience against extreme weather events.

#### Climate-related risks and opportunities - Transition Risks

We performed a preliminary assessment of key climate-related risks associated with a transition to a low-carbon economy. In this assessment, we leveraged company-specific and product-specific data and climate and socioeconomic modeling and datasets from the Network for Greening the Financial System ("NGFS"). The assessment analyzed Gates potential exposure to transition risks for each of the seven NGFS scenarios – Current Policies, Low Demand, Net-Zero 2050, Below 2C, Delayed Transition, Nationally Determined Contributions, and Fragmented World — with a focus on the Current Policies, Below 2C, and Net-Zero 2050 scenarios. As part of this assessment, we completed a risk screening exercise that considered potential transition risks across categories of

- market;
- · technology;
- · policy and legal; and
- · reputation.

Of these categories, market and policy and legal related risks were found to be the most relevant to our operations. As a result, we focused on these two transition risks in this initial climate-specific assessment.

#### Policy and Legal Risks - Carbon pricing

If carbon pricing schemes are increasingly implemented across jurisdictions in which we or our suppliers operate, we could be subject to higher costs related to goods and operations. A price on carbon can be a policy mechanism to disincentivize carbon intensive activities. Since our products and production processes rely on hydrocarbon fuels and their derivatives, we could face significant cost increases related our direct operations and value chain if a carbon price is implemented in countries in which we operate and/or source.

To quantify the impact of our greenhouse gas emissions, we examined our estimated Scope 1, Scope 2, and Scope 3 emissions and utilized NGFS' carbon price assumptions for each of the seven NGFS scenarios. This analysis provides a quantification of the financial impact of a carbon tax on our energy-use emissions. According to the carbon pricing assumptions embedded in each of the scenarios, the global average price on emissions is expected to increase in all scenarios, with the largest increases associated with the highest ambition scenarios. In the Net Zero 2050 scenario, for example, the global average price on emissions rises to \$120/tonne as soon as 2025, and to nearly \$600/tonne by 2050.

The results of the analysis show these costs are expected to be most impactful to Gates direct operations and its supply chain under the Net Zero 2050 scenario. The degree to which the costs could affect our company in the future will depend on the scope and

stringency of applicable regulations as well as the degree to which costs are passed on to us from our suppliers, and from us to our customers, through pricing.

To address this risk, we continue to monitor our emissions and periodically revisit and reassess our reduction targets. We also work collaboratively with suppliers and other value chain partners to reduce Scope 3 emissions and product footprints. We are focused on the efficiency of downstream transportation and logistics routes to reduce emissions associated with our supply chain. We are also evaluating our materials to identify opportunities to reduce the amount of virgin content in our packaging and in our products and move toward lower embodied energy options where available without compromising the premium performance our customers depend on.

#### Market Risk – Cost of energy and raw materials

Gates conducted an analysis to understand how climate change may impact supply chain and procurement costs. The analysis leveraged the Company's 2023 procurement data by country and product and the latest NGFS datasets to estimate how a change in key commodity prices may impact supply chain costs over each of the seven NGFS scenarios. NGFS assumptions for coal, oil, natural gas, and industrial gas prices were used to gauge how raw material costs could increase as the economy decarbonizes.

The following assumptions were made in the analysis:

- Raw material inputs remain constant for each manufacturing process over the time horizons studied.
- Other fixed and variable costs were assumed to remain constant.

The initial results of this analysis show that raw material costs could significantly impact us in the coming decades by increasing the cost of manufacturing and procurement of energy intensive raw materials we use to produce our products. Similar to carbon pricing, this potentially impacts us to the largest degree under the Net Zero 2050 scenario as compared to the other scenarios analyzed and the degree to which these costs could affect Gates in the future will depend on a variety of factors, including the degree to which price increases are passed on to Gates from its suppliers and from Gates to its customers.

#### Market Risks and Opportunities – Technology

To identify technology related risks, we utilized our ERM program which has identified potential market shifts towards lower emissions vehicles as a potential risk for our company. In addition, a shift in demand towards cleaner, lightweight, more compact, and more efficient technologies requires product innovation, new manufacturing techniques, and a new set of raw materials. We receive requests from customers, especially those operating in Europe, for products with a lower carbon footprint to support efforts in reducing their own supply chain emissions. Gates is making investments to meet market demand in product research and development and manufacturing equipment, as well as in sourcing clean energy or carbon offsets, all of which could increase operating and production costs. Additionally, if our current suppliers are unable to meet these evolving requirements, we may need to change suppliers, which could result in increased costs or decreased supply availability.

This risk is also an opportunity for us because it opens new markets, including in alternative transportation and new technologies. We are investing and growing in end markets with positive secular and sustainability trends, namely the electrification of transportation and micro-mobility. We are also investing in new intellectual property that increases the applications for our products. For example, our liquid cooling solution for data centers is designed to reduce energy demands for end users. Engineers employ Eco-Innovation<sup>TM</sup> principles to focus on process improvements and innovations to minimize carbon footprint: beginning with material selection in the design process, through product manufacturing, transportation and customer use. Our Eco-Innovation<sup>TM</sup> System is defined by innovation in materials science, process engineering, product engineering, and customer experience with consideration and improvement to one or more stages of the product lifecycle.

We are developing new technologies and products to meet shifting market demand and opportunities such as belt drive systems that allow customers to transition from chain systems. Belt drive systems can help users reduce operating costs and realize GHG emissions savings over the lifetime of the belt drive system. We recognize and support the transition and adoption of more sustainable personal and micro-mobility transportation modes through our Carbon Drive family of belts, such as PolyChain, Moto X5, and Moto X7. These are belt constructions that are specifically designed for electric scooters and motorcycles. We have commercialized and marketed industrial chain-to-belt solutions to customers who recognize the benefits of little to no maintenance, and of no initial or recurring grease or oil application to the system. We continue to invest in research and development and production of novel technology to support the benefits of reduced environmental emissions of clean transportation and to support the increased energy efficiency from the transition from chain to belt on industrial equipment.

Moreover, we will continue to monitor market risks and develop strategies to identify opportunities and mitigate risk related to rising costs and maintain strong partnerships with suppliers, as we continue to expand into new technologies and markets.

#### Resilience

We have strategic and operational processes already in place that can be adjusted to address changing dynamics affecting our business, and we believe we have appropriate measures in place to support climate resiliency. Moreover, as part of our business strategy and through our Eco-Innovation<sup>TM</sup> product development process, we have several initiatives and actions underway to improve the energy efficiency, circularity, performance and overall sustainability of our operations and product lines, all of which reduce our exposure to climate-related physical and transition risks. Leveraging scenario analysis allows us to consider possible futures and potential areas for future resiliency investments.

#### Physical risks

Our exposure to climate-related physical risks varies by geography and the specific design and function elements of each asset. A description of our efforts to mitigate the effects of physical risks that could pose the highest risk to our company are described under "Climate-related risks—Physical Risks" above. Moreover, we continue to monitor climate-related events across our locations and assess appropriate risk management strategies to mitigate impacts of these risks.

#### Transition risks

We strive to reduce our operational impact on the climate, including using cleaner sources of energy where possible. This in turn reduces our exposure to potential carbon pricing schemes as well as better prepares us to meet emerging demands from customers seeking products with lower carbon footprints. Where possible, we use low carbon fuels and renewable electricity, including on-site solar generation and biomass fueled boilers, to reduce emissions from our operations.

We support the transition to a low carbon future and continue to invest in the development of products that are designed for longevity, energy efficiency and the minimization of GHG emissions while maintaining their high performance standards, allowing us to meet the complex expectations of our customers and stakeholders. Our teams embrace innovation and opportunities to meet emerging market demands through materials science and with more advanced technologies, including those that contribute to more sustainable transportation. Additionally, we have begun to address the carbon footprint of products and value chains we serve through limited life-cycle assessments (LCAs) and Environmental Product Declarations (EPDs). We use these analyses to calculate the potential carbon footprint of a growing selection of our products and provide other supply chain and material data where appropriate. By understanding how our customers' products are used, we can better provide a reduced carbon footprint in addition to high levels of performance and durability.

#### **Metrics & Targets**

Reducing emissions from our operations is a priority that helps us reduce our exposure to potential future carbon pricing schemes and related regulatory risk. Achieving operational emissions reduction in turn reduces the carbon footprint of our customers, which aids in satisfying the increasing demand for lower supply chain emissions. We have established targets to reduce Scope 1 and Scope 2 GHG emissions by 15% by end of 2025 from a 2019 baseline, and to reduce energy consumption 20% by end of 2025 from a 2019 baseline. These targets are aspirational and are subject to change in the event of significant changes to our business, methodologies, and improved data collection efforts. As of year-end 2024, Gates has achieved a 12% reduction of Scope 1 and Scope 2 GHG emissions and a 6% reduction in energy consumption, in each case, compared with our 2019 baseline year. Our Scope 1 and Scope 2 greenhouse gas emissions and energy consumption are disclosed in "Environment" section in the Directors' Report included elsewhere in this report.

As we continue to gain a deeper understanding of our climate-related risks, we plan to assess and refine our climate-related targets to appropriately monitor and manage relevant risks. Gates current emissions and energy reduction targets sunset in 2025 and Gates is in the process of reviewing and setting next generation goals. Our plan aims to achieve these targets through a combination of strategies focused on Scope 1 energy demand reduction through efficiency measures, use of low carbon fuels and renewable electricity, compressed air audits and leak repairs to reduce emissions, robust operating and maintenance standards and updating process control systems, as well as Scope 2 supply side solutions. Additionally, 31% of our manufacturing locations have achieved ISO 50001 certifications for energy management.

#### GHG emissions

To track towards our GHG emissions reduction target, we measure and monitor our Scope 1 and 2 GHG emissions.

- Scope 1 GHG emissions (Mmt CO2e)
- Scope 2 GHG emissions (Mmt CO2e)

Direct and indirect GHG emissions are qualified as either owned or under Gates operational control. Where actual data was not available, estimates were used. Estimated emissions from the combustion of fuels are based on fuel consumption data and corresponding emissions factors from the International Energy Agency; the United Nations IPCC, AR5; and the U.S. Environmental Protection Agency.

#### Energy

To monitor and track progress against our energy consumption reduction target, we measure and monitor total energy consumption and renewable energy consumption. Total energy consumption is the sum of all fuels and biomass consumption, plus purchased power and steam.

- Total energy consumption (GJ)
- Total energy consumption intensity (GWh/annual net sales)

#### **Next Steps**

We will continue to analyze our physical and transition risks. In addition, we continue to work to integrate climate risk assessments into our global ERM program as appropriate. We also intend to continue to advance our climate-risk analyses by further customizing our analyses and assumptions to better inform our risk mitigation strategies and potential opportunities.

#### Other Impact

For nonfinancial and sustainability information related to the Company's employees, social issues, community issues, and human rights issues and the Company's policy, please refer to "X. Employees" included elsewhere in the Strategic Report.

#### V. Business Trends and Outlook

The diversification of our business limits our exposure to trends in any given end market. In addition, a majority of our sales are generated from customers in replacement channels, who serve primarily a large base of installed equipment that follows a natural maintenance cycle that is somewhat less susceptible to various trends that affect our end markets. Such trends include infrastructure investment and construction activity, agricultural production and related commodity prices, commercial and passenger vehicle production, miles driven and fleet age, evolving regulatory requirements related to emissions and fuel economy and oil and gas prices and production. Key indicators of our performance include industrial production, industrial sales and manufacturer shipments.

During Fiscal 2024, sales into replacement channels accounted for approximately 68% of our total net sales. Our replacement sales cover a very broad range of applications and industries and, accordingly, are highly correlated with industrial activity and utilization and not a single end market. Replacement products are principally sold through distribution partners that may carry a very broad line of products or may specialize in products associated with a smaller set of end market applications.

During Fiscal 2024, sales into OEM channels accounted for approximately 32% of our total net sales. OEM sales are to a variety of industrial and automotive customers. Our industrial OEM customers cover a diverse range of industries and applications and many of our largest OEM customers manufacture construction and agricultural equipment.

During Fiscal 2024, previous challenges related to supply chains, logistics, and inflation continued to ease, which improved our productivity and expanded our profitability. We continue to make progress on improving our inventory position and turnover to meet our customer demands.

During Fiscal 2024, demands from industrial OEM channels softened while our enterprise initiatives and the favorable mix of replacement channel sales to OEM channel sales improved our profitability.

Our global operating footprint and worldwide sales reach expose us to risks associated with trade conflicts between the U.S. and its trading partners. Escalating global trade conflicts due to recent U.S. and retaliatory tariffs and geopolitical tensions have led to, and may continue to lead to, inflationary pressures, uncertainty, and volatility in the market and, therefore, could impact our operations, supply chain and financial performance. While we have not experienced a significant change in customer demand or significant disruptions to our supply chain, we have begun to experience cost increases and expect additional costs, primarily for our businesses in North America and China. We are taking actions to mitigate the impact of tariffs through price increases and adjustments to our supply chain and operations, and intend to offset any incremental tariff impacts for the remainder of the year. Whether these strategies or other effects of the tariffs will impact customer behaviors, including future demand for our products, remains uncertain. We will continue to monitor and evaluate risks related to the tariffs and any resulting impact on macroeconomic conditions and our business. For further information regarding the risks and uncertainties associated with U.S. government policies, actions or legislation, please refer to "III. Principal Risks and Uncertainties" included elsewhere in this annual report.

Global conflicts, such as the conflict between Russia and Ukraine, and sanctions and counter-sanctions imposed in response, created increased economic uncertainty and operational complexity both in Europe, Middle East and Africa ("EMEA") and globally, the impacts of which we cannot fully predict. Gates had a single distribution center in Russia that sold primarily to customers based in Russia. In early July 2022, we suspended our operations in Russia. During Fiscal 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss of \$12.7 million.

#### VI. Key Performance Indicators

We assess the financial performance of our businesses using a variety of measures. We believe that certain of these measures are particularly important and they are considered to be "key performance indicators". As Gates is a public company listed on the New York Stock Exchange ("NYSE") in the U.S., the Directors and management review the alternate performance measures adjusted from financials prepared under accounting principles generally accepted in the United States of America ("U.S. GAAP"). In this section, we present the equivalent of each of the key performance indicators as prepared in accordance with United Kingdom adopted international accounting standards ("IFRS"), and show how they are calculated if they cannot be derived directly from the consolidated financial statements. We present a reconciliation of each alternate performance measure to the most directly comparable measure defined under IFRS. We do not regard these alternate performance measures as a substitute for, or superior to, the equivalent measures defined under IFRS. The key performance indicators described below may not be directly comparable with similarly-titled measures used by other companies. For reference to key performance indicators adjusted from financials prepared under U.S. GAAP, see "Item 7:

Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 32 of the Company's U.S. Annual Report on Form 10-K for the year ended December 28, 2024.

#### EBITDA and Adjusted EBITDA

"EBITDA" is a non-IFRS measure that represents net income or loss from continuing operations for the period before the impact of income taxes, net interest and other expenses, depreciation and amortization. EBITDA is widely used by securities analysts, investors and other interested parties to evaluate the profitability of companies. EBITDA eliminates potential differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortization expense).

Management uses "Adjusted EBITDA" as its key profitability measure. This is a non-IFRS measure that represents EBITDA before certain items that are considered to hinder comparison of the performance of our businesses on a period-over-period basis or with other businesses. We use Adjusted EBITDA as our measure of segment profitability to assess the performance of our businesses, and it is used for total Gates as well because we believe it is important to consider our profitability on a basis that is consistent with that of our operating segments, as well as that of certain of our peer companies. We believe that Adjusted EBITDA should, therefore, be made available to securities analysts, investors and other interested parties to assist in their assessment of the performance of our businesses.

During the periods presented, the items excluded from EBITDA in computing Adjusted EBITDA primarily included:

- loss on deconsolidation of previously controlled subsidiary;
- non-cash charges in relation to share-based compensation;

- transaction-related expenses incurred in relation to major corporate transactions, including the acquisition of businesses, and equity and debt transactions;
- asset impairments;
- restructuring expenses, including severance-related expenses;
- credit loss related to a customer bankruptcy; and
- · cybersecurity incident expenses.

Differences exist among our businesses and from period to period in the extent to which their respective employees receive share-based compensation or a charge for such compensation is recognized. We therefore exclude from Adjusted EBITDA the non-cash charges in relation to share-based compensation in order to assess the relative performance of our businesses.

We exclude costs associated with major corporate transactions because we do not believe that they relate to our operating performance. Other items are excluded from Adjusted EBITDA because they are individually or collectively significant items that are not considered to be representative of the underlying performance of our businesses. During the periods presented, we excluded restructuring expenses and severance-related expenses that reflect specific, strategic actions taken by management to shutdown, downsize, or otherwise fundamentally reorganize areas of Gates' business.

Adjusted EBITDA excludes items that can have a significant effect on our profit or loss and should, therefore, be used in conjunction with, not as substitutes for, profit or loss for the period. Management compensates for these limitations by separately monitoring net income from continuing operations for the period.

The following table reconciles Adjusted EBITDA to profit from continuing operations, the most directly comparable IFRS measure:

	For the year end			nded	
(dollars in millions)	December 28, 2024		Б	December 30, 2023	
Adjusted EBITDA	\$	783.3	\$	770.2	
Depreciation and amortization		(244.9)		(243.3)	
Share-based compensation expense		(28.8)		(27.4)	
Transaction-related expense (1)		(3.3)		(2.2)	
Asset impairments		_		(0.1)	
Restructuring expenses		(6.5)		(11.5)	
Inventory impairments and adjustments (included in cost of sales)		_		(0.1)	
Restructuring related expenses (included in cost of sales)		(1.8)		(0.4)	
Severance expenses (included in Finance and administration expenses)		(2.9)		(1.0)	
Credit gain (loss) related to customer bankruptcy (included in Finance and administrative expenses) (2)		0.1		(11.4)	
Cybersecurity incident expenses (3)				(5.2)	
Other operating expenses				(0.2)	
Operating Profit from continuing operations		495.2		467.4	
Interest expense		(139.5)		(214.0)	
Loss on deconsolidation of Russian subsidiary (4)		(12.7)			
Interest income		15.5		14.5	
Other income (expenses)		3.9		(26.0)	
Profit before taxes from continuing operations		362.4		241.9	
Income tax expense		(122.3)		(15.7)	
Profit for the year from continuing operations	\$	240.1	\$	226.2	

Transaction-related expenses relate primarily to advisory fees and other costs recognized in respect of major corporate transactions, including the acquisition of businesses, and equity and debt transactions.

- 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 preliminarily evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded an initial pre-tax charge to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate as necessary.
- 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.
- In July 2022, as a result of the conflict between Russia and Ukraine, Gates suspended our operations in Russia. As of September 28, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.

#### Adjusted EBITDA Margin

Adjusted EBITDA margin is a non-IFRS measure that represents Adjusted EBITDA expressed as a percentage of net sales. We use Adjusted EBITDA margin to measure the success of our businesses in managing our cost base and improving profitability.

	 For the	year er	iaea
(dollars in millions)	December 28, 2024		December 30, 2023
Net sales (1)	\$ 3,412.9	\$	3,559.3
Adjusted EBITDA	\$ 783.3	\$	770.2
Adjusted EBITDA margin	23.0 %	21.6 %	

<sup>&</sup>quot;Net sales" is the same as "Revenue" in the consolidated financial statements prepared under IFRS

#### Core sales and core sales growth reconciliations

Core sales is a non-IFRS measure that represents net sales for the period excluding the impacts of movements in average currency exchange rates and the first-year impacts of acquisitions and disposals, when applicable. Core sales growth is the change in core sales expressed as a percentage of prior period net sales. We present core sales growth because it allows for a meaningful comparison of year-over-year performance without the volatility caused by foreign currency gains or losses or the incomparability that would be caused by impacts of acquisitions or disposals. Management believes that this measure is therefore useful for securities analysts, investors and other interested parties to assist in their assessment of the operating performance of our businesses. The closest IFRS measure is net sales.

	Year ended December 28, 2024					
(dollars in millions)	7	Power Transmission	]	Fluid Power		Total
Net sales for the year ended December 28, 2024	\$	2,112.3	\$	1,300.6	\$	3,412.9
Impact on net sales of movements in currency rates		18.2		2.6		20.8
Core revenue for the year ended December 28, 2024		2,130.5		1,303.2		3,433.7
Net sales for the year ended December 30, 2023		2,181.9		1,377.4		3,559.3
Decrease in net sales on a core basis (core sales)	\$	(51.4)	\$	(74.2)	\$	(125.6)
Core sales decline		(2.4)%	, )	(5.4)%	, )	(3.5)%

	Year ended December 30, 2023						
(dollars in millions)	1	Power Transmission	1	Fluid Power		Total	
Net sales for the year ended December 30, 2023	\$	2,181.9	\$	1,377.4	\$	3,559.3	
Impact on net sales of movements in currency rates		18.9		(10.0)		8.9	
Core revenue for the year ended December 30, 2023		2,200.8		1,367.4		3,568.2	
Net sales for the year ended December 31, 2022		2,173.7		1,380.5		3,554.2	
Increase (decrease) in net sales on a core basis (core sales)	\$	27.1	\$	(13.1)	\$	14.0	
Core sales growth (decline)		1.2 %	6	(0.9)%	)	0.4 %	

#### VII. Business Performance

## Results for the year ended December 28, 2024 compared to the results for the year ended December 30, 2023

## **Summary Gates Performance**

		For the year ended					
(dollars in millions)	Γ	December 28, 2024					
Revenue	\$	3,412.9	\$	3,559.3			
Cost of sales		(2,032.7)		(2,192.8)			
Gross profit		1,380.2		1,366.5			
Selling and distribution costs		(270.4)		(283.1)			
Finance and administrative expenses		(561.4)		(559.7)			
Research and development costs		(49.9)		(53.8)			
Transaction-related expenses		(3.3)		(2.2)			
Asset impairments		_		(0.1)			
Other operating expenses		_		(0.2)			
Operating profit from continuing operations		495.2		467.4			
Interest expense		(139.5)		(214.0)			
Interest income		15.5		14.5			
Loss on deconsolidation of Russian subsidiary		(12.7)		_			
Other income (expenses)		3.9		(26.0)			
Profit before tax from continuing operations		362.4		241.9			
Income tax expense		(122.3)		(15.7)			
Profit for the year from continuing operations	\$	240.1	\$	226.2			
Adjusted EBITDA	\$	783.3	\$	770.2			
Adjusted EBITDA margin		23.0 %	)	21.6 %			

#### Net sales

Net sales during Fiscal 2024 were \$3,412.9 million compared to \$3,559.3 million during the prior year, a decrease of 4.1% or \$146.4 million.

	Power Transmission		Fluid Power		otal Company
Year ended December 30, 2023	\$	2,181.9	\$ 1,377.4	\$	3,559.3
Currency translation		(18.2)	(2.6)		(20.8)
Volume		(74.6)	(98.3)		(172.9)
Pricing		23.2	24.1		47.3
Year ended December 28, 2024	\$	2,112.3	\$ 1,300.6	\$	3,412.9

### Cost of sales

Cost of sales for Fiscal 2024 was \$2,032.7 million, compared to \$2,192.8 million for the prior year, a decrease of 7.3%, or \$160.1 million. The following table lists the primary drivers behind the change in cost of sales (amounts in millions):

Year ended December 30, 2023	\$ 2,192.8
Currency translation	(24.9)
Volume	(85.2)
Manufacturing performance	(50.5)
Mix	(18.5)
Other	19.0
Year ended December 28, 2024	\$ 2,032.7

## Operating profit

Operating profit for Fiscal 2024 was \$495.2 million, compared to \$467.4 million for the prior year period, an increase of 5.9% or \$27.8 million. In addition to the increase in gross profits, which was driven by the net sales and cost of sales as described above, the change in operating profit was driven by gain from disposal of property, plant and equipment, higher corporate-owned life insurance related income, and lower provision for expected credit losses during the current year period. The increase was partially offset by increased outbound freight costs, consulting fees, and other expenses.

## Interest expense

	For the year ended			ed
(dollars in millions)	Dec	cember 28, 2024	De	ecember 30, 2023
Debt:				
Dollar Term Loan	\$	142.4	\$	152.0
Dollar Senior Notes		34.7		35.5
Other Loans		0.5		1.8
Interest on lease liabilities		8.3		6.4
Total interest expense for financial liabilities classified at amortized cost		185.9		195.7
Amortization of finance costs and net fair value adjustment		(10.6)		47.4
(Gain) arising on interest rate swaps and interest rates caps as designated hedging instruments in cash flow hedges		(40.5)		(30.1)
Other interest expense		4.7		1.0
	\$	139.5	\$	214.0

Details of our long-term debt are presented in Note 22 to the consolidated financial statements included elsewhere in this report.

Interest on debt for Fiscal 2024 decreased by \$9.8 million when compared to the prior year primarily due to lower interest rates applicable on the floating rate Dollar Term Loans, and \$10.4 million increase of gain due to the favorable impact of derivatives. This was partially offset by a \$1.9 million increase of interest on lease liabilities. Amortization of finance costs and net fair value adjustment during Fiscal 2024 decreased by \$58.0 million, primarily due to a non-recurring fair value gain on the debt repricing that occurred in December 2024 for the Dollar Term Loans.

#### Other income (expenses)

	 For the ye	ear endec	i
(dollars in millions)	ember 28, 2024		ember 30, 2023
Interest income on bank deposits	\$ 15.5	\$	14.5
Total interest income for financial instruments classified at amortized cost	 15.5		14.5
Foreign currency gain (loss) on net debt (1) and hedging instruments	13.7		(4.2)
Net interest expense on defined benefit pension obligations	(3.9)		(3.6)
Foreign currency loss on hyperinflation remeasurement	(0.3)		(10.4)
Other	 (5.6)		(7.8)
Total other income (expense)	\$ 3.9	\$	(26.0)
	\$ 19.4	\$	(11.5)

<sup>&</sup>quot;Net debt" is a non-IFRS measure representing the principal amount of our debt less the carrying amount of cash and cash equivalents

Other income for Fiscal 2024 were \$19.4 million, compared to expenses of \$11.5 million in the prior year. The economies of Türkiye and Argentina are both designated as highly inflationary economies under IFRS. During Fiscal 2024, the foreign currency remeasurement loss related to translation adjustments for entities that operate in highly inflationary economies decreased by \$10.1 million compared to the prior year period. Additionally, this change was also driven by the favorable impact of net movements in foreign currency exchange rates on net debt and hedging instruments.

#### Income tax expense

For Fiscal 2024, we had an income tax expense of \$122.3 million on pre-tax income of \$362.4 million, which resulted in an effective tax rate of 33.7% compared to an income tax expense of \$15.7 million on pre-tax income of \$241.9 million, which resulted in an effective tax rate of 6.5% for Fiscal 2023.

The effective tax rate for Fiscal 2024 was primarily driven by \$97.5 million net tax expense related to \$68.0 million of change in deferred tax assets for Luxembourg net operating losses related to a reduction in the Luxembourg corporate income tax rate enacted in 2024, \$18.2 million of tax on international operations, \$9.6 million of currency exchange rate movements primarily related to Luxembourg currency revaluation on indefinite-lived net operating losses, and \$1.8 million of net other expense; offset by \$66.0 million of net tax benefits related to \$45.5 million of change in unrecognized deferred tax assets primarily related to a reduction in the Luxembourg corporate income tax rate enacted in 2024, \$10.2 million of company-owned life insurance deductions, and \$10.3 million of unrecognized tax benefits primarily due to audit settlement.

The effective tax rate for Fiscal 2023 was driven primarily by tax benefits related to \$13.3 million of manufacturing incentives, \$12.3 million unrecognized tax benefits primarily due to audit settlement, \$9.9 million of company-owned life insurance deductions, \$8.8 million of change in valuation allowance, and \$4.4 million of state tax provision (net federal benefit); offset by tax expense related to \$7.4 million of tax on international operations, \$1.7 million of currency exchange rate movements and \$1.0 million of net other expense.

#### **Analysis by Operating Segment**

### Power Transmission (61.9% of Gates' net sales for the year ended December 28, 2024)

		ided			
(dollars in millions)	D	ecember 28, 2024	Ι	December 30, 2023	Period over period change
Net sales	\$	2,112.3	\$	2,181.9	(3.2%)
Adjusted EBITDA	\$	477.4	\$	469.6	1.7%
Adjusted EBITDA margin		22.6 %	<b>o</b>	21.5 %	

Net sales in Power Transmission for Fiscal 2024 decreased by 3.2%, or \$69.6 million, driven by lower volumes of \$74.6 million and adverse movements in average currency exchange rates of \$31.7 million. The decrease was offset by a \$23.2 million benefit from pricing. As such, core sales decreased by 2.4%, or \$51.4 million, compared to the prior year.

Power Transmission's overall core sales to our industrial channel customers had a core sales decline of 5.6% during Fiscal 2024, compared to the prior year periods. Personal mobility, industrial off-highway, and diversified industrial end markets experienced declines of 22.4%, 6.9%, and 2.0%, respectively, compared to the prior year period, primarily in North America and EMEA. Automotive channel sales were relatively consistent compared to the prior year periods, declining by 0.4% during Fiscal 2024. The decline in the automotive channel during Fiscal 2024 was focused in EMEA and Greater China, which experienced core sales declines of 2.0% and 11.6%, respectively, compared to the prior year period. This was partially offset by core sales growth in the automotive channel in North America, South America and East Asia.

Power Transmission Adjusted EBITDA for Fiscal 2024 increased by 1.7% or \$7.8 million compared to the prior year, driven primarily by enterprise initiatives that favorably impacted manufacturing performance and pricing, partially offset by lower volumes. As a result, the Adjusted EBITDA margin for Fiscal 2024 was 22.6%, a 110 basis point increase from the prior year.

# Fluid Power (38.1% of Gates' net sales for the year ended December 28, 2024)

	For the year ended					
(dollars in millions)	D	ecember 28, 2024	Ι	December 30, 2023	Period over period change	
Net sales	\$	1,300.6	\$	1,377.4	(5.6%)	
Adjusted EBITDA	\$	305.9	\$	300.6	1.8%	
Adjusted EBITDA margin		23.5 %	<b>o</b>	21.8 %		

Net sales in Fluid Power for Fiscal 2024 decreased by 5.6%, or \$76.8 million, driven by lower volumes of \$98.3 million and adverse movements in average currency exchange rates of \$4.7 million. The decrease was offset by a \$24.1 million benefit from pricing. As such, core sales decreased by 5.4%, or \$74.2 million, compared to the prior year.

Fluid Power's core sales decline in Fiscal 2024 was driven by decreased sales to industrial customers of 9.3%, compared to the prior year period. The decline of industrial sales were primarily in North America and EMEA, which had declines of 10.7% and 12.5%, respectively, compared to the prior year period. Construction and agriculture end markets drove most of the decline, with core sales that decreased by 9.1% and 18.4%, respectively, during Fiscal 2024 as compared to the prior year period. The decline in industrial sales was partially offset by core sales growth in the automotive channel of 7.9% compared to the prior year period. Growth of automotive channel sales was primarily contributed by North America and EMEA.

Fluid Power Adjusted EBITDA for Fiscal 2024 increased by 1.8%, or \$5.3 million, compared to the prior year period, driven primarily by enterprise initiatives that favorably impacted manufacturing performance and pricing, and favorable mix of replacement channel sales to OEM channel sales. This was partially offset by lower volumes. As a result, the Adjusted EBITDA margin was 23.5%, a 170 basis point increase from the prior year.

#### VIII. Liquidity and Capital Resources

### Treasury Responsibilities and Philosophy

Our primary liquidity and capital resource needs are for working capital, debt service requirements, capital expenditures, share repurchases, facility expansions and acquisitions. We expect to finance our future cash requirements with cash on hand, cash flows from operations and, where necessary, borrowings under our secured revolving credit facility. We have historically relied on our cash flow from operations and various debt and equity financings for liquidity.

From time to time, we enter into currency derivative contracts to manage currency transaction exposures. Similarly, from time to time, we may enter into interest rate derivatives to maintain the desired mix of floating and fixed rate debt.

As market conditions warrant, we may from time to time seek to repurchase securities that we have issued or loans that we have borrowed in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any such purchases of ordinary shares or other securities or loans may be funded by existing cash or by incurring new secured or unsecured debt, including borrowings under our credit facilities. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases of debt securities or loans may relate to a substantial amount of a particular tranche of debt, with a corresponding reduction, where relevant, in the trading liquidity of that debt. In addition, any such purchases of debt made at prices below the "adjusted issue price" (as defined for U.S. federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which may be material, and result in related adverse tax consequences to us.

It is our policy to retain sufficient liquidity throughout the capital expenditure cycle to maintain our financial flexibility. We do not have any meaningful debt maturities until 2029; however, we regularly evaluate market conditions, our liquidity profile, and various financing alternatives for opportunities to enhance our capital structure, and may refinance all or a portion of our indebtedness on or before maturity. We do not anticipate any material long-term deterioration in our overall liquidity position in the foreseeable future, and believe that we have adequate liquidity and capital resources for the next twelve months from the approval of financial statements.

### **Cash Flow**

### Year ended December 28, 2024 compared to the year ended December 30, 2023

Cash provided by operating activities was \$436.8 million during Fiscal 2024 compared to cash provided by operating activities of \$537.7 million during the prior year period, driven primarily by a decline of \$150.9 million in trade working capital movement, combined with an increase of \$11.8 million in taxes paid. These decreases in operating cash flows are partially offset by a decrease of \$22.5 million cash paid for interest in the current year period.

Net cash used in investing activities during Fiscal 2024 was \$104.4 million, compared to \$81.8 million in the prior year period. The increase of cash used in investing activities was primarily driven by increased capital expenditures of \$35.3 million in Fiscal 2024 compared to the prior year period, partially offset by a \$20.7 million decrease in net cash paid under company-owned life insurance policies.

Net cash used in financing activities was \$344.9 million during Fiscal 2024, compared to \$313.9 million in the prior year period. Fiscal 2024 outflows were primarily related to the \$176.1 million paid to acquire shares under a share repurchase program through an intermediary from Blackstone as further described in Note 29 to the consolidated financial statements included elsewhere in this report, as compared to \$251.7 million paid to acquire shares under a share repurchase program in Fiscal 2023. The financing cash outflows in Fiscal 2024 also included \$88.8 million higher debt repayments net of borrowings and increased debt issuance costs paid of \$20.3 million, compared to the prior year period.

#### **Borrowing Headroom**

On June 4, 2024, we extinguished our asset-backed revolving credit facility as discussed further in Note 22 to the consolidated financial statements included elsewhere in this annual report. As part of an amendment to our credit agreement, we increased borrowing capacity under our secured revolving credit facility that provides for multi-currency revolving loans from \$250.0 million to \$500.0 million and extended the maturity from November 18, 2026 to the date that is the earliest of (x) June 4, 2029 and (y) April 1, 2029, if greater than \$500.0 million in aggregate principal amount of the Dollar Senior Notes due 2029 are outstanding. As of December 28, 2024, there were letters of credit outstanding against the facility amounting to \$28.2 million and no drawings on the revolving credit facility. As of December 28, 2024, our total committed borrowing headroom was \$471.8 million, in addition to cash balances of \$682.0 million.

## **Capital Structure**

Details of the issued share capital, together with details of the movements in Gates Industrial Corporation plc's issued share capital during the year are shown in Note 7 to the accompanying parent company financial statements. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation, including any securities laws applicable to holders of the Company's shares. The Board is not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles of Association, the Board has authority to issue 3,000,000,000 ordinary shares. In February 2024, the Company's Board approved a share repurchase program for up to \$100.0 million in authorized share repurchases, with an expiration date of October 6, 2024. In July 2024, the Company's Board cancelled its existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025.

Given the Board's existing authority to issue shares shall expire at the earlier of (i) the end of the Company's 2025 annual general meeting (the "2025 AGM"); or (ii) close of business on September 20 2025, new authorities are being recommended by the Board for approval by the Company's shareholders at the 2025 AGM.

### IX. Financial Risk Management Objectives and Policies

Our market risk includes the potential loss arising from adverse changes in foreign currency exchange rates, interest rates, commodity prices, and the credit risk of our customers and third-party depository institutions that hold our cash and short-term deposits. From time to time, we use derivative financial instruments, principally foreign currency swaps, forward foreign currency contracts, interest rate caps (options) and interest rate swaps, to reduce our exposure to foreign currency risk and interest rate risk. We do not hold or issue derivatives for speculative purposes and monitor closely the credit quality of the institutions with which we transact. Our objective in managing these risks is to reduce fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rate movements.

On a regular basis, we monitor third-party depository institutions that hold our cash and short-term investments and we diversify these assets among counterparties to minimize exposure to any one of these entities. We also monitor the creditworthiness of our customers and suppliers to mitigate any adverse impact.

See Note 23 to our audited consolidated financial statements included elsewhere in this report for further information of the Company's financial risk management.

#### X. Employees

As of December 28, 2024, we employed approximately 14,100 full time employees worldwide. Approximately 6,200 of our employees are located in North America, 4,300 in EMEA and U.K., 2,900 in Greater China and East Asia & India, and 700 in South America. Approximately 66% of our work force consists of production employees, while approximately 25% of our global workforce was female and 75% male. Of approximately 1,500 managerial employees, 21% were female, and 40% of our executive officers were female.

Some of our employees are members of labor unions, and over many years we have been able to maintain successful relationships with the unions and employment organizations. To date, employee relations have been flexible and constructive as we continue to pursue lean manufacturing improvements in our plants. Gates employs agency contractors, temporary employees and contract employees as a relatively small percentage of our workforce. The number of associates in these categories typically varies with demand on our factories and distribution centers. Gates employs a small number of part-time associates across the globe.

### Health and safety

We prioritize our employees' well-being, recognizing that our commercial success is closely tied to a safe and healthy workforce. To this end, we are dedicated to responsible business practices, guided by the Gates Global HSE Standards Manual. Our goal is to achieve zero injuries and maintain an incident-free workplace. We've made significant strides towards this objective through targeted risk reduction, enhanced case management, increased accountability for corrective actions, and more effective safety observation programs.

#### Total rewards

Our compensation philosophy aims to attract, motivate, reward, and retain top-tier employees who can generate and maintain long-term value for our shareholders. We provide competitive and equitable compensation and benefit programs that appropriately reward employees for their contributions to our success. Globally, we provide opportunities for eligible employees to earn short-term and long-term incentive awards, including manufacturing incentive programs for many of our production employees.

### Employee development and training

To attract, develop, engage and retain the best talent, we invest in our employees and focus on building a workplace and culture that drives innovation, embraces diverse perspectives, encourages collaboration, fosters well-being, and enables growth and opportunity. We empower employees to own their careers and unlock their potential to position us to effectively deliver on priorities with real world application. Our development programs are focused on helping employees build the knowledge and skills needed to support current business priorities and secure future business success. Gates supports a culture of continuous learning and encourages employees to pursue internal and external educational opportunities as part of their professional development path.

In 2024, we streamlined our Performance & Talent process and launched a new year-end review process that includes evaluating employee annual performance, assessing learning agility and potential to grow their career. We reduced our annual processes and aligned compensation to recognize the potential of our employees as well as their performance. Additionally, this streamlined process provides greater focus on succession and development plans to help employees achieve their career goals. Our global mentoring program facilitates knowledge transfer between mentors and mentees and fosters a diverse and inclusive culture. For our production employees, we offer skills-based training and certification opportunities.

### **Community involvement**

Gates recognizes that success as a business enterprise is affected by the vitality of the communities in which our people work and live, and of the nonprofit organizations that serve the needs and interests of these communities. The Gates Industrial Corporation Foundation (an independent charitable organization funded by the Company) plays an important role in our philanthropy program and actively supports civic, community, arts, cultural, health and welfare initiatives, as well as education programs and scholarships. In the U.S., we have a dollar-for-dollar matching program for qualifying charitable contributions made by our employees. Matching donations are made by the Gates Industrial Corporation Foundation, which also donates to selected charities on behalf of the Company. Outside of the U.S., Gates and our employees provide support to many local charities and projects in a variety of countries in which we operate.

#### Human rights issues and ethical conduct

The Company is committed to high ethical standards and conducting its business in compliance with the principles laid out in the U.K. Modern Slavery Act and applicable human rights, labor and employment, discrimination, health and safety, and immigration laws of the countries in which we operate. The Company does not condone or use child labor, forced labor or human trafficking in any of its operations and endeavors to engage with other companies that embrace similar values and respect for human rights.

The Company maintains various policies which adhere to human rights principles and foster high ethical standards in its business, including policies and guidelines on anti-corruption, anti-boycott, global antitrust and fair competition, conflict of interest, and human rights. Our employees receive training on these policies and have access to them at each of our facilities. Through the communication, promotion and administration of these policies, the Company expects all employees to uphold the highest levels of honesty, integrity and ethical standards, to act in full compliance with all applicable laws in the performance of their roles and the conduct of our business and operations and to avoid actual or apparent conflicts of interest between their personal and professional affairs. This includes striving to maintain a professional, safe and discrimination-free work environment and hiring, evaluating and promoting employees on the basis of their ability, achievements, experience and performance. Ethnic, sexual, racial, religious or any other type of harassment is unacceptable at any of our locations.

The Company is committed to equal opportunity in recruiting, hiring, developing, promoting and compensating employees without regard to age, race, color, gender, sexual orientation, gender identity or expression, transgender status, religion, national origin, ancestry, citizenship, disability, protected veteran status, marital status, genetic information, pregnancy, childbirth or related medical conditions, or any other basis protected by federal, state or local law.

The Company prohibits employees from making or offering to make gifts, payments or other inducements to certain recipients if the gifts, payments or inducements are made to corruptly influence the decision or action of any government employee, official, candidate or political party, or to gain an inappropriate advantage in business.

The Company prohibits any director, officer, employee and any third party working on behalf of the company from engaging in the facilitation or acts leading to tax evasion.

To encourage reporting of violations of company policies, including unethical behavior and discrimination, the Company maintains a whistleblower hotline through which employees may call or write anonymously to report concerns. Neither the Company, the Audit Committee nor any other director or agent of the Company will discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate, directly or indirectly, against any person who, in good faith, makes a report. The compliance office thoroughly investigates each allegation and inappropriate conduct or behavior is subject to disciplinary action, up to and including termination. Results of each investigation and action taken are reported to the audit committee of our board of directors on a quarterly basis

## Diversity, equity and inclusion

Our inclusive environment fosters adaptability, innovation, and creativity, enabling us to deliver the most relevant, innovative, and trusted products and services. This is vital for our continued success and helps unlock the full potential of our employees, customers, partners, and communities.

We recognize that an engaged workforce directly enhances the value we provide to our customers and strengthens the connections we build in the communities where we live and operate. As a global company, we celebrate local, relevant, and meaningful events that allow colleagues to share their expertise and cultures with one another. In 2024, as part of our ongoing efforts to raise awareness of the importance of diversity, equity and inclusion, each region developed action plans and strategies to improve gender diversity. Key highlights of these plans include promoting inclusive hiring practices, offering training on unconscious bias, forming strategic partnerships with schools and organizations, participating in networking events, implementing blind resume reviews, and ensuring diverse interview panels.

Our three Business Resource groups participated in a variety of events throughout 2024, where they shared ideas, experiences, and insights to strengthen our community and elevate a diverse and inclusive workforce.

Additionally, the charter for our Board's Nominating and Governance Committee mandates the committee review and recommend the Board's composition and size. This ensures the Board possesses the necessary expertise and includes members with diverse and independent backgrounds.

# **Employee gender diversity**

The following table sets forth the number of male and female directors, senior managers and other employees of the Company as of December 28, 2024 and December 30, 2023.

	As of December 28, 2024		As of December 30, 2023		
(in ones)	Male	Female	Male	Female	
Directors	6	3	6	3	
Senior Managers	34	11	42	13	
Employees of the Company	10,613	3,458	11,131	3,540	
	10,653	3,472	11,179	3,556	

### **XI. Environmental Matters**

Refer to "Environment" in the Directors' Report.

The Strategic Report was approved by our board of directors and was signed on its behalf on May 2, 2025 by:

Ivo Jurek

Director and Chief Executive Officer

Company registered number: 10980824

### **Gates Industrial Corporation plc**

### **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended December 28, 2024. Please see Note 2 to the accompanying consolidated financial statements and Note 2 to the parent company financial statements, respectively, for further details relating to the basis of preparation of those financial statements.

As permitted by section 414C(11) of the Companies Act 2006, the directors have elected to set out in the Strategic Report information that is required by Schedule 7 to the Accounting Regulations to be contained in the Directors' Report. The information in respect of which they have done so is identified within this report.

#### **Board of directors**

The following table presents certain information as of May 2, 2025 with respect to our board of directors (the "Board") who held office during the period and up to the date of signing of the financial statements unless stated otherwise:

Name	Appointed
Ivo Jurek	September 25, 2017
Neil P. Simpkins	November 20, 2017
James W. Ireland, III	November 7, 2018
Stephanie K. Mains	February 28, 2019
Wilson S. Neely	April 1, 2020
Molly P. Zhang (also known as Peifang Zhang)	July 1, 2020
Alicia L. Tillman	April 27, 2021
Fredrik J. Eliasson	October 24, 2022
Joseph S. Cantie	March 30, 2025
Seth A. Meisel (resigned on December 31, 2024)	January 1, 2023

#### **Dividends**

The Company did not pay dividends during the period from incorporation to December 28, 2024.

The Board currently has no plans to pay dividends on the Company's ordinary shares. Future dividends, if any, and the timing of declaration of any such dividends, will be at the sole discretion of the Board and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that our Board may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2006.

#### Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Refer to Note 2 to the accompanying consolidated financial statements for going concern assessment.

# **Political donations**

No political donations were made by the Company during 2024 or 2023.

#### Use of financial instruments

Information on the Company's risk management process and the policies for mitigating certain types of risk are set out in section IX of the Strategic Report. Information about the use of financial instruments by the Company is set out in Note 23 to the accompanying consolidated financial statements.

#### Significant events since year end

In March 2025, the Company repurchased 672,911 shares under the existing share repurchase program in the open market at a total cost of approximately \$12.9 million, plus costs paid directly related to the transaction of \$0.1 million. All shares repurchased were pending cancellation and approximately \$112.1 million remained available under the share repurchase program as of April 28, 2025.

On January 21, 2025, we amended our credit agreement to lower the margin with respect to the revolving loans by 50 basis points compared to the previous term. The revolving loans bear interest at our option either Term SOFR (subject to a floor of 0%) plus a margin of 1.75% per annum or the base rate plus 0.75% per annum. The applicable margin for the revolving credit facility borrowings will be subject to one 25 basis step down determined in accordance with Gates Industrial Holdco Limited achieving a certain consolidated first lien net leverage level.

The Company is not aware of any other events or transactions that occurred subsequent to the balance sheet date but prior to May 2, 2025 that would require recognition or disclosure in its consolidated financial statements.

## **Future developments**

Section I and Section V of the Strategic Report sets out the Company's strategy, business trends and outlook. The directors do not anticipate any other significant changes in the foreseeable future.

## Research and development

Details of the activities of the Company in the field of research and development are set out in section I of the Strategic Report.

#### **Branches**

Gates Industrial Corporation plc is incorporated in the U.K., with its corporate functions located in Denver, Colorado in the U.S., and has no branches.

### Acquisition of company shares

In February 2024, the Company's Board approved a share repurchase program for up to \$100.0 million in authorized share repurchases, with an expiration date of October 6, 2024. On February 12, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 20,125,000 ordinary shares of the Company at a price of \$12.045 per ordinary share (the "February 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the February 2024 Offering, which closed on February 16, 2024. In connection with the February 2024 Offering, the Company repurchased 4,151,100 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$12.045 per ordinary share for an aggregate consideration of approximately \$50.0 million (the "February 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.3 million. This repurchase was funded by cash on hand. All shares repurchased pursuant to the February 2024 Repurchase have been cancelled.

In July 2024, the Company's Board cancelled the then existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025. On August 16, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 23,000,000 ordinary shares of the Company at a price of \$16.58 per ordinary share (the "August 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the August 2024 Offering, which closed on August 21, 2024. In connection with the August 2024 Offering, the Company repurchased 7,539,203 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$16.58 per ordinary share for an aggregate consideration of approximately \$125.0 million (the "August 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.8 million. This repurchase was funded by cash on hand and a borrowing of \$40.0 million under Gates' secured revolving credit facility. All shares repurchased pursuant to the August 2024 Repurchase were cancelled, and \$125.0 million remained available under the share repurchase program as of December 28, 2024.

Information relating to the compensation plans under which equity securities of the Company are authorized for issuance is set out under the Directors' Remuneration Report and is incorporated herein by reference.

#### **Disabled persons**

The Company gives consideration to applications for vacancies from disabled persons when particular job requirements are within their capabilities. The Company also endeavors to provide equal opportunity in the training, promotion and career development of disabled persons. In the event of staff becoming disabled, every effort will be made to ensure that their employment with the Company continues and that appropriate training is arranged.

## **Employee engagement**

Information relating to employee engagement is incorporated herein by reference to section II and X of the Strategic Report.

### **Business relationships**

Information relating to our business relationships is incorporated herein by reference to the Section 172 Statement in the Strategic Report.

### Qualifying indemnity provisions

Each director is covered by appropriate directors' liability insurance, and the Company has deeds of indemnity with its executive officers and directors (together with the directors of certain associated companies) which, among other things, indemnify the individual against certain liabilities that may arise by reason of his or her status or service as a director or officer and advance expenses incurred as a result of certain proceedings. These agreements are intended to provide indemnification rights to the fullest extent permitted under applicable law and under our governing documents.

### **Environment**

Gates is committed to conducting our business with respect for the environment and the communities in which we operate. Additional details can be found in our annual Sustainability Report, which is posted on our website. Our climate-related disclosures in compliance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and sections 414CA and 414CB of the Companies Act 2006 are set out in section IV of the Strategic Report.

#### Eco-driven innovation

With materials science advancements, design expertise and advanced processing technologies, Gates continually aims to engineer products that meet and exceed the growing needs and diverse challenges of our customers. By considering the concept of circular economy as a key driver of innovation, we are able to increase the use of recycled and renewable materials in combination with enhanced resource efficiency during manufacturing. This produces differentiators between Gates and our competitors. Eco-Innovation<sup>TM</sup> at Gates aims to reduce the negative impacts on the environment and extend the useful life of our products, realizing sustainable benefits while delivering the highest level of performance to our customers. This results in products that:

- Reduce energy consumption in product applications (many of our products reduce energy losses during use, lowering the overall carbon footprint of equipment during its operational life).
- Optimize material efficiency and maximize logistics and distribution efficiency (by reducing material consumption and weight, we actively contribute to our customers' desire to meet tightening environmental and fuel economy regulations; reduced material consumption also equates to reduced waste-to-landfill at end-of-life; lighter products that require less material allow for increased packing and shipping density).
- Utilize renewable materials, and those with a smaller environmental footprint (as appropriate, Gates engineers seek to utilize materials that come from remanufacturing, are themselves recycled, are lighter weight than traditional alternatives, are produced with lower embodied energy, or have other environmentally significant attributes).
- Reduce or eliminate harmful materials and chemicals of concern (by reducing or eliminating such materials and chemicals from our product lineup, we help minimize negative impacts to human health and the environment wherever possible, facilitating recycling and the circular economy).

Our global materials database tracks the use of chemicals across our operations. It allows us to identify the use of specific materials and chemicals of concern and make substitutions as appropriate.

### Energy conservation

Gates uses both demand reduction and supply side strategies for reducing our energy consumption and greenhouse gas emissions.

Reducing energy consumption is a key aspect of our environmental sustainability program. We work to improve the energy efficiency of our operations through infrastructure investment, initiatives to optimize energy consumption, and enhancements to our production lines that produce units more efficiently, which both avoid GHG emissions and reduce costs.

Regionally, Gates establishes partnerships with energy providers and local governments that make use of renewable energy sources. Eleven of our facilities are certified to ISO 50001 for energy management.

All global locations set their own energy reduction initiatives aligned to our public corporate goals, and report their energy performance and efficiency metrics in common units. Many site-based projects - such as the installation of energy-efficient equipment - allow our capital investments to better facilitate reaching our site-based targets. Additional initiatives include an efficiency motor replacement program, LED and natural lighting projects, use of biomass boilers and solar panels, shift and equipment-use planning, and shutdown programs to conserve electricity when operations or machinery are not in use.

#### Water conservation

Water conservation is a crucial component of our sustainability philosophy. Some of Gates' global locations operate in waterstressed regions that are susceptible to drought or arid environmental conditions. Therefore, our approach emphasizes reducing water
withdrawal and reusing or recycling water. All Gates sites monitor, report and have site-based water initiatives aimed at achieving our
goal of reducing water consumption year over year and to better use water in an efficient manner so as to help conserve this valuable
resource. The majority of our water supply comes from third-party sources, and originates from surface water. However, some of our
global sites do rely on well water.

Wastewater is also a closely monitored aspect of our water management approach. All sites monitor, treat and comply with all wastewater regulatory requirements and are required to have a wastewater management plan which includes an annual review and audits documenting all water entering and leaving the facility. These audits include an annual gap assessment, mapping process and environmental impact evaluation.

Our team continues to find innovative ways to reduce water withdrawal and improve water recycling in a collaborative effort to reduce Gates' water consumption year-over-year. These innovations include recycling water at certain of Gates facilities, water consumption monitoring programs, and using closed-loop water heating and cooling systems in the majority of our facilities.

### Waste and recycling

Gates continues to identify opportunities and develop solutions to address the waste produced at our sites across the world, and we work to divert waste from landfills where possible. All of our manufacturing and distribution facilities are driven to uphold Gates' high-quality standards and reduce scrap to help reduce our waste footprint.

Gates has over 20 Zero Waste to Landfill facilities, and a number of partnerships with downstream companies that remanufacture our scrap, extending its usable life.

### Environmental regulations under which we operate

Our operations, products and properties are subject to extensive U.S. and foreign federal, state, local, and provincial laws and regulations relating to environmental, health and safety protection, including laws and regulations governing air emissions, wastewater discharges, material handling and transportation, waste management and disposal, product stewardship, toxicity and hazardous substances, and workplace health and safety, as well as the investigation and clean-up of contaminated sites. Under certain environmental laws, the obligation to investigate and remediate contamination at a facility may be imposed on current and former owners, lessees or operators or on persons who may have sent waste to that facility for disposal. We are currently performing environmental investigations and/or remediation at a number of former and current facilities in the United States and are incurring costs in relation to a few offsite waste disposal sites.

Streamlined energy and carbon reporting

Our Scope 1 and Scope 2 greenhouse gas emissions and energy consumption estimates for 2024 and 2023, based on the parameters below, are as follows:

	For the year ended December 28, 2024		For the year ended December 30, 2023		
	UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)	
Metric tons of CO <sub>2</sub> equivalent					
Scope 1 - direct emissions from onsite fuel combustion	6,855	99,357	7,213	116,133	
Scope 2 - indirect emissions from the generation of purchased energy	1,948	140,562	2,048	148,513	
<b>Total Scope 1 and Scope 2 emissions</b>	8,803	239,919	9,261	264,646	
Scope 1 - biogenic - direct emissions derived from biogenic sources	_	18,600	_	19,896	
Millions of kWh					
Energy consumption used to calculate emissions	43.9	855.4	46.0	923.3	
Metric tons of CO <sub>2</sub> equivalent per million dollars of net sales					
Scope 1 - direct emissions from onsite fuel combustion	65.4	30.0	62.3	33.7	
Scope 2 - indirect emissions from the generation of purchased energy	18.6	42.5	17.7	43.1	

*Reporting period* - The reporting period used for this information is December 31, 2022 to December 30, 2023, and December 30, 2023 to December 28, 2024.

Boundary summary - All manufacturing facilities Gates owns or operationally controls were included, except as noted in the exclusions below.

Data methodology and Emissions Factors - Gates adheres to the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (WRI/WBCSD GHG Protocol), to calculate GHG emissions. We are in the process of obtaining reasonable assurance on the Total Scope 1 and Total Scope 2 emissions data from ERM CVS, an independent third-party assurance provider, in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Standards Board. Invoices and measurements were collected for relevant energy and emission sources, material to each site which may include electricity, natural gas, steam, hot water, diesel fuel, liquid petroleum gas, gasoline, light fuel oil, wood biomass and rice husk. Monthly data is captured in a dedicated software platform and external third-party invoice collection service and is checked for accuracy and timeliness monthly per Gates internal standards. Where actual data was not available, estimates were used. For example, in cases where data is not available for a full 12-month period, available data is used to extrapolate and estimate the values for missing data.

We continue to improve our data collection efforts and methodologies. In 2024, we made progress in data completeness and accuracy, which we applied to the prior year data. Accordingly, certain numbers reflected above are different than those previously reported. Scope 1 emission factors used are primarily from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5). Residual emission factors for biomass combustion are sourced from the U.S. EPA's Greenhouse Gas Emissions Factors Hub and include emissions from methane (CH4) and nitrous oxide (N2O). Location-based Scope 2 emissions factors for the U.S. are from the US EPA's eGRID Power Profiler tool and non-US sites are primarily from the International Energy Agency (IEA (2022), GHG Emissions from Energy), adjusted where more recent country or region-specific governmental factors are published. Emissions are converted to carbon dioxide-equivalents (CO2e) using Global Warming Potentials from the United Nations IPCC AR5 Report. Market-based emissions are not included because we do not have emission factors from all our energy providers. Gates will continue to track our emissions and refine our process with an aim to reach our goal to reduce our total GHG emissions by 15% by the end of 2025, based on a 2019 baseline.

*Materiality threshold* - Materiality for Gates is set at 5% of total emissions with all facilities estimated to contribute >1% of total emissions included.

#### Exclusions -

- Most commercial and sales offices, whose impacts are anticipated to be below the materiality threshold; and
- Scope 3 indirect emissions.

*Energy efficiency actions* - We continue to implement initiatives to curb energy consumption including installing energy recovery, energy-efficient equipment, converting to natural or LED lighting, and increasing renewable energy usage.

#### Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each Director in office at the date the Directors' Report is approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### **Independent auditors**

Deloitte LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Approved by the board of directors and signed on its behalf by

Ivo Jurek

Director and Chief Executive Officer

May 2, 2025

The Pavilions, Bridgwater Road, Bristol, England, BS13 8FD

#### **Gates Industrial Corporation plc**

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards ("IFRS"). The directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 101 "Reduced Disclosure Framework".

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable U.K. Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are
  insufficient to enable users to understand the impact of particular transactions, other events and conditions on the
  Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Gates Industrial Corporation plc**

(the "Company" or "Gates" or "us")

#### **DIRECTORS' REMUNERATION REPORT**

### **Annual Statement of the Chair of the Compensation Committee**

#### **Dear Shareholders:**

I am pleased to present the Company's remuneration report for the financial year ended December 28, 2024 ("**Fiscal 2024**"). This remuneration report is divided into three sections:

- 1. this annual statement (the "Annual Statement") from the chair of the Compensation Committee;
- 2. the proposed Directors' remuneration policy setting out the Company's policy on Directors' compensation (the "**Directors' Remuneration Policy**"), to be approved by a binding voting of the shareholders at the annual general meeting (the "**AGM**") to be held on Thursday, June 5, 2025; and
- 3. the annual report on remuneration for Fiscal 2024 setting out Director compensation and detailing the link between Company performance and compensation for the period specified therein. The annual report on remuneration, together with the Annual Statement (the "Annual Report on Remuneration"), is subject to a non-binding advisory vote of the shareholders at the 2025 AGM.

The Company completed its initial public offering (the "**IPO**") on the New York Stock Exchange ("**NYSE**") in January 2018. As a NYSE listed company, the Company prepared its proxy statement for the 2025 AGM in accordance with the rules and regulations of the Securities and Exchange Commission (the "**SEC**"). In this proxy statement on Schedule 14A, which was filed with the SEC on or about April 17, 2025, and can be found on the Company's investor website at investors gates.com, you will find the Company's compensation discussion and analysis ("**CD&A**") setting forth its overall philosophy regarding compensation of its executive officers, which should be read in conjunction with this Directors' Remuneration Report. In addition to the rules and regulations of the SEC, as a U.K. public limited company, the Company is also subject to the Companies Act and the regulations promulgated thereunder. Accordingly, the Company has produced this Directors' Remuneration Report.

The Company's business and affairs are managed under the direction of its Board of Directors (the "Board"), which currently consists of nine directors, including Mr. Jurek (its Chief Executive Officer and sole "Executive Director"). The Company's non-employee directors, including its chair, are referred to as "Non-Executive Directors." The Company was previously party to a shareholders' agreement with certain affiliates of Blackstone Inc. ("Blackstone" or "Former Sponsor"). This agreement granted the Former Sponsor the right to designate nominees to the Company's Board (referred to herein as "Former Sponsor-affiliated Directors") subject to the maintenance of certain ownership requirements in the Company. During Fiscal 2024, the Former Sponsor ceased to meet the required ownership requirements and, as of December 31, 2024, the Company no longer has any Former Sponsor-affiliated Directors on its Board. During Fiscal 2024, the Company had two Former Sponsor-affiliated Directors (Mr. Simpkins and Mr. Meisel). Mr. Simpkins ceased to be a Former Sponsor-affiliated Director as of January 30, 2024 but remained on our Board, and Mr. Meisel resigned as a director of the Company as of December 31, 2024.

At the Company's AGM held on June 9, 2022, its shareholders approved the current directors' remuneration policy, which applies to the material elements of the compensation package for its executive officers, including its Executive Director, and its Non-Executive Directors. Under this policy, the Former Sponsor-affiliated Directors received no compensation for serving on the Board. In accordance with relevant laws, the Company is submitting the proposed Directors' Remuneration Policy for approval again at the 2025 AGM. If approved, the Directors' Remuneration Policy will be in effect until a new policy is submitted for approval at the AGM to be held in 2028, unless an earlier amendment by shareholders is required.

Under the previously approved directors' remuneration policy, and in the proposed Directors' Remuneration Policy, the material elements of compensation for the Company's Non-Executive directors are an annual cash retainer and an annual grant of time-based vesting restricted stock units as well as additional chair fees. The material elements of compensation for the Company's Executive Director are base salary, an annual bonus opportunity and a long-term incentive opportunity, skewed towards variable "at risk" compensation. The Company's Executive Director does not participate in deliberations regarding his own compensation. This compensation program is designed to recognize the Executive Director's scope of responsibilities, leadership ability and effectiveness

in achieving key performance goals and objectives. The Company also provides its Executive Director with various retirement and benefit programs.

The Board has a compensation committee (the "Compensation Committee") that oversees risks relating to the Company's compensation policies and practices. The Compensation Committee provides assistance to the Board for oversight of the compensation packages of directors and executive officers, including the Company's Executive Director. The Compensation Committee is currently comprised of Mr. Neil P. Simpkins (chair), Mr. Fredrik Eliasson, Mr. James W. Ireland III, and Mr. Wilson S. Neely. The Compensation Committee annually reviews the performance of the executive officers and the compensation for the directors and executive officers and, with input and guidance from an independent compensation consultant, approves or recommends to the full Board any changes to their compensation packages in light of such review.

The Company is a leading global manufacturer of application-specific fluid power and power transmission solutions. The Company is driven to push the boundaries of materials science to engineer products that continually exceed expectations. To achieve its objectives, the Company aims to be the destination of choice for the best talent. The Company's philosophy is to offer a remuneration program that will enable it to attract, motivate, reward and retain high-caliber executives who are capable of creating and sustaining value for its customers and shareholders and achieving the Company's business goals over the long term. In addition, the Company's remuneration program is designed to provide a fair and competitive compensation opportunity that appropriately rewards executives for their contributions to its success. The Company also believes that a significant portion of each executive's compensation should be "at risk" and tied to overall Company and individual performance.

The Company realized a modest decline in revenues in Fiscal 2024 impacted by softer demand trends in the agriculture, construction and automotive OEM markets. Growth in the automotive replacement markets was a partial offset. Profit margin expanded year-over-year fueled by benefits from our enterprise initiatives, which benefited manufacturing performance and pricing as well as favorable mix, partially mitigated by lower volume.

Included below is the Company's Annual Report on Remuneration for Fiscal 2024, which sets out the compensation for its directors, including its Executive Director, aligns with the Company's previously approved directors' remuneration policy, and supports its pay-for-performance philosophy. For Fiscal 2024, the Board made the following noteworthy compensation award decisions.

First, in February 2024, the Compensation Committee approved a modest increase to the Executive Director's base salary based on market pay levels and individual performance. For 2024, the Executive Director's base salary increased 4%.

Second, in March 2024, upon the recommendation of its Compensation Committee and based on market data provided by such committee's compensation consultant, the Board approved compensation for the chair of the Board. Prior to January 2024, the Company's chair of the Board (Mr. Simpkins) was a Former Sponsor-affiliated Director and did not qualify for director compensation. For 2024, in addition to the previously approved annual cash retainer of \$25,000 for the chair of the Company's audit committee and \$15,000 for each of the chairs of the Compensation Committee and the Company's nominating and governance committee ("Nominating and Governance Committee"), the Board approved an annual equity grant consisting of \$130,000 in value of restricted stock or restricted stock units for the chair of the Company's Board.

Lastly, in January 2025, the Compensation Committee approved an aggregate funding of 134% of the short-term incentive opportunity for eligible employees under the Company's Global Bonus Policy ("Annual Plan") for Fiscal 2024. Accordingly, the Compensation Committee awarded the Executive Director 141% of his annual short term incentive opportunity for Fiscal 2024.

Thank you for your continued interest in Gates.

Neil P. Simpkins

Chair of the Compensation Committee

April 17, 2025

#### Objectives of the Company's remuneration programs

It is intended that the Directors' Remuneration Policy set out in this report, if approved, will, for the purposes of section 226D(6)(b) of the Companies Act 2006, take effect immediately upon shareholder approval and will remain in effect until the AGM to be held in 2028, unless earlier revised by a vote of the shareholders.

### **Explanation of determination of Directors' Remuneration Policy**

The key aim of the Directors' Remuneration Policy is to align the interests of the Executive Director and the Non-Executive Directors with those of the shareholders by emphasizing a pay-for-performance compensation philosophy. The Company believes that a significant portion of the Executive Director's compensation should be "at risk" and tied to overall Company and individual performance. Similarly, the Company believes that a significant portion of the Non-Executive Directors' compensation should be tied to the long-term interests of our shareholders. The Company's compensation program is designed to enable the Company to attract, motivate, reward and retain high-caliber individuals who are capable of creating and sustaining value for customers and shareholders and achieving the Company's business goals over the long term. In addition, the compensation program for the Executive Director is designed to provide a fair and competitive compensation opportunity that appropriately rewards them for their contributions to the Company's success. The material elements of compensation for the Executive Director include the following, each designed to align with the Company's compensation philosophy, and each as described in detail in the Future Policy Table.

- Base Salary
- Annual Cash Bonus (a short-term incentive tied to the Company's annual financial performance)
- Long-Term Equity Incentives (a long-term incentive opportunity consisting of performance-based restricted stock units, time-based vesting restricted stock units and stock options)

The material elements of compensation for the Non-Executive Directors are an annual cash retainer (payable in quarterly installments in arrears) and an annual equity grant of restricted stock units as well as additional chair fees, as described in detail in the Future Policy Table.

In order to avoid any conflict of interest, remuneration is managed through well-defined processes. The Compensation Committee provides assistance to the Board to oversee the Company's Executive Director compensation program. It retains an independent compensation consultant to support the oversight and management of the Company's compensation program.

As part of the Compensation Committee's responsibilities under its charter, it oversees the annual compensation decision process for our Executive Director. The Compensation Committee has historically taken into account multiple factors, such as considering the responsibilities, performance, contributions and experience of the Executive Director and their compensation in relation to other employees and other equivalent roles at peer companies. The Compensation Committee annually reviews the Executive Director's performance, base salary, annual incentive target opportunity and outstanding long-term incentive awards and approves any changes to the Executive Director's overall compensation package in light of such review. The Executive Director does not participate in deliberations regarding their own compensation.

The Board annually reviews and approves Non-Executive Director compensation based on the recommendation of the Compensation Committee. In making a recommendation, the Compensation Committee, with the assistance of the independent compensation consultant, reviews and considers market data for the Company's peer group, which is the same peer group used for the Company's executive compensation peer group, as well as a general industry group consisting of comparably sized general industry companies (excluding financial services) with median revenues of approximately the Company's size.

The Compensation Committee has the discretion to amend the Directors' Remuneration Policy with regard to immaterial or administrative matters where it would be, in the opinion of the Committee, in the best interests of the Company, and disproportionate to seek or await shareholder approval.

### Summary of key changes to the Directors' Remuneration Policy

The proposed Directors' Remuneration Policy is substantially similar to the current Directors' Remuneration Policy and will be applied in the same manner as the current policy. The material elements of compensation remain the same with minor adjustments to

further align with market trends and to address feedback from shareholders and proxy advisory firms, as described in detail in the Future Policy Table.

# **Future Policy Table**

# **Executive Director Compensation Table**

The below table sets out the compensation package for Mr. Ivo Jurek, the Company's Chief Executive Officer and its sole Executive Director. In the event that additional Executive Directors are appointed during the period for which the proposed policy is in force, the Compensation Committee shall have discretion to determine the compensation package for such appointments in accordance with the policy.

Compensation Component	Purpose / Link to Gates's Business Strategy	How Component Operates	Maximum Opportunity	Recovery or withholding
Base Salary	Attract and retain high-performing individuals.     Reflect an individual's skills, experience and performance.     Align with market value of role.	The base salary for the Executive Director is determined by the Compensation Committee after consideration of a number of factors, including: the breadth, scope and complexity of the executive's role; internal equity; current compensation; tenure in position and prior tenure in related roles; skill set; market pay levels; and individual performance. The Compensation Committee annually reviews the Executive Director's base salary and approves any changes to the Executive Director's compensation package in light of such review. The Executive Director does not participate in deliberations regarding their own compensation.	There is no prescribed maximum to base salary. Increases may be made when the Compensation Committee considers it appropriate, including when there is a significant increase in the scale, scope, responsibilities or market comparability of the role.	None.
Annual Cash Bonus (a short- term incentive tied to the Company's annual financial performance)	<ul> <li>Attract and retain high-performing individuals.</li> <li>Drive key business results.</li> <li>Advance profitability.</li> </ul>	The Executive Director participates in the Annual Plan, which is designed to reward employees: for achieving specific financial performance goals that would advance the Company's profitability, revenue growth, and drive key business results, and to recognize individuals based on their contributions to those results.  The Executive Director's payout under the Annual Plan is based on a combination of the achievement of the Company's financial performance goals for the fiscal year (the "Gates Financial Performance Factor"), which funds the Annual Plan, and the Executive Director's performance against their individual performance goals (the "Individual Performance Factor").	The maximum total bonus opportunity for the Executive Director is capped at 200% of his target incentive bonus opportunity.	Subject to clawback in accordance with Gates' Incentive Clawback Policy (as described in the notes to this Future Policy Table).

Compensation Component	Purpose / Link to Gates's Business Strategy	How Component Operates	Maximum Opportunity	Recovery or withholding
		The Compensation Committee may		
		further adjust the Executive Director's payouts under the Annual Plan in the		
		exercise of their business judgment, but		
		not in excess of his maximum		
		opportunity.		
		Gates Financial Performance Factor.		
		The Gates Financial Performance Factor		
		sets the funding level for the Annual		
		Plan (the "Total Bonus Pool"). The		
		Compensation Committee annually		
		establishes the financial performance		
		measures and their relative contribution		
		weighting, applying measures that are		
		assessed as critical indicators of the		
		Company's performance and that, when combined, contribute to sustainable		
		growth. Performance against these		
		measures determines the Total Bonus		
		Pool. In addition, the Compensation		
		Committee may exclude from the		
		measures and payout calculations the		
		translation impact of foreign exchange		
		gains and losses if excessive in nature		
		and the impacts of any non-recurring or		
		unusual item. For financial year 2025,		
		the financial performance measures are:		
		Adjusted EBITDA (50%), Free Cash		
		Flow (30%) and Revenue (20%).		
		Individual Performance Factor. The Executive Director's Individual		
		Performance Factor is determined based		
		on both financial and non-financial		
		objectives appropriate for their position.		
		The actual amounts paid to the		
		Executive Director under the Annual		
		Plan are calculated by multiplying for		
		each fiscal year the Executive		
		Director's base salary at the end of the		
		fiscal year by (i) their Annual Plan		
		target bonus opportunity (which is		
		reflected as a percentage of base salary),		
		(ii) 4b - Caral Cara Eigensial		

(ii) the final Gates Financial Performance Factor and (iii) the Individual Performance Factor.

Compensation Component	Purpose / Link to Gates's Business Strategy	How Component Operates	Maximum Opportunity	Recovery or withholding
Long Term Equity Incentive (a long-term incentive opportunity)	Attract and retain high-performing individuals.     Incentivize long-term business performance and promote retention.     Ensure long-term compensation is directly linked to the value that is delivered to the shareholders.	The Executive Director participates in the Company's 2018 Omnibus Incentive Plan (the "2018 Omnibus Incentive Plan"), a market-based long-term incentive program which allows for awards of a mix of performance shares, share options and restricted shares. For the financial year 2024, the Compensation Committee approved an annual award for the Executive Director under the Incentive Plan consisting 50% time-based vesting restricted stock units ("RSUs") and 50% performance-based vesting RSUs ("PRSUs"). The RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to the Executive Director's continued employment through the applicable vesting date. The PRSUs will vest upon completion of the three year performance period (2024 - 2026) and will be paid after certification of the performance results by the Compensation Committee.  The Compensation Committee may make future grants, and may revise the equity mix and vesting schedule for future grants as permitted under and in accordance with the 2018 Omnibus	PRSUs have a maximum payout opportunity of 200% of the target. PRSUs have a minimum payout (assuming threshold attainment) of 50% of the target. There is no maximum opportunity for the RSUs or options.	Subject to clawback in accordance with Gates' Incentive Clawback Policy and recovery under the Company's 2018 Omnibus Incentive Plan ("Incentive Plan"), each as described in the notes to this Future Policy Table.
Retirement Benefits	<ul> <li>Attract and retain high-performing individuals.</li> <li>Align with market value of role.</li> <li>Provide mechanism to accumulate retirement benefits.</li> </ul>	Incentive Plan.  Gates MatchMaker 401(k) Plan  The Executive Director is eligible to participate in a qualified defined contribution retirement benefit plan that provides him with an individual retirement account funded by (1) an automatic Gates-paid contribution of 3% of employee eligible earnings, and (2) a Gates-paid match on employee contributions dollar-for-dollar on the first 3% of eligible earnings that the employee contributes, which is subject to three-year cliff vesting.  Supplemental Retirement Plan  The Company offers a non-qualified plan that provides the Executive Director with benefits similar to the Gates MatchMaker 401(k) Plan (see above) but without an employer matched contribution, and which is not subject to statutory employer contributions and earnings limitations applicable to a 401(k) plan.	The Internal Revenue Code of 1986, as amended from time to time sets maximum limitations on employee contributions for participants as well as limitations on the earnings upon which employee/employer contributions may be made.  1. 6% of eligible earnings that exceed certain statutory limits. 2. Deferral of up to 80% of base salary and bonus into the plan.	None.

Compensation Component	Purpose / Link to Gates's Business Strategy	How Component Operates	Maximum Opportunity	Recovery or withholding
Other Benefits	<ul> <li>Attract and retain high-performing individuals.</li> <li>Align with market value of role.</li> </ul>	This plan provides the Executive Director with the following two benefit opportunities:  Non elective employer contribution. A 6% employer contribution on eligible earnings that exceed Section 401(a)(17) of the Code's dollar limits.  Compensation Deferral Opportunity. Employee participants may elect to defer up to 80% of base salary and 80% of bonus compensation. There is no employer paid matching contribution on these elective deferrals. These deferrals are in addition to amounts participants may defer in the Gates MatchMaker 401(k) Plan. The additional benefits for the Executive Director generally consist of a parking subsidy, tax preparation services and an executive annual physical examination. In addition, the Executive Director receives the benefit of limited personal use of an airplane leased by the Company pursuant to a fractional lease program. Tax gross-ups to compensate the Executive Director for certain relocation benefits are also provided in connection with the commencement of employment with the	<ol> <li>Parking maximum is up to the actual cost of 12 months of parking. The current applicable annual rate for parking is \$3,900.</li> <li>Executive physical: no maximum.</li> <li>Tax preparation: no maximum.</li> <li>Preapproval of up to 25 flight hours for personal use.</li> <li>All "Other Benefits" are subject to periodic review.</li> </ol>	None.
		Company.  Other benefits, such as medical, dental and short-term disability coverage may be provided to the Executive Director, identical to the benefits provided to all other eligible U.Sbased employees.  The Executive Director may also receive enhanced benefits that are not available to other employees, such as additional relocation assistance and life, accidental death and dismemberment ("AD&D") and long-term disability insurance benefits.  An individual disability insurance plan is offered to the Executive Director to cover annual income in excess of \$360,000.	The Executive Director is currently eligible for enhanced life and AD&D insurance benefits of 3x base salary up to \$3,000,000.  This plan provides for a monthly disability payment upon the occurrence of a qualifying event. This benefit is subject to periodic review.	None.

Compensation Component	Purpose / Link to Gates's Business Stratogy	How Component Operator	Maximum Opportunity	Recovery or withholding	
Severance Benefits and Change in Control	Attract and retain high-performing individuals.     Allows individuals to perform their duties with respect to any potential proposed corporate transaction without concern for the impact of the transaction on their individual employment.     The interests of shareholders are better protected and enhanced by providing greater certainty regarding executive pay obligations in the	Severance Benefits The Executive Severance Plan provides for severance payments upon certain termination of employment events to the Executive Director. The Executive Severance Plan also provides for reimbursement for reasonable outplacement as well as health and dental benefit continuation assistance.	Severance Benefits  The Executive Director is provided with (i) salary continuation payments in an amount equal to two times the sum of base salary and target bonus amount, (ii) the annual bonus under the Annual Plan as earned (without the adjustment for the Individual Performance Factor) for the year in which the separation occurs (prorated for days of service during the fiscal year), (iii) cash payments in an amount equal to the total amount of Gates' portion of the monthly insurance premiums for participation in the health and dental programs in which the Executive Director participated in payable for 24 months, and (iv) reimbursement for reasonable outplacement services incurred during a six consecutive month period. This is subject to periodic review.	None.	
	context of planning and negotiating any potential corporate transactions.	Change of Control Benefits  The Executive Change in Control Plan provides for payments to the Executive Director in the event of a "change of control" of Gates and a qualifying termination.  The Executive Change in Control Plan provides for reimbursement for reasonable outplacement as well as health and dental benefit continuation assistance.	Change of Control Benefits  In the event of a "change in control" of Gates and a qualifying termination, the Executive Director is provided with (i) payments in the amount of three times the sum of base salary and target bonus amount, (ii) the annual bonus under the Annual Plan as earned (without the adjustment for the Individual Performance Factor) for the year in which the separation occurs (pro-rated for days of service during the fiscal year), (iii) cash payments in an amount equal to the total amount of Gates' portion of the monthly insurance premiums for participation in the health and dental programs in which the Executive Director participated in payable for 36 months, and (iv) reimbursement for reasonable outplacement services incurred during a six consecutive month period. This is subject to periodic review.	None.	
Discretionary Bonuses	<ul> <li>Retain high-performing individuals.</li> <li>Align with market value of role.</li> </ul>	From time to time, the Executive Director may receive a discretionary bonus.	There is no maximum discretionary bonus. A bonus may be awarded where the Compensation Committee considers it appropriate including (but not limited to) a significant improvement in the performance of the Company and its subsidiaries.	Potential for clawback if earne based wholly or in part upon the attainment of a Financial Performance Measure (as defined in Gates' Incentive Clawback Policy described in the notes to this Future Policy	

Table.

### Non-Executive Director Compensation Table

The below table sets out the compensation package for the Company's Non-Executive Directors. Currently, all Non-Executive directors receive the same compensation package, generally comprised of 41% as a cash retainer and 59% as an equity grant, with an additional cash or equity retainer for directors serving as the chair of a committee or the Board. In the event that further Non-Executive Directors are appointed during the period for which the proposed policy is in force, the Compensation Committee shall have discretion to determine the compensation package for such appointments in accordance with the policy.

Compensation Component	Purpose / Link to Gates's Business Strategy	How Component Operates	Maximum Opportunity	Recovery or withholding
Fees Earned or Paid in Cash	Attract and retain Non- Executive Directors with a diverse set of skills, background and experience.     Align with market value of role.	\$100,000 per annum fees (payable in quarterly installments in arrears) pro-rated for the period of service. The fees are reviewed annually or at other times when appropriate and may be increased from time to time pursuant to such review.	Fees are a fixed amount per annum.	None.
Stock Awards	<ul> <li>Attract and retain Non-Executive Directors with a diverse set of skills, background and experience.</li> <li>Align with market value of role.</li> <li>Align our eligible directors' financial interests with those of the shareholders.</li> </ul>	Annual awards of \$145,000 in value of restricted stock units. This is reviewed annually or at other times when appropriate and may be increased from time to time pursuant to such review.	The number of restricted stock units is not adjusted once awarded.	Subject to recovery under the Incentive Plan as described in the notes to this Future Policy Table.
Chair Fees	Attract and retain Non-Executive Directors with a specialized set of skills, background and experience     Recognize additional time and responsibility associated with role     Align with market value of role	The chairs of the following committees receive additional annual fixed fees (payable in cash in quarterly installments in arrears or, in the case of the Board chair, payable either in an annual equity award or in cash in quarterly installments in arrears):  • Chair, Board: \$130,000 • Chair, Audit Committee: \$25,000 • Chair, Compensation Committee: \$15,000 • Chair, Nominating and Governance Committee: \$15,000 These amounts are reviewed annually or at other times when appropriate and may be increased from time to time pursuant to such review.	Fees are a fixed amount per annum.	No recovery provisions apply to cash fees. Fees paid in equity are subject to recovery under the Incentive Plan as described in the notes to this Future Policy Table.
Reimbursement for preparation of tax filings in U.K. and reimbursement of expenses	Compensate directors for costs necessarily incurred by them arising from the Company's choice of country of incorporation.     Compensate directors for costs incurred to attend Board or committee meetings.	The Company reimburses each Non-Executive Director for any advisor fees incurred by such director in connection with the preparation of such director's U.K. tax return. The Company reimburses all directors for expenses associated with each Board or committee meeting attended.	There is no maximum reimbursement amount.	None.

**Notes to Future Policy Table** 

Incentive Clawback Policy and Recovery under the Incentive Plan

The Company has adopted an Incentive Compensation Clawback Policy consistent with the requirements of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act") Rule 10D-1 and NYSE listing standards. Under this policy, which applies to the Company's current and former Section 16 officers, including the Executive Director, the Company must recover erroneously awarded incentive-based compensation, subject to limited exceptions, in the event the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws. This policy requires recovery of erroneously awarded incentive compensation regardless of whether a Section 16 officer engaged in any misconduct or is otherwise at fault. This policy applies to incentive-based compensation awarded to a current or former Section 16 officer during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement. In addition, the Company's 2018 Omnibus Incentive Plan provides that if a covered person engages in any detrimental activity (as defined in the 2018 Omnibus Incentive Plan) as determined by the Compensation Committee, the Compensation Committee may, in its sole discretion, provide for one or more of the following: (i) cancellation of any or all of such covered person's outstanding awards; or (ii) forfeiture by the covered person of any gain realized on the vesting or exercise of awards, and prompt repayment of any such gain to the Company.

# Policy on payment for loss of office

#### Executive Director

Executive Severance Plan. The Company's Executive Severance Plan provides for severance payments upon certain terminations of employment to the Executive Director, who is expected to make substantial contributions to its success and thereby provide for stability and continuity of operations. The Executive Director participates in the Executive Severance Plan pursuant to an individual participation agreement.

The Executive Severance Plan provides that, if the Company terminates the employment of the Executive Director for any reason other than "cause", death or disability, or if the Executive Director voluntarily terminates as a result of "constructive termination," then the Executive Director will be entitled to receive:

- salary continuation payments in an amount equal to two times the sum of base salary and target bonus amount for the Executive Director;
- the Executive Director's annual bonus under the Annual Plan as earned (without the adjustment for an individual performance factor) for the year in which the separation occurs (pro-rated for days of service during the fiscal year), payable concurrently with cash bonus payments to other employees under the Annual Plan;
- cash payments in an amount equal to the total amount of the Company's portion of the monthly insurance premiums for participation in the health and dental benefit programs in which the Executive Director participated immediately prior to separation, payable monthly for each month of the welfare continuation period, which is for a period of 24 months; and
- reimbursement for reasonable outplacement services that are directly related to the Executive Director's termination and incurred only during a six-consecutive month period that ends within or with the 12-month period following the termination of his employment.

For these purposes, "cause" and "constructive termination" have the meanings ascribed to such terms in the Executive Severance Plan.

The Executive Severance Plan contains a "best-of-net" provision. With a "best-of-net" provision, if any of the participants is subject to an excise tax under Code Section 280G and Code Section 4999, then the amount of severance the participant receives may be reduced so that the excise tax does not apply; however, such reduction will only occur if it results in the receipt of a greater after-tax severance than would otherwise be provided.

The Executive Director is not entitled to payments under the Executive Severance Plan if he is entitled to receive payment under the Executive Change in Control Plan discussed below. In addition, in order to receive payments under the Executive Severance Plan, the Executive Director must execute and not revoke a release of claims against the Company and continue to comply with confidentiality, non-compete, non-solicitation and non-disparagement covenants during his employment and for the one-year period following any termination of employment (or such longer period as the Executive Director is eligible to receive severance payments from us).

Executive Change in Control Plan. The Company maintains an Executive Change in Control Plan in which the Executive Director participates pursuant to an individual participation agreement. The Executive Change in Control Plan serves to encourage the Executive Director to carry out his duties and provide continuity of management in the event of a "change of control" of Gates.

If a change in control occurs and the Executive Director's employment is terminated by the Company or a successor for reasons other than "cause" or is terminated voluntarily by him for "constructive termination," in each case within the period beginning 90 days prior to the consummation of a change in control and ending on the second anniversary of the date of such change in control, then the Executive Change in Control Plan generally provides that he would be entitled to receive:

- a lump-sum payment in the amount of three times the sum of base salary and target bonus amount for the Executive Director;
- a lump-sum payment equal to his target bonus amount in effect prior to the change in control (pro-rated for days of service during the fiscal year);
- cash payments in an amount equal to the total amount of the monthly insurance premiums for participation in the health and dental benefit programs as well as the monthly premiums for the life and long-term disability insurance benefit programs in which he participated immediately prior to separation, payable monthly for each month of the welfare continuation period, which is equal to 36 months for the Executive Director; and
- reimbursement for reasonable outplacement services that are directly related to the Executive Director's termination and incurred only during a six-consecutive month period that ends within or with the 12-month period following the termination of his employment.

For these purposes, "change in control", "cause" and "constructive termination" have the meanings ascribed to such terms in the Executive Change in Control Plan.

The Executive Change in Control Plan contains a "best-of-net" provision. With a "best-of-net" provision, if the Executive Director is subject to an excise tax under Code Section 280G and Code Section 4999, then the amount of severance he receives may be reduced so that the excise tax does not apply; however, such reduction will only occur if it results in the receipt of a greater after-tax severance than would otherwise be provided.

To the extent a payment or benefit that is paid or provided under the Executive Change in Control Plan would also be paid or provided under the terms of another plan, program, agreement, arrangement or legal requirement, the Executive Director would be entitled to payment under the Executive Change in Control Plan or such other applicable plan, program, agreement, arrangement or legal requirement, whichever provides for greater benefits, but would not be entitled to benefits under both the Executive Change in Control Plan and such other plan, program, agreement, arrangement or legal requirement.

In addition, in order to receive payment and benefits under the Executive Change in Control Plan, the Executive Director must execute and not revoke a release of claims against the Company and continue to comply with confidentiality, non-compete and non-solicitation covenants during his employment and for the one-year period following any termination of employment (or such longer period as the Executive Director is eligible to receive severance payments from the Company).

Neither plan contains a single trigger or a modified single trigger for benefits. In addition, the Executive Change in Control Plan does not provide for benefits upon death or disability following a change in control.

## Policy on recruitment remuneration

The compensation package for a new director will be set in accordance with the terms of the remuneration policy in force at the time of appointment or hiring, save that sign-on bonuses may also be considered as set out below. There is no maximum aggregate value of incentives applicable under the policy, but the Compensation Committee is mindful to pay no more than is necessary to facilitate recruitment of the right talent.

In the case of an internal appointment/promotion of an individual to the Executive Director or other director position, the Compensation Committee reserves discretion to set base salary at a level it deems appropriate to reflect the material increase in scope and responsibility.

For external hires and internal appointments, the Compensation Committee may agree that the Company will meet certain relocation expenses which includes home finding assistance, home purchase assistance (including reimbursement of closing costs and limited inspection fees), home sale assistance (marketing and closing cost assistance), moving household goods, and a lump sum for miscellaneous expenses.

Sign on bonuses will also be used at the Compensation Committee's discretion to attract highly skilled officers to the Company. Generally, they are used to incentivize candidates to leave their current employers, or may be used to offset the loss of unvested compensation they may forfeit as a result of leaving their current employers.

On appointment of a new non-executive director, remuneration will be set in accordance with the terms of the remuneration policy in force at the time of appointment.

## Service Contracts and Letters of Appointment

Please refer to the "Policy on payment for loss of office" section of this Directors' Remuneration Policy for a description of the obligations on the Company that could give rise to remuneration or loss of office payments. Directors may resign at any time without notice and are not subject to a specified term. Directors' letters of appointment are held at the Company's offices at 1144 Fifteenth Street, Denver, Colorado 80202. The Executive Director is employed on an "at will" basis such that no notice provision applies.

## Consideration of employment conditions elsewhere in company

Although the Compensation Committee does not consult directly with the broader employee population on the Company's executive compensation program, the Compensation Committee considers a variety of factors when determining the Directors' Remuneration Policy, including but not limited to (1) compensation arrangements covering variable pay and benefits for all employees, (2) recent trends in talent attraction and retention affecting the Company and the industry and (3) employment conditions for the broader employee population. In addition to these considerations, the Compensation Committee believes that the compensation policy for the Executive Director is necessary to reflect the qualifications and level of responsibility of the position relative to the typical employee.

#### Non-Executive Directors

The Company's general policy is that Non-Executive Directors should be appointed on an "at will" basis such that no notice provision applies. There are no obligations which could give rise to a remuneration or loss of office payment to any of the Non-Executive Directors.

The Compensation Committee may vary these terms if the particular circumstances surrounding the appointment of a new Non-Executive Director require it (in accordance with the policy on the appointment of new Non-Executive Directors above). In particular, the Compensation Committee may determine that these terms may vary substantially where it is necessary or desirable to recruit in a market in which "at will" employment terms are not competitive.

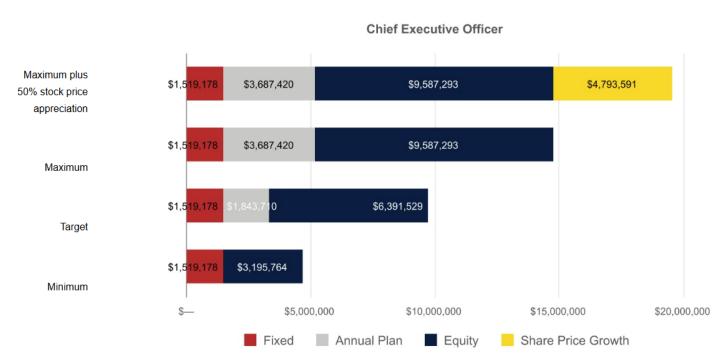
### Illustration of application of Directors' Remuneration Policy

The following graph sets out the minimum, target and maximum compensation that could be earned by the Executive Director in 2025 based on the policy described above. These amounts reflect three levels of performance: Minimum, Target (at expectation) and Maximum.

- *Minimum*: Includes the sum of base salary, retirement benefits, other taxable benefits and the grant date fair value of the RSUs. Excludes pay for performance (i.e., assumes no payout of the Annual Plan and no vesting of performance shares). As shown in the graph below, Minimum consists of 32.2% Fixed and 67.8% Equity.
- *Target (at expectation)*: Includes the fixed compensation listed above, plus (i) Annual Plan payout at target level of 100% attainment, and (ii) the grant date fair value of the PRSUs at 100% vesting. As shown in the graph below, Target consists of 15.6% Fixed, 18.9% Annual Plan, and 65.5% Equity.
- *Maximum*: Includes the fixed compensation listed above, plus (i) Annual Plan payout at the maximum level of 200% attainment, and (ii) the grant date fair value of the PRSUs at 200% vesting. As shown in the graph below, Maximum consists of 10.3% Fixed, 24.9% Annual Plan, and 64.8% Equity.
- Maximum plus 50% share price appreciation: All elements are the same as the 'Maximum' scenario, but assuming 50% share price growth over the relevant vesting period in respect of the RSUs and the PRSUs. As shown in the graph below, Maximum plus 50% share price appreciation consists of 7.8% Fixed, 18.8% Annual Plan, 48.9% Equity, and 24.5% Share Price Growth.

Additional assumptions used in compiling the graph illustrations are:

- Base Salary, Fees, Pension & Benefits: For all scenarios, reflects the 2025 base salary, which was effective on February 28, 2025. The value of the taxable benefits is as disclosed in the Single Figure Total Remuneration Table for Executive Director in the Directors' Remuneration Report for financial year 2024.
- Long Term Incentive: For all scenarios, reflects the RSUs at grant date fair value measured using applicable accounting standards. These values do not represent actual amounts that the Executive Director would receive in 2025 as the RSUs vest in equal annual installments over three years and the PRSUs vest, only to the extent earned, at the end of a three-year performance period. In the minimum, target and maximum scenarios, the 2025 long term incentive values assume no share price change relative to the closing price of Gates shares on the grant date.



#### Consideration of shareholder views

The Compensation Committee will consider the shareholders' advisory votes on the directors' remuneration report presented to the Company's shareholders at each annual general meeting. The Company is committed to continued engagement between shareholders and the Company to fully understand and consider shareholders' input and concerns.

## For the financial year ended December 28, 2024 ("Fiscal 2024")

In accordance with the U.K. Large and Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "**Regulations**"), this Directors' Remuneration Report includes disclosure of certain amounts paid to directors for "qualifying services." This disclosure is presented for (i) Fiscal 2024, and (ii) for the financial year ended December 30, 2023 ("**Fiscal 2023**").

The following directors served during Fiscal 2024:

## **Executive Director**

• Mr. Ivo Jurek

## Non-Executive Directors

- Mr. Fredrik Eliasson
- Mr. James W. Ireland, III
- Ms. Stephanie K. Mains
- Mr. Wilson S. Neely
- Ms. Alicia L. Tillman
- Dr. Molly P. Zhang
- Mr. Neil P. Simpkins (prior to January 30, 2024, Mr. Simpkins was a Former Sponsor-affiliated Director)

## Non-Executive Director: Former Sponsor-affiliated Director

• Seth A. Meisel (Mr. Meisel resigned from the Board as of December 31, 2024)

#### Remuneration for Each Director

#### **Executive Director**

## SINGLE FIGURE TOTAL REMUNERATION TABLE FOR EXECUTIVE DIRECTOR (AUDITED)

This table reflects compensation earned by the Company's Executive Director during Fiscal 2024 and during Fiscal 2023, which includes base salary, annual cash bonus, long-term equity incentives and certain employee benefits.

				Change in Pension						
				Value						
				and Nonqualified						
				Deferred						
				Compensation	Total		Option	Annual		
		Salary	All Other	Earnings	Fixed	Stock Awards	Awards	Bonus	Total Variable	Total
Name	Year	<b>(\$)</b> <sup>(1)</sup>	Benefits (\$) <sup>(2)</sup>	(\$)	(\$)	(\$) <sup>(3)</sup>	<b>(\$)</b> <sup>(4)</sup>	(\$) <sup>(5)</sup>	(\$)	(\$)
Ivo Jurek	2024	1,179,318	290,038	_	1,469,356	9,477,356	— 2	2,506,377	11,983,733	13,453,089
	2023	1,134,129	267,927	_	1,402,056	5,574,223	125,532 2	2,603,530	8,303,285	9,705,341

- 1. The amounts reported in the "Salary" column consist of base salary earned during each financial year.
- 2. The amounts reported in the "All Other Benefits" column reflect the sum of: (1) the amounts contributed by Gates to the Gates MatchMaker 401(k) Plan and the Supplemental Retirement Plan\*; and (2) the cost of all other executive benefits, as shown in the table below:

		Company	Company		
		Contributions to	<b>Contributions to Gates</b>		
		Gates MatchMaker	Supplemental	Other	
		$401(k)^{(a)}$	Retirement Plan <sup>(b)</sup>	Benefits(c)	Total
Name	Year	(\$)	(\$)	(\$)	(\$)
I. Jurek	2024	20,250	206,271	63,517	290,038
I. Juick	2023	19,800	105,315	142,812	267,927

- a. Company Contributions to Gates MatchMaker 401(k) Plan. Gates makes matching contributions of 100% on up to 3% of eligible earnings deferred by all eligible participants, including the Executive Director, in accordance with the Gates MatchMaker 401(k) Plan. Gates also makes a non-elective contribution to all eligible participants, including the Executive Director, in an amount equal to 3% of eligible earnings, subject to the limitations of the Internal Revenue Code of 1986, as amended from time to time (the "Code").
- b. Company Contributions to the Supplemental Retirement Plan. Gates makes a Retirement Contribution of 6% of eligible compensation on behalf of all eligible participants, including the Executive Director, under the Supplemental Retirement Plan for eligible compensation that exceeds Section 401(a)(17) of the Code. The Supplemental Retirement Plan is a funded, nonqualified plan administered by the Company that provides its executives, including its Executive and Non-Executive Directors, with the ability to contribute portions of their compensation towards retirement on a tax-deferred basis. The Company makes a retirement contribution of 6% of eligible compensation on behalf of eligible employee participants, including its Executive Director, for eligible compensation that exceeds the limits in Section 401(a)(17) of the Code. The Company does not make contributions to this Plan for Non-Executive Director participants.
- c. Other Benefits. Represents the aggregate incremental costs of certain additional limited benefits used by the Executive Director, which are a parking subsidy, tax preparation services, executive physical, and limited personal use of an airplane leased by the Company pursuant to a fractional lease program. For the airplane usage, the aggregate incremental cost was calculated based on the variable operating costs to the Company for personal usage, which includes fees per flight hour, fuel charges and any additional usage or service fees. Mr. Jurek was accompanied by family members, but there was no aggregate incremental cost associated with these additional passengers. Because the airplane is used primarily for business travel, this methodology excludes costs that do not change based on usage, such as the annual lease fee. The amount reported in this column also includes the full value of the premiums paid by Gates with respect to

the enhanced life, accidental death and dismemberment and long-term disability insurance benefits provided to the Executive Director.

- 3. During 2024, 268,807 time-based vesting restricted stock units ("**RSUs**") and 198,101 performance-based vesting RSUs ("**PRSUs**") vested. The market value of the shares awarded at vesting was \$9,477,356, representing an aggregate appreciation in value of \$2,494,654 since these awards were granted. The appreciation value includes shares that vested above target. Please see also the "2024 Grants of Plan-Based Awards" section below.
- 4. During 2024, 49,651 time-based stock options ("**Options**") awarded in 2021 vested. The closing per share price on the day prior to the vesting date was \$14.64 compared to the exercise price payable by the Executive Director of \$15.00. In addition, 265,488 and 13,004 premium-priced Options awarded in 2019 and 2021, respectively, vested during 2024. The closing per share price on the day prior to the vesting date was \$14.17 for the 2019 awards, and \$14.64 for the 2021 awards, compared to an exercise price payable by the Executive Director of \$19.00 for the 2019 awards, and \$16.50 for the 2021 awards.
- 5. The amount reported in the "Annual Bonus" column consist of amounts earned under the Annual Plan. For a summary of the details of the performance measures used and their relative weighting, the performance targets set at the beginning of the performance period and details of actual performance relative to the targets set and measured over the relevant reporting period, and the resulting level of reward, please see the "2024 Grants of Plan-Based Awards" section below.

#### 2024 GRANTS OF PLAN-BASED AWARDS

#### Executive Director

2024 Long-Term Incentive. In March 2024, the Board approved annual long-term incentive awards (the "2024 LTI") under the 2018 Omnibus Incentive Plan to incentivize long-term business performance as well as to promote retention. The 2024 LTI for the Executive Director is comprised of 50% RSUs and 50% PRSUs. The RSUs will vest in substantially equal annual installments on the first three anniversaries of the grant date, subject to the Executive Director's continued employment through the vesting date.

The PRSUs provide that 75% of the award will vest if the Company achieves a certain level of average annual Adjusted Return on Invested Capital ("Adjusted ROIC") and the remaining 25% will vest if the Company achieves certain Relative Total Shareholder Return ("Relative TSR") goals. Performance for the Adjusted ROIC and Relative TSR goals are each measured over a three-year performance period based on the pre-established scale. The Compensation Committee selected Adjusted ROIC as a metric to drive focus on making sound investments and efficient use of working capital. The Compensation Committee selected Relative TSR as a metric to align a significant portion of pay delivery directly with shareholder value creation. It also aligns the interests and experience of executive officers with those of the Company and its shareholders and filters out macroeconomic and other factors that are not within management's control.

Performance Measure (Weighting)	Description
Adjusted ROIC (75%)	75% of PRSU value is calculated as the three-year average of the annual: (Adjusted EBITDA - depreciation and amortization) x (1 - 25% tax rate) divided by the five quarter average of (total assets - non-restricted cash - accounts payable - goodwill and other intangible assets that arose from the acquisition of Gates by Blackstone in 2014). The financial measures used to determine Adjusted ROIC are calculated in accordance with U.S. GAAP as presented in the Company's financial statements, except (i) Adjusted EBITDA is defined in the same manner as described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures" of the 2024 U.S. Annual Report, (ii) actual results and/or performance targets may be adjusted to exclude the impact of acquisitions and divestitures completed during the performance period, (iii) the depreciation and amortization deduction excludes the amortization of intangible assets arising from the acquisition of Gates by Blackstone in 2014 and (iv) total assets excludes both income tax and deferred tax assets.
Relative TSR (25%)	25% of PRSU value is based on the Company's three-year relative TSR ranking against companies in the S&P 400 Capital Goods Industry Index (the "Relative TSR Peer Group"). TSR is measured by stock price change and dividends over the performance period as a percentage of the beginning stock price. The beginning and ending stock prices are based on the prior 20-day trading averages. In the event absolute TSR performance is negative, payout of Relative TSR

The total number of PRSUs that vest at the end of the three-year performance period will range from a payout of 0% to a maximum of 200% as determined by measuring actual performance over the performance period for Adjusted ROIC and Relative TSR against the performance goals based on a pre-established scale. Payout for achievement between the performance levels will be determined based

is capped at the target level.

on a straight-line interpolation of the applicable payout range rounded to the nearest whole percentile for Relative TSR and rounded to the nearest tenth of a percentage for Adjusted ROIC. Goals for the Adjusted ROIC performance measure will be disclosed at the end of the three-year performance period. Payout of the Relative TSR measure is capped at the target level if absolute TSR performance is negative, and requires the following threshold, target and maximum performance levels over the three-year performance period:

Relative TSR Percentile Rank	Potential Payout Percentage
75th Percentile or above (Maximum)	200
50th Percentile (Target)*	100
25th Percentile (Threshold)	50
Below 25th Percentile	-

<sup>(\*)</sup> Payout is capped at the target level if absolute TSR performance is negative.

Payouts are subject to the Executive Director's continued employment through the end of the applicable performance period and are paid out after the certification of the performance results by the Compensation Committee. The Compensation Committee chose Adjusted ROIC and Relative TSR performance goals at target that are, in the Compensation Committee's view, challenging but achievable.

<u>2022-2024 PRSUs.</u> For the PRSUs vested and payable in 2024 (granted in 2022 for a three-year performance period from 2022-2024 (the "**2022-2024 Performance Period**")), the weighting and level of achievement of the two metrics of Adjusted ROIC and Relative TSR as well as the aggregate payout were as follows:

Metric	Weight	Payout
Adjusted ROIC	75%	130%
Relative TSR	25%	94%
Total Payout		121%

*Adjusted ROIC*. The PRSU payout level for Adjusted ROIC was based on the three-year average performance during the 2022-2024 Performance Period. The annual threshold, target, and maximum goals for this metric as well as the achievement and payout for this metric were as follows:

							3-Year	
	Threshold	Target	Maximum				Average	
	(50%	(100%	(200%	Annu	al Achiev	ement	Annual	Metric
Performance Period	funding)	funding)	funding)	2021	2022	2023	Achievement	Weighting
2022 - 2024	15.0%	20.0%	25.0%	19.4%	22.2%	23.0%	21.5%	
Adjusted ROIC Payout							130.0%	75.0%

<sup>(\*)</sup> Performance between goals was interpolated on a straight-line basis, rounded to the nearest whole percentage.

**Relative TSR.** The PRSU payout level of Relative TSR was based on the Company's' three-year total shareholder return ranking versus the Relative TSR Peer Group with a cap at the target level if absolute TSR performance is negative. The threshold, target and maximum performance levels as well the Company's achievement were as follows:

Performance Period	Threshold (50% funding)	Target (100% funding)	Maximum (200% funding)	Achievement	Metric Weighting
Twenty-day average stock price prior to January 2, 2022 and December 28,	25th percentile (2% TSR)	50th percentile (42% TSR)	75th percentile (99% TSR)	47th percentile (38% TSR)	
2024					
Relative TSR Payout				94.0%	25.0%

*Executive Director Award.* Based on the Company's performance over the 2022-2024 Performance Period as described above, the numbers of ordinary shares underlying PRSUs granted in 2022 vested as follows for the Executive Director:

#### Name

I. Jurek 163,721 198,101

2024 Short-Term Incentive. The Company provides a short-term annual incentive opportunity under the Gates Global Bonus Policy (the "Annual Plan") to reward certain employees, including the Executive Director, for achieving specific performance goals that would advance the Company's profitability and drive key business results, and to recognize individuals based on their contributions to those results.

Payouts under the Annual Plan were based on a combination of the achievement of the Company's financial performance goals in 2024 (the "Gates Financial Performance Factor"), which fund the Annual Plan, and the Executive Director's performance during the fiscal year against his individual performance goals (the "Individual Performance Factor"). The maximum total bonus opportunity for the Executive Director was capped at 200% of his target incentive bonus opportunity.

Gates Financial Performance Factor. The Gates Financial Performance Factor sets the funding level for the Annual Plan. The Compensation Committee, after an evaluation of possible financial performance measures, determined to continue using Adjusted EBITDA, Free Cash Flow, and Revenue as the financial performance measures for 2024. The Compensation Committee determined that these financial performance measures would be critical indicators of the Company's performance for 2024 and, when combined, would contribute to sustainable growth. The Annual Plan financial performance measures and weightings for 2024 are described below.

Performance Measure	
(Weighting)	Description*
Adjusted EBITDA (50%)	Adjusted EBITDA under the Annual Plan is defined in the same manner as described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures," of the 2024 U.S. Annual Report.
Free Cash Flow (30%)	Calculated as Adjusted EBITDA (as defined for purposes of the Annual Plan as described immediately above), less capital expenditures, plus or minus the change in working capital versus prior year.
Revenue (20%)	Revenue under the Annual Plan is defined as actual revenue as reflected in the Company's U.S. GAAP financial statements, excluding the impacts of acquisitions and divestitures made during the

(\*) At the time of setting these performance measures, the Compensation Committee determined that the performance measures and payout calculations should exclude the translation impact of foreign exchange gains and losses ("FX Impacts") if excessive in nature (with the Compensation Committee to consider excluding FX Impact when the impact is beyond +/- \$10 million of translation impact to EBITDA) to more closely align with the underlying operating performance of the Company. EBITDA is defined in the same manner as described in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Measures," of the 2024 U.S.Annual Report. In addition, the Compensation Committee retained discretion to exclude from the targets and/or the calculation of the performance measures impacts of any non-recurring or unusual item, but no such exclusions were made in 2024.

The weighted achievement factor for each of the financial performance measures is determined by multiplying the weight attributed to each performance measure by the applicable achievement factor for each measure. For each of the performance measures, the achievement factor is determined by calculating the payout percentage against the target goal based on a pre-established scale. Funding attainment with respect to each of these performance measures can range from 0% of the target incentive to 200% of the target incentive as follows:

- 0% funding for performance below the threshold requirement;
- 50% of target incentive for achieving 90% of the target performance requirement (threshold);
- 100% of target incentive for achieving 100% of the target performance requirement (target); and
- 200% of target incentive for achieving 110% or above of the target performance requirement (maximum).

Payouts for performance between points are interpolated on a straight-line mathematical basis and rounded to the nearest whole number.

The following table outlines the calculation of the 2024 Total Bonus Pool based on the Company's attainment of the 2024 Gates Financial Performance Factor measures, each of which were approved by the Compensation Committee without adjusting the previously approved performance measures described above for non-recurring or unusual items.

(dollars in millions)					2024 Attainm	Attainment <sup>(2)</sup>		ding
	Weighting	Threshold	Target	Maximum			Amount	
Measure	(%)	(\$)	(\$)	(\$)	\$	%	\$ %	6 of Target
Adjusted EBITDA	50	657.0	730.0	803.0	778.2	107	24.8	170
Free Cash Flow	30	522.0	580.0	638.0	580.7	100	8.7	100
Revenue <sup>(1)</sup>	20	3,308.4	3,517.0	3,699.5	3,475.6	99	5.5	95
Total							\$39.0	134 %

- (1) Revenue threshold and maximum are narrower than 90% and 110% to align with the associated Adjusted EBITDA levels.
- (2) Consistent with the previously established performance measures, attainment values exclude FX Impacts. This reduced the overall funding from 135% to 134%.

*Individual Performance Factor.* At the end of the performance period, the Compensation Committee considered the Executive Director's individual performance based on achievement against the performance criteria listed below to determine the appropriate attainment percentage for the Executive Director.

- Financial Goals: Achieving the Company's annual financial plan, as well as the annual financial plan for the executive's
  region or function. This included goals related to the Company's 2024 sales, gross margin, adjusted EBITDA and free cash
  flow.
- Operational Goals: Achieving targets related to workplace safety, product quality, freight costs, productivity and inventory management.
- Geographic Growth and Profitability Expansion Goals: Focusing on growth opportunities to drive richer margins and mix.
- Key Initiatives: Executing on key company initiatives set forth in the Company's strategic plan, including those related to the industrial, mobility, and automotive end markets, 80/20 portfolio optimization, innovation, digital assets, and performance related to environmental, sustainability, and governance business initiatives.
- Building Our People Core Competencies: Focusing on organizational capabilities, developing our talent pipeline, launching leadership development programs, enhancing our reputation, and setting workforce expectations focused on business results, value, strategic thinking, and curiosity.

In evaluating the Executive Director's 2024 performance, the Compensation Committee considered his leadership and performance across all areas of focus described above. In addition, the Compensation Committee evaluated the Executive Director's strong financial performance in 2024 relative to peer companies and his ability to maintain sustained margin improvement in 2024. After reviewing these evaluations as well as the committee's interactions with the Executive Director and considering the size and complexity of the Company's business as well as external variables such as macro-economic conditions, the Compensation Committee determined that the Executive Director had exceeded his 2024 goals and approved an Individual Performance Factor of 105%.

**Payout.** The actual amount paid to the Executive Director under the Annual Plan was calculated by multiplying his base salary in effect on December 28, 2024 by (i) his Annual Plan target bonus opportunity (which is reflected as a percentage of base salary), (ii) the final Gates Financial Performance Factor, and (iii) the Individual Performance Factor. The following table illustrates the calculation of the annual cash incentive awards payable to the Executive Director under the Annual Plan based on 2024 financial performance and individual performance.

		Target	Target	<b>Gates Financial</b>	Individual	
	Base	<b>Annual Plan</b>	<b>Annual Plan</b>	Performance	Performance	2024 Actual
	Salary	Opportunity	Opportunity	Factor	Factor	Payout
Name	(\$)	(% of Base Salary)	(\$)	(%)	(%)	(\$)
Ivo Jurek	1,187,575	150	1,781,363	134	105	2,506,377

### 2024 Grants of Plan-Based Awards Table (Audited)

The following table summarizes all grants of plan-based awards to the Company's Executive Director in Fiscal 2024.

Estimated Future Payouts under non-equity incentive plan awards				Estimated Future Payouts under Equity Incentive Plan Awards			All other stock awards: nu number of s	All other option awards: number of securities underlying	Exercise or base price of option	Grant date face value of stock and	Grant date fair value of stock and	
Award	Grant	Threshold	Target	Max	Threshold	Target	Max	stock units	options	awards	option awards	option awards
Type	Date	(\$)	(\$)	(\$)	(#)	(#)	(#)	(#)	(#)	(\$/sh)	<b>(\$)</b> <sup>(4)</sup>	(\$)
Annual Plan <sup>(1)</sup>	_	178,136	1,781,363	3,562,725								
PRSU <sup>(2)</sup>	3/4/2024				23,959	191,673	383,346				5,700,355	3,136,729
RSU <sup>(3)</sup>	3/4/2024							191,673			2,850,178	2,850,178

- (1). Represents the cash-based award opportunity range under the Annual Plan for 2024. For purposes of this table and threshold level disclosure, the Company assumed that the lowest weighted of the three performance measures achieved the threshold level of attainment (in other words, 10% of the target award was earned) and the Individual Performance Factor was set at 100%. The calculation uses the Executive Director's base salary as of December 28, 2024. Please refer to the "Single Figure Total Remuneration Table for Executive Directors" for the actual cash-based award earned by the Executive Director under the Annual Plan for 2024.
- (2). Represents the threshold, target and maximum payout shares of the PRSU granted under the 2018 Omnibus Incentive Plan in 2024. Threshold payout of shares is calculated assuming threshold levels of attainment of 50% for the Relative TSR measure, in other words, 12.5% of the total target PSU award was earned for the PRSU granted in 2024. The number of shares ultimately issued, which could be greater or less than target, will be based on achieving specific performance conditions. The grant date fair value of the PRSU award was calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation based on target, the probable outcome of the performance conditions.
- (3). Represents RSU granted under the 2018 Omnibus Incentive Plan. The grant date fair value of the RSU was the closing price on the date of grant.
- (4). Face value is calculated based on the closing share price on the date of the grant (\$14.87) and, in the case of the PRSU, on the maximum future share payout.

### Outstanding Equity Awards at December 28, 2024 (Audited)

The following table provides information regarding outstanding equity awards held by the Executive Director as of December 28, 2024.

			Option Awar	rds *		Stock Awards					
Grant Date		Number of securities underlying unexercised options exercisable (#)	Number of securities underlying unexercised options unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units of stock that have not vested (#) <sup>(1)</sup>	Market value of shares or units of stock that have not vested (\$) <sup>(2)</sup>	unearned shares, units or other rights that have not	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$) <sup>(7)</sup>		
5/18/2015	Tier I	1,017,239	103	6.56	5/18/2025						
5/2/2017	Tier I	135,496		7.87	5/2/2027						
2/22/2019	Options <sup>(3)</sup>	252,122	_		2/22/2029						
2/22/2019	Options <sup>(4)</sup>	796,460	_	19.00							
2/21/2020	Options <sup>(5)</sup>	241,406	_		2/21/2030						
2/26/2021	Options <sup>(3)</sup>	148,950	_	15.00	2/26/2031						
2/26/2021	Options <sup>(5)</sup>	39,009	_	16.50	2/26/2031						
2/25/2022	RSU					54,574	1,128,045				
7/27/2022	RSU					186,668	3,858,428				
3/1/2023	RSU					126,788	2,620,708				
3/4/2024	RSU					191,673	3,961,881				
Awards with performance measures											
5/18/2015	Tier II	1,017,239	_	6.56	5/18/2025						
5/18/2015	Tier IV	1,017,239	_	9.84	5/18/2025						
5/2/2017	Tier II	135,496	_	7.87	5/2/2027						
5/2/2017	Tier IV	135,496	_	11.80	5/2/2027						
3/1/2023	PRSU							332,816	6,879,307		
3/1/2024	PRSU							335,427	6,933,276		

The Company has a number of awards issued under the 2014 Omaha Topco Ltd. Stock Incentive Plan, which was assumed by the Company and renamed the Gates Industrial Corporation plc Stock Incentive Plan in connection with the initial public offering in January 2018. No new awards have been granted under this plan since 2017. The Executive Director was awarded options pursuant to the 2014 Incentive Plan. The options were split equally into four tiers, each with specific vesting conditions. Tier I options vested evenly over 5 years from the grant date, subject to the participant continuing to provide service to the Company on the vesting date. The vesting of Tier II, III and IV options were subject to performance conditions that were required to be achieved on or prior to July 3, 2022. The performance conditions included Blackstone's achievement of specified investment returns at the time of a defined liquidity event, and required the participant's continued provision of service to the Company on the vesting date. In March 2022, a liquidity event (as defined in the grant agreements) occurred following the sale by Blackstone of a certain portion of their interest in Gates, resulting in the vesting of the Tier II and IV options for all eligible participants. The specified investment returns required for Tier III awards to vest were not met on or before the end of the performance period,

- resulting the expiration of the Tier III awards in 2022. All outstanding Tier I, II and IV options expire ten years after the date of grant.
- (1). RSUs vest in substantially equal annual installments on each of the first, second and third anniversaries of the grant date.
- (2). Reflects the aggregate market value of the unvested RSUs, based on a price of \$20.67 per ordinary share, which was the share price of the Company's ordinary shares on December 27, 2024, the last trading day of the fiscal year.
- (3). Represents Options granted under the 2018 Omnibus Incentive Plan. These options vested in substantially equal annual installments on the first three anniversaries of the grant date.
- (4). Represents premium-priced Options granted to the Executive Director under the 2018 Omnibus Incentive Plan. These premium-priced Options vested on the third, fourth and fifth anniversary of the grant date.
- (5). Represents premium-priced Options granted to the Executive Director under the 2018 Omnibus Incentive Plan. These premium-priced Options vested in substantially equal annual installments on the first three anniversaries of the grant date.
- (6). The PRSUs vest on the date the Compensation Committee certifies the achievement of the performance measures following the three-year performance period, with 75% subject to attainment of certain levels of Adjusted ROIC and 25% subject to attainment of Relative TSR. The amounts shown in this column represent payout shares of the outstanding PRSUs assuming the maximum level of attainment of 200% for the Adjusted ROIC measure and the target level of attainment of 100% for the Relative TSR measure. The number of shares ultimately issued, which could be zero or greater than the number presented above, will be based on achieving specific performance conditions. Please refer to "Elements of Compensation Long-Term Incentive" in the proxy statement.
- (7). Represents the aggregate market value of the threshold payout shares of the unvested PRSUs, based on a price of \$20.67 per ordinary share, which was the share price of the Company's ordinary shares on December 27, 2024, the last trading day of the fiscal year.

## 2024 Option Exercises and Stock Vested for the Executive Director (Audited)

The table below sets forth certain information concerning each exercise of options and stock vesting events for the Company's Executive Director during Fiscal 2024.

	Option	Awards	Stock A	Awards	
Name	Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Shares or Units Acquired on Vesting (#) <sup>(f)</sup>	Value Realized on Vesting (\$) <sup>(2)</sup>	
I. Jurek	_	_	530,301	9,477,356	

- (1). Represents the total number of RSUs and PSUs that vested during 2024 before withholding shares for taxes and par value. Upon the vesting of RSUs, after withholding shares to cover applicable taxes and par value, a total of 186,745 net shares were issued. Upon the vesting of PSUs, after withholding shares to cover applicable taxes and par value, a total of 111,376 net shares were issued.
- (2). Represents the total value of RSUs and PSUs realized on the vesting date. The individual totals may include multiple vesting transactions during the year. RSUs and PSUs are calculated based on the value of the closing stock price on the day prior to vesting multiplied by the total number of units that vested.

## Single Figure Total Remuneration Table for Non-Executive Directors (Audited)

The following table provides the compensation earned in Fiscal 2024 and Fiscal 2023 by the Company's Non-Executive Directors who served during Fiscal 2024.

		(1)	Variable) Stock	
		(Fixed) Fees Paid or Receivable	Awards (Restated)	Total
Name	Year	<b>(</b> \$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$)
F. Eliasson <sup>(3)</sup>	2024	125,000	140,826	265,826
F. Enasson	2023	125,000	128,002	253,002
I Ivolond	2024	100,000	140,826	240,826
J. Ireland	2023	100,000	111,986	211,986
S. Mains <sup>(4)(5)</sup>	2024	100,000	140,826	240,826
S. Mains	2023	100,000	111,986	211,986
W. Neely <sup>(6)</sup>	2024	115,000	140,826	255,826
w. Neery	2023	115,000	111,986	226,986
N. Simpkins <sup>(7)</sup>	2024	105,522		105,522
N. Simpkins	2023			
A. Tillman	2024	100,000	140,826	240,826
A. Hillian	2023	100,000	111,986	211,986
M. Zhang <sup>(6)</sup>	2024	100,000	140,826	240,826
IVI. Zhang	2023	100,000	111,986	211,986

<sup>(1).</sup> Represents director fees earned during the period. Directors who served on the Board for a portion of the financial year received a pro-rated amount of the annual cash retainer, which was \$100,000 in 2023 and \$100,000 in 2024.

<sup>(2).</sup> Represents the value of the stock awards that vested during the period, which is based on the closing share price of the Company's ordinary shares on the trading day prior to the vesting date. This value for the current period represents an aggregate depreciation in value of \$23,343 since these awards were granted. The amounts reported in the "(Variable) Stock Awards" column for 2023, for Ms. Mains, Mr Neely, Ms Tillman and Ms Zhang, have been restated from prior year, due to typographical errors; the amounts reported in the prior year were \$131,328, \$131,328, \$91,346 and \$131,328 respectively; the amounts of the over/(under) restatements therefore amount to \$19,342, \$19,342, \$(20,640) and \$19,342 respectively. The amounts reported in the Total column for 2023 were correct.

<sup>(3).</sup> Represents the annual cash retainer of \$100,000 plus an additional \$25,000 for Mr. Eliasson's service as chair of the Audit Committee.

<sup>(4).</sup> Ms. Mains elected to defer \$100,000 of the fees earned in cash in 2024, pursuant to the Supplemental Retirement Plan.

<sup>(5).</sup> Ms. Mains and Dr. Zhang elected to defer all 9,567 shares that vested in 2024, respectively, pursuant to the Supplemental Retirement Plan.

<sup>(6).</sup> The 2024 amount represents the annual cash retainer of \$100,000 plus an additional \$15,000 for Mr. Neely's service as chair of the Nominating and Governance Committee.

<sup>(7).</sup> Mr. Simpkins ceased to be a Former Sponsor-affiliated Director as of January 30, 2024 but remained on our Board, and began receiving payments for his service on our Board at that time, including an additional \$15,000 for his service as chair of the Compensation Committee. The amounts reported represent his pro-rated director cash fees for 2024.

## Outstanding Equity Awards for certain Non-Executive Directors at December 28, 2024 (Audited)

The following table provides information regarding outstanding equity awards held by the Non-Executive Directors as of December 28, 2024. Mr. Meisel did not hold any outstanding equity awards as of December 28, 2024.

Name	Grant Date	Number of securities underlying unexercised options exercisable (#)	Option Exercise Price (\$)	Option Expiration Date	Number of shares or units of stock that have not vested (#) <sup>(1)</sup>	Market value of shares or units of stock that have not vested (\$) <sup>(2)</sup>
F. Eliasson	3/4/2024	_		_	9,751	201,553
J. Ireland	3/4/2024	_		_	9,751	201,553
S. Mains	3/4/2024	_	_	_	9,751	201,553
W. Neely	3/4/2024	_	_	_	9,751	201,553
N. Simpkins <sup>(3)</sup>	3/4/2024	_	_	_	18,493	382,250
A. Tillman	3/4/2024	_	_	_	9,751	201,553
M. Zhang	3/4/2024	_	_	_	9,751	201,553

<sup>(1).</sup> Represents unvested time-based RSUs that vest on the first anniversary of the grant date.

## 2024 Option Exercises and Stock Vested for certain Non-Executive Directors (Audited)

The table below sets forth certain information concerning each exercise of options and stock vesting events for the Non-Executive Directors during Fiscal 2024.

	Option A	Stock Awards		
Name	Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Shares or Units Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
F. Eliasson	_	_	9,567	140,826
J. Ireland	_	_	9,567	140,826
S. Mains <sup>(2)</sup>	_	_	_	_
W. Neely	_	_	9,567	140,826
N. Simpkins	_	_		
A. Tillman	_	_	9,567	140,826
M. Zhang <sup>(3)</sup>	_	_		

<sup>(1).</sup> Based on the closing share price of the Company's ordinary shares on the trading day prior to the vesting date.

<sup>(2).</sup> Reflects the aggregate market value of the unvested RSUs, based on a price of \$20.67 per ordinary share, which was the share price of the Company's ordinary shares on December 28, 2024, the last trading day of the fiscal year.

<sup>(3).</sup> In 2024, Mr. Simpkins received an additional annual grant of RSUs that vests on the first anniversary of the grant date, valued at \$130,000 on the date of grant, for his role as chair of our Board.

<sup>(2)</sup> Ms. Mains elected to defer all 9,567 shares that vested, pursuant to the Supplemental Retirement Plan.

<sup>(3).</sup> Dr. Zhang elected to defer all 9,567 shares that vested, pursuant to the Supplemental Retirement Plan.

#### **Director Pension Scheme**

No director who served during the year ended December 28, 2024 has any prospective entitlement to a defined benefit pension or a cash balance benefit arrangement (as defined in s.152, Finance Act 2004).

## Scheme interests awarded during Fiscal 2024 (Audited)

Please refer to the following sub-headings in the "Future Policy Table" section of the Directors' Remuneration Policy for a description of the scheme interests granted to the Executive Director: (i) "Annual Cash Bonus"; (ii) "Discretionary Bonuses"; and (iii) "Long-Term Equity Incentive". In addition, please refer to the following sub-headings of this Directors' Remuneration Report: (i) 2024 Grants of Plan-Based Awards Table.

For Fiscal 2024, the annual compensation package for the Non-Executive Directors (excluding the Former Sponsor-affiliated Director) consisted partly of \$145,000 in value of RSUs (payable annually and rounded down to the nearest whole share). RSUs vest in full on the first anniversary of the grant date. Please refer to the section entitled "2024 Option Exercises and Stock Vested for certain Non-Executive Directors" for further information.

## Payments to Past Directors and Payments for Loss of Office (Audited)

There were no payments made to past directors and no payments to directors for loss of office during Fiscal 2024.

## Director Shareholdings and Share Ownership Guidelines (Audited)

The Company has adopted executive stock ownership guidelines for its Executive Director. As of December 28, 2024, the Executive Director was expected to own ordinary shares in the Company with a market value equal to at least six times his base salary. This target has been met. If the Executive Director falls below the threshold, he will be required to retain 50% of stock acquired through the exercise or vesting of equity awards made by the Company.

The Company has adopted share ownership guidelines for its Non-Executive Directors in order to better align its eligible directors' financial interests with those of its shareholders. Each of the Non-Executive Directors is expected to own shares with a market value equal to five times his or her annual cash retainer. As of December 28, 2024, all Non-Executive directors held shares in excess of this target. Any such director who does not meet the threshold is required to retain 50% of shares acquired through the exercise or vesting of equity awards made by the Company.

The table below sets out the number of vested shares held by the Executive Director and each Non-Executive Director as of December 28, 2024.

Name of Director	Number of shares held in Company as of December 28, 2024 (#)
Executive Director	
I. Jurek	924,209
Non-Executive Directors	
F. Eliasson	112,005
J. Ireland	48,247
S. Mains <sup>(1)</sup>	41,950
W. Neely	118,609
N. Simpkins	1,000,000
A. Tillman	24,621
M. Zhang <sup>(2)</sup>	38,495
Non-Executive Director; Former Sponsor-affiliated Director	
S. Meisel	_

<sup>(1).</sup> Includes 25,831 ordinary shares that are vested but deferred pursuant to the Supplemental Retirement Plan.

<sup>(2).</sup> Represents 38,495 ordinary shares that are vested but deferred pursuant to the Supplemental Retirement Plan.

Please also refer to the "Outstanding Equity Awards at December 28, 2024" and "Outstanding Equity Awards for certain Non-Executive Directors at December 28, 2024" sections above for information regarding outstanding equity awards held by the Executive Director and Non-Executive Directors as of December 28, 2024.

## Performance Table and Graph

## **Executive Director Remuneration**

	2024	2023
Total remuneration	\$ 13,453,089 \$	9,705,341
Annual bonus as a percentage of maximum <sup>(1)</sup>	70 %	76 %
Equity awards vested as a percentage of maximum <sup>(2)</sup>	87 %	79 %

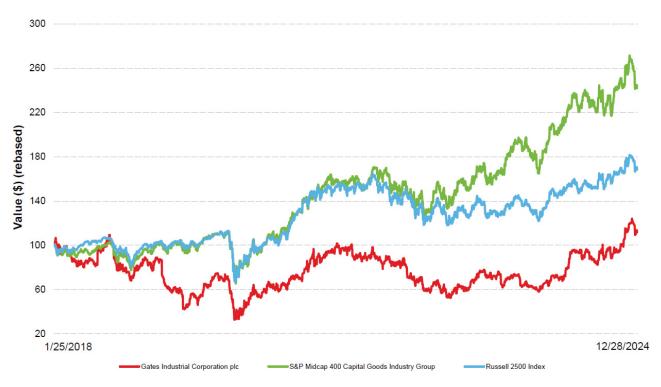
<sup>(1).</sup> The amount earned by the Executive Director under the Annual Plan equated to 141% attainment of the target performance. The Annual Plan has a maximum level of attainment of 200%; thus, for purposes of this calculation, this assumes a "maximum" level of performance of a 200% payout.

## Performance Graph

The below graph shows the value, as of December 28, 2024, of \$100 invested in Gates Industrial Corporation plc on 25 January 2018, at the IPO price of \$19, compared with the value of \$100 invested in each of the S&P Midcap 400 Capital Goods Industry Group index and the Russell 2500 index, including the reinvestment of dividends. The S&P Midcap 400 Capital Goods Industry Group index was selected as it is used by the Company as part of the long-term incentive program (one of the performance measures for PRSUs). The performance graph is based on historical results and is not intended to suggest future performance.

## Total shareholder return

Source: S&P Capital IQ



<sup>(2).</sup> The equity awards that could have vested in the year were options, RSUs, and PRSUs.

## Percentage Change in Compensation of Executive Director Compared with Employees

The following table shows the percentage change in salary, all other benefits and annual bonus awards for the Directors and, as described further in note (1) to the table, the corporate employees (excluding the Executive Director) located in the Denver corporate office and the Denver area customer solutions center.

	Percentage change from 2023 to 2024			Percentage change from 2022 to 2023		
		All Other			All Other	
	Salary/Fees	Benefits	<b>Annual Bonus</b>	Salary/Fees	Benefits	<b>Annual Bonus</b>
	%	%	%	%	%	%
Employees <sup>(1)</sup>	3	7	5	5	(2)	195
Executive Directors <sup>(2)</sup>						
I. Jurek	4	8	(4)	4	5	174
Non-Executive Directors <sup>(3)</sup>						
F. Eliasson					_	_
J. Ireland	_			_		_
S. Mains	_	_	_	_	_	_
W. Neely			_	5		_
N. Simpkins	n/a	n/a	n/a	n/a	n/a	n/a
A. Tillman		_	_			_
M. Zhang	_	_	_	_		_

- (1). Due to the complexity of the Company's global operations with employees in multiple countries with different currencies, costs of living and work cultures, the Company selected its corporate employees based in its Denver corporate office and its Denver area customer solutions center as the comparator group for the above table. This group of employees is considered an appropriate comparator, as they are compensated in accordance with U.S. customs and standards and participate in similar annual award and benefit programs as the Executive Director who is also based in Denver, Colorado. The percentage changes for salary, all other benefits and annual bonus for the corporate employees were determined by dividing the total annual salary in effect at the end of the year, all other benefits and annual bonus compensated during the year by the total number of corporate employees at the end of each financial year. All other benefits included, but were not limited to: gym reimbursements, tax services reimbursements, and parking reimbursements.
- (2). Percentage changes for the Executive Director were calculated based on the Single Figure Total Remuneration Table for Executive Director.
- Mr. Simpkins was no longer a Former Sponsor-affiliated Director as of January 30, 2024 but remained on our Board and began receiving annual cash compensation on a pro-rated basis at that time, including his board cash retainer and Compensation Committee chair cash retainer. Mr. Eliasson was appointed to the Board effective on October 24, 2022 and received a cash retainer on a pro-rated basis. Mr. Neely was appointed to chair of the Nominating and Governance Committee on October 26, 2022 and received a committee chair cash retainer on a pro-rated basis. Percentage changes for Non-Executive Directors have been calculated based on the fees paid in cash reflected in the Single Figure Total Remuneration Table for Non-Executive Directors, except for Mr. Eliasson and Mr. Neely, whose 2022 cash retainers were assumed to be on a full-year basis for the purpose of this table to ensure a like-for-like comparison.

## **Executive Director (CEO) Pay Ratio**

The following table sets forth the ratio of the Executive Director's total compensation to the median, 25th and 75th percentile of total compensation of his full-time equivalent U.K.-based employees for Fiscal 2024, 2023, 2022, 2021, and 2020. The Executive Director (CEO) single figure used in the calculation of the ratios below reflects the single figure total remuneration (as disclosed in the *Single Figure Total Remuneration Table for the Executive Director* table above).

		25th percentile	Median	75th percentage
Financial Year	Method	pay ratio	pay ratio	pay ratio
2024	A	302 to 1	245 to 1	235 to 1
2023	C	252 to 1	199 to 1	195 to 1
2022	C	112 to 1	92 to 1	91 to 1
2021	C	133 to 1	87 to 1	85 to 1
2020	C	77 to 1	61 to 1	60 to 1

The changes in the above pay ratios are attributable primarily to the additional elements of remuneration of the CEO, which are set out under the "Single Figure Total Remuneration Table for the Executive Director" table above, as compared to the limited elements of remuneration for the majority of the Company's U.K.-based employees, which generally include salary or an hourly rate, manufacturing incentives and pension benefits.

The calculation methodology used reflects Option A defined under the relevant regulations. To determine the employees at the three quartiles for 2024, the Company reviewed and analyzed total compensation data for its permanent employees as of December 28, 2024, excluding employees whose start dates were after Fiscal 2024 began, as they were not paid for the full year. In prior years presented, the Company opted for Option C given the variance in pay elements by employee and available data at such times. For 2024, the Company determined Option A would provide a more accurate reflection of the reference employees given available data and calculated total pay for all U.K. employees using base salary, benefits and all other relevant compensation elements and converted to U.S. dollars using the Fiscal 2024 average exchange rate in order to provide a like comparison to that of the Executive Director. Each employee's pay and benefits were calculated using each employee's aggregated remuneration, consistent with the Executive Director's aggregated remuneration. The Company did not make any adjustments or omit any components of pay.

The 2024, 2023, 2022, 2021, and 2020 salary and total remuneration for the 25th, 50th and 75th percentile of U.K. employees are as follows:

Financial Year	(dollars)	25th percentile	Median	75th percentile
2024	Salary	33,272	43,618	43,618
2024	Total remuneration	44,502	55,010	57,133
2023	Salary	34,708	45,954	46,929
2023	Total remuneration	38,454	48,776	49,788
2022	Salary	42,747	51,493	51,756
2022	Total remuneration	44,704	54,645	54,864
2021	Salary	33,613	56,592	56,567
2021	Total remuneration	39,923	61,410	62,708
2020	Salary	36,707	46,876	47,184
2020	Total remuneration	39,226	49,929	50,959

As of December 31, 2024, the Company's U.K. workforce is made up of approximately 630 employees who are primarily production employees, as compared to approximately 6,221 employees in North America and approximately 14,133 employees globally. The Executive Director works in North America and his compensation is benchmarked against companies in an industry peer group that are listed on the New York Stock Exchange or NASDAQ, as described under "Role of the Peer Group" below. With this perspective, the Company believes the median pay ratio for Fiscal 2024 is consistent with the pay, reward and progression policies for the Company's U.K. employees taken as a whole.

#### Relative Importance of Spend on Pay

The table below sets out the remuneration the Company paid to its employees and distributions made to its shareholders in Fiscal 2024 and Fiscal 2023.

(dollars in millions)	2024 financial year (\$)	2023 financial year (\$)
Employee remuneration	838.8	843.1
Dividends	<del></del>	_
Share buyback	175.0	250.0

## Statement of Implementation of Remuneration Policy in 2025

For the fiscal year ending January 3, 2026 ("**Fiscal 2025**"), the Compensation Committee intends to provide remuneration in accordance with the proposed Directors' Remuneration Policy, as described below.

#### **Executive Director**

2025 Long-Term Incentive. In February 2025, the Compensation Committee recommended, and the Board approved, a new long-term incentive award (the "2025 LTI") for Fiscal 2025 under the 2018 Omnibus Incentive Plan for the Company's Executive Director. The 2025 LTI is comprised of 50% RSUs and 50% PRSUs. The RSUs will vest in equal annual installments on the first three anniversaries of the grant date, subject to the Executive Director's continued employment through the vesting date. The PRSUs will vest upon completion of the three-year performance period and will be paid out after certification of results by the Compensation Committee. For 2025 PRSUs, the Board determined that the PRSUs shall provide that 75% of the award will vest if the Company achieves a certain level of Adjusted ROIC and the remaining 25% of the PRSUs will vest if the Company achieves certain Relative TSR goals, in each case, measured over a three-year performance period. The total number of PRSUs that vest at the end of the performance period will range from 0% to 200% of the target as determined by measuring actual performance over the performance period for Adjusted ROIC and Relative TSR against the performance goals based on a pre-established scale. The target total grant date value for the Executive Director's award was approximately \$6,391,529 under the 2025 LTI. The award was made based upon the Executive Director's 2025 LTI target which was determined as a percentage of his 2025 base salary. The number of target PRSUs was calculated on the date of grant, February 28, 2025, based on that day's closing price of Gates ordinary shares on the New York Stock Exchange.

The performance period applicable to the PRSUs began on December 29, 2024 and will end on December 31, 2027. The performance results will be measured against the specified three-year average of annual Adjusted ROIC and Relative TSR through the period. The target levels for the Adjusted ROIC measure of performance-based compensation have been omitted from the directors' remuneration report as such targets are considered commercially sensitive. The target levels will be disclosed in the directors' remuneration report after the completion of the applicable performance period.

2025 Annual Incentive. In February 2025, the Compensation Committee determined that for the annual bonus scheme for Fiscal 2025, Adjusted EBITDA (50%), Free Cash Flow (30%) and Revenue (20%) should be used as the financial performance measures ("**Performance Measures**") with a maximum individual payout opportunity equal to 200% of target. The Compensation Committee determined that these Performance Measures are critical indicators of the Company's performance for 2025 and, when combined, contribute to sustainable growth. The Compensation Committee set the minimum achievement threshold at 90% of the Performance Measures to achieve a 50% payout of the annual bonus and the maximum achievement at 110% of the Performance Measures to achieve a 200% payout of the annual bonus; *provided that* threshold and maximum for Revenue are narrower than 90% and 110% to align with the associated Adjusted EBITDA levels. If achievement with respect to any Performance Measure falls between the threshold and target, or between the target and maximum, earned award amounts for that particular Performance Factor will be interpolated on a straight-line mathematical basis (and rounded to the nearest whole number). The Executive Director's target bonus in 2025 is \$1,843,710.

2025 Salary. In February 2025, the Compensation Committee increased the Executive Director's base salary by 3.5%, to \$1,229,140.

For additional information on the Company's Long-Term Incentive, Annual Incentive and Base Salary, please see Elements of Compensation in the proxy statement.

#### Non-Executive Directors

2025 Remuneration. The compensation program for the other Non-Executive Directors will remain the same in 2025 as it was in 2024. In October 2024, the Board approved an annual total compensation package of \$245,000 for these Non-Executive Directors in 2024, which was allocated with approximately 41% as a cash retainer and 59% as an equity grant of RSUs vesting in one year, plus additional annual cash retainers for the chair of each committee of the Board and an additional equity grant of RSUs vesting in one year for the chair of the Board. On February 28, 2025, the Compensation Committee approved the 2025 annual equity grants for the Non-Executive Directors. The number of RSUs was calculated on that date, based on the closing price of Gates ordinary shares on the New York Stock Exchange.

#### Consideration by the Directors of Matters Relating to Directors' Compensation

The Compensation Committee provides assistance to the Board for oversight of the compensation program for the Executive Director. The Board has historically taken into account multiple factors, such as considering the responsibilities, performance, contributions and experience of the Executive Director and his compensation in relation to other employees and other roles. The Compensation Committee annually reviews the Executive Director's performance, base salary, annual incentive target opportunity and outstanding long-term incentive awards and approves, or recommends to the Board for approval, any changes to the Executive Director's compensation package in light of such review. The Executive Director does not participate in deliberations regarding his own compensation. The Compensation Committee held five meetings during 2024.

Pay recommendations for the Company's executive officers, including the Executive Director, are typically made by the Compensation Committee in February after the Company reports its fourth quarter and year-end financial results for the preceding fiscal year (the "February meeting"). This timing allows the Compensation Committee to have a complete financial performance picture prior to making compensation decisions.

Compensation decisions with respect to prior year performance, as well as annual equity awards and target performance levels under the incentive plans for the current year, are typically made at or near the time of this February meeting. Annual equity awards to the Company's executive officers, including the Executive Director, are approved by the Compensation Committee at this meeting. An exception to this process is granted to executives who are promoted or hired from outside the Company during the year. These executives may receive compensation changes or equity grants effective or dated, as applicable, as of the date of their promotion, hiring date, or other Board approval date.

Compensation Consultant. The Compensation Committee retains an independent compensation consultant (the "Consultant") to support the oversight and management of the Company's executive compensation program. The Consultant has not provided the Company with services other than as described herein. The Compensation Committee retains sole authority to hire or terminate the Consultant, approve its compensation, determine the nature and scope of services, and evaluate performance. The Company selected Aon plc as the Consultant prior to its 2018 IPO and reviews the Consultant's independence and engagement annually. A representative of the Consultant attends Compensation Committee meetings, as requested, and communicates with the Compensation Committee chair between meetings. The Compensation Committee makes all final decisions. The Consultant's specific roles include, but are not limited to:

- advising the Compensation Committee on executive compensation trends and regulatory developments;
- providing a total compensation study for executives, compared against the companies in the peer group and other market data, and recommendations for executive pay;
- working with the Compensation Committee to develop an appropriate peer group of comparable companies to serve as a reference point in executive compensation decision-making;
- providing advice to the Compensation Committee on governance best practices, as well as any other areas of concern or risk:
- providing advice to the Compensation Committee on executive compensation benefit programs;
- serving as a resource to the Compensation Committee chair and supporting the preparation of materials in advance of each meeting:
- assisting with proxy disclosure items, including the compensation discussion and analysis;
- reviewing and commenting on the Compensation Committee's annual compensation risk assessment;

- advising the Compensation Committee on management's pay recommendations and determining Chief Executive Officer pay;
- reviewing and commenting on comprehensive tally sheets for the executive officer that encompass two years of all elements of their compensation as well as potential wealth accumulation and retention values; and
- reviewing and providing compensation recommendations for non-employee directors.

The Company paid approximately \$221,000 in aggregate to the Consultant and its affiliates for its work during Fiscal 2024. The Company did not pay any other fees to the Consultant or its affiliates.

The Compensation Committee has assessed the independence of the Consultant as required by SEC and NYSE rules. The Compensation Committee reviewed its relationship with the Consultant and considered all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act. Based on this review, the Compensation Committee concluded that the Consultant is independent and there are no conflicts of interest raised by the work performed by the Consultant.

**Role of the Peer Group.** The Compensation Committee, with the help of the Consultant, conducts an annual review and evaluation of executive and director compensation in comparison to an industry peer group. In establishing the industry peer group, the Compensation Committee targets approximately 15 to 20 companies based on the following selection criteria:

- publicly traded companies within similar industries as Gates;
- companies with annual revenues of approximately 0.4x to 3x Gates' annual revenues;
- companies with market capitalization and enterprise values within a reasonable ranges of Gates' values;
- companies that compete with Gates for business and management talent; and
- · management recommendations.

For Fiscal 2024 compensation decisions, the Compensation Committee selected the same companies used for Fiscal 2023 compensation decisions, with the addition of Franklin Electric Co., Inc. The full list of Fiscal 2024 peers is shown below.

AMETEK, Inc. Franklin Electric Co., Inc. Pentair plc
Crane Company (formerly Crane Holdings,

Co.) Graco Inc. Regal Rexnord Corporation

Donaldson Company, Inc.

IDEX Corporation

SPX Technologies, Inc. (formerly SPX

Corporation)

Dover Corporation Ingersoll Rand Inc. The Timken Company

ESAB Corporation Lincoln Electric Holdings, Inc. Xylem Inc

Flowserve Corporation Nordson Corporation

At the time of the Compensation Committee's approval, the average and median trailing twelve-month revenues of the selected peers, at \$4.1 billion and \$3.8 billion, respectively, were comparable to the Company's annual revenues. The Compensation Committee uses competitive compensation data from the annual total compensation study of peer companies as a reference point to inform its decisions about overall compensation opportunities and specific compensation elements. Additionally, the Compensation Committee uses multiple reference points when establishing targeted compensation levels. The Compensation Committee does not benchmark specific compensation elements or total compensation to any specific percentile relative to the peer companies or the broader U.S. market. Instead, the Compensation Committee applies judgment and discretion in establishing targeted pay levels, taking into account not only competitive market data, but also factors such as Company, business and individual performance, scope of responsibility, critical needs and skill sets, leadership ability and succession planning.

For Fiscal 2025, the Compensation Committee, in consultation with the Consultant, reviewed the composition of the peer group and, using the same selection criteria, maintained the same peer group as used for Fiscal 2024 compensation decisions.

### **Consideration of Shareholder Views**

At the 2024 AGM, the shareholders approved the Company's annual remuneration report (as required under the Companies Act) and the compensation of its named executive officers, which includes the Executive Director (on an advisory basis, pursuant to applicable SEC regulations). The voting results were as follows:

**Resolution:** To approve, on an advisory basis, named executive officer compensation:

Votes For	Votes Against			Votes Abstain		
(#)	% of Total	(#)	% of Total	(#)	% of Total	
234,414,229	97.86%	5,010,786	2.09%	110,136	0.05%	

**Resolution:** To approve, on an advisory basis, the Company's directors' remuneration report in accordance with the requirements of the Companies Act.

Votes For	or Votes Against			Votes Abstain		
(#)	% of Total	(#)	% of Total	(#)	% of Total	
235,469,948	98.30%	3,956,799	1.65%	108,404	0.05%	

In light of the voting results on these resolutions and based on the Company's compensation philosophy and objectives, the Compensation Committee is maintaining its overall compensation program for the Executive Director and the Non-Executive Directors, with certain modifications as described in the Company's compensation discussion and analysis in the proxy statement.

The Directors' Remuneration Report was approved by the Board and authorized for issue on April 17, 2025. It was signed on its behalf by:

Ivo Jurek

Director and Chief Executive Officer

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATES INDUSTRIAL CORPORATION PLC

# Report on the audit of the financial statements

## 1. Opinion

## In our opinion:

- the financial statements of Gates Industrial Corporation plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 28 December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the consolidated material accounting policy information;
- the parent company statement of accounting policies; and
- the related notes 1 to 32 in the consolidated financial statements and the related notes 1 to 10 in the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## 2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 3. Summary of our audit approach

Key audit matter	The key audit matter that we identified in the current year was:			
	Goodwill and Other Intangible Assets			
	Within this report, key audit matters are identified as follows:			
	Newly identified			
	○ Increased level of risk			
	Similar level of risk			
	Decreased level of risk			
Materiality	The materiality that we used for the group financial statements was \$22.0 million which was determined on the basis of Adjusted EBITDA, amended to include share-based compensation and restructuring costs.			
Scoping	The scope of our audit focused on the US component, which was subject to an audit of the entire financial statements, together with other components which were subject to either audits of specified account balances or specified audit procedures and which were selected in order to provide a scope that was a sufficient basis for our audit opinion; together, these components accounted for 72% of group revenue and 78% of Adjusted EBITDA, amended to include share-based compensation and restructuring costs.			
Significant changes in our approach	There were no significant changes in our approach from the prior year.			

## 4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the group's debt instruments and finance facility agreements to gain an understanding of their key terms, including the nature of the debt and facilities, their repayment terms and, where applicable, covenants;
- testing the clerical accuracy of the model used by management to prepare the forecasts and testing that the terms of the debt instruments and facilities have been modelled in line with the debt and facility agreements;
- assessing the historical accuracy of forecasts prepared by management as it relates to cash flows;
- assessing the forecast trading performance and cash flows over the going concern period and the assumptions therein;
- assessing management's sensitivity analysis;
- testing the calculations of the amount of headroom in the forecasts (cash and covenants); and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions

that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# 5.1. Goodwill and Other Intangible Assets 🜕



## Key audit matter description

The group's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each group of cash generating units to which goodwill is allocated to their carrying values. The group determined the recoverable amount of its cash generating units using a value in use approach. Similarly, the group's evaluation of its brands and trade names intangible assets involves the comparison of the recoverable amount of the brands and trade names intangible assets to their carrying value. The group determined the recoverable amount of the brands and trade names intangible assets using a value in use approach, which incorporated a relief from royalty valuation methodology. The determination of the value in use for both the cash generating units to which the goodwill has been allocated and brands and trade names intangible assets impairment analyses required management to make significant estimates and assumptions.

The goodwill balance was \$1,908.9 million as of 28 December 2024 (2023: \$2,038.7 million), of which \$651.4 million and \$1,257.5 million were allocated to the Fluid Power and Power Transmission cash generating units, respectively (2023: \$700.2 million and \$1,338.5 million respectively). The values in use of the Fluid Power and Power Transmission cash generating units exceeded their carrying values as of the measurement date and, therefore, no goodwill impairments were recognised. The brands and trade names intangible assets balance was \$513.4 million as of 28 December 2024 (2023: \$513.4 million). The value in use of the brands and trade names intangible assets exceeded their carrying value as of the measurement date and, therefore, no impairment was recognised.

Given the significant estimates and assumptions management makes to estimate the value in use of the Fluid Power and Power Transmission cash generating units and the brands and trade names intangible assets for its impairment analyses, performing audit procedures to evaluate the reasonableness of management's forecasts of future sales and the discount rates used in the impairment tests required a high degree of auditor judgement and an increased extent of effort, including the need to involve our valuation specialists.

Details of the accounting policies in relation to goodwill and other intangible assets

are set out in notes 2J and 2K respectively.

Further information in relation to the year end balances is set out in notes 16 and 17 respectively.

# How the scope of our audit responded to the key audit matter

Our audit procedures related to the forecasts of revenue growth rates and the discount rate used by management to estimate the value in use of the Fluid Power and Power Transmission cash generating units and the brands included the following, among others:

- We tested the effectiveness of controls over management's goodwill and brands and trade names intangible assets impairment evaluations, including those over the determination of the value in use of goodwill and the brands and trade names intangible assets, and controls related to management's review of the assumptions described above;
- We evaluated management's ability to accurately forecast revenue by comparing actual results to management's historical forecasts to determine if the difference between historical forecast and actual results would have a material impact on the goodwill and brands and trade names intangible assets impairment analyses;
- We evaluated the reasonableness of management's revenue forecasts by comparing to:
  - o Macroeconomic data on projected growth
  - o Internal communications to management and the Board of Directors
  - o Forecast information included in group press releases as well as in analyst and industry reports for the group.
- With the assistance of our valuation specialists, we evaluated the reasonableness of management's revenue forecasts by comparing to historical and projected financial information of peer companies and other industry participants from external market sources;
- With the assistance of our valuation specialists, we evaluated the reasonableness of the discount rates by:
  - Testing the source information underlying the determination of the discount rates and the mathematical accuracy of the calculations.
  - Developing a range of independent estimates and comparing those to the discount rate selected by management; and
- We assessed the appropriateness of the related disclosures.

## Key observations

Based on the audit procedures performed, we are satisfied that the value in use of the goodwill, brand name and intangible assets balances for both groups of CGUs are in excess of their respective carrying amounts. We concluded that the disclosures made in relation to goodwill and intangibles are appropriate.

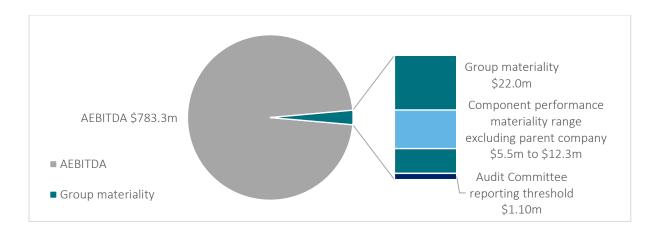
# 6. Our application of materiality

## 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	\$22.0 million (2023: \$20.0 million)	\$19.8 million (2023: \$18.0 million)
Basis for determining materiality	2.8% (2023: 2.8%) of Adjusted EBITDA, amended as explained below.  Adjusted EBITDA is calculated as operating income from continuing operations before certain items, as set out on page 115.  Adjusted EBITDA is reconciled to net income from continuing operations before taxes in note 4D to the consolidated financial statements on page 115.  In setting our materiality with reference to Adjusted EBITDA, we also included in that measure the impact of share-based compensation and restructuring expenses, as we consider these to be a recurring part of the group's total costs.	In establishing parent company materiality, we used net assets as the key input as the company acts as an investment holding company rather than a profit-oriented trading company.  However, we have capped parent company materiality at 90% (2023: 90%) of group materiality.
Rationale for the benchmark applied	Profit related measures are the most relevant to the users of the financial statements. We considered Adjusted EBITDA, amended for the impact of share-based compensation and restructuring expenses, since this is broadly representative of the underlying performance of the business.	A net assets benchmark was considered appropriate in determining materiality given that the parent company's primary function is to hold the investments in the company's subsidiaries.



## 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2023: 70%) of group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	<ul> <li>a. our evaluation of the group's control</li> <li>b. our past audit experience of the group corrected and uncorrected misstates</li> <li>c. there have not been significant chan affect our ability to forecast misstates</li> <li>d. there has not been a significant turn</li> </ul>	l environment; up, in which we identified a low number of ments in the prior period audit; ges in the nature of the group's operations which

## 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$1.1 million (2023: \$1.0 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

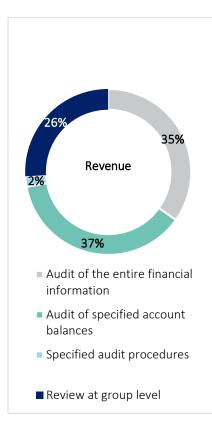
## 7. An overview of the scope of our audit

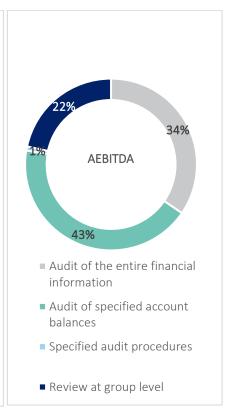
## 7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls on an entity level basis and assessing the components against the risk of material misstatement at the group level. We have also considered the quantum of the financial statement balances and total contribution to the group. In performing our assessment, we have considered the geographical spread of the group and any risks presented within each region.

Based on that assessment we focused our scope on the US component, which was subject to an audit of the entire financial information, together with certain other components which were subject to audits of specified account balances and specified audit procedures; together, these accounted for 72% of group revenue (2023: 76%) and 78% of Adjusted EBITDA including share-based compensation and restructuring expenses (2023: 85%). Our audit work and specified procedures at these entities was executed at levels of performance materiality applicable to each individual entity which were lower than group materiality and, except for the parent company, ranged between \$5.5 million and \$12.3 million (2023: \$5.0 million to \$11.2 million).

We also tested the consolidation process and carried out review at group level to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information not subject to an audit of the entire financial information or audit of specified balances, or specified audit procedures.





#### 7.2. Our consideration of the control environment

#### IT controls

The US component team centrally tested the general IT controls over relevant financial systems used in the Group, which included SAP, Oracle, HFM and BPCS, supporting management information and financial consolidation. These financial systems are used by different components in the Group to support the processing of revenue, cost of sales, inventory management and fixed assets, amongst others. The US component team also considered relevant automated controls related to these business processes as well as system-generated information. We planned the audit so as to place reliance on these general IT controls and automated controls.

## Business process and financial reporting controls

We also tested the relevant controls across a number of significant account balances and classes of transactions. The US component team was able to take a controls reliance approach for our testing of a number of account balances and classes of transactions for the Group audit. These included revenue, cost of sales, selling and distribution costs, finance and administrative expenses, payroll expenses, raw materials, trade receivables, cash and trade payables.

A controls reliance approach was not adopted with respect to the Company only statutory audit.

#### 7.3. Our consideration of climate-related risks

The directors consider that societal responses to sustainability issues, including those related to climate change, could adversely affect the group's business and performance, including indirectly through impacts on their customers, as set out in the Principal Risks and Uncertainties section of the Strategic Report.

In preparing the consolidated financial statements, management considered the impact of climate change and concluded that this does not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is an emerging risk – refer to note 3. This is consistent with our evaluation of the climate related risks facing the group. In addition, we have performed our own qualitative risk assessment of the potential impact of climate change on the group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement.

With the assistance of climate-related specialists, our procedures consisted solely of considering whether the references to climate change that are included in the other information are materially inconsistent with the consolidated financial statements, or our knowledge obtained in the course of the audit, and whether they are compliant with the requirements of the climate-related financial disclosures.

## 7.4. Working with other auditors

The engagement partner and other senior members of the team visited the US component, and a senior member of the team visited the European component, pre year-end, as part of our planning activities; the engagement partner also visited the US component post year-end, during the audit fieldwork.

We held internal fraud and planning calls with component teams and specialists. The purpose of these communications was to deliberate and pinpoint risks, discuss developments within the group that were relevant to components.

We updated our knowledge of business and developments across the different components.

We sent instructions to component teams, to set out the planned audit approach for the group. This included follow up confirmation of receipt and follow up planning calls to discuss the content thereof.

Throughout the substantive phase of our audit, we held regular calls with component teams, to provide continued direction and supervision.

We reviewed component work papers for the US and China components and remotely for a selection of the other, components.

During the conclusion phase, we reviewed component team reporting deliverables, held discussions regarding key items highlighted by the component auditors or identified through our reviews and assessed the impact of their reporting on our conclusions.

## 8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## 10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## 11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

## 11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included US Foreign Corrupt Practices Act and the UK Bribery Act.

## 11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports;
- reviewing the periodic reports issued by in-house legal counsel to the Audit Committee concerning actual litigation and claims; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# Report on other legal and regulatory requirements

## 12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## 13. Matters on which we are required to report by exception

## 13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

• the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

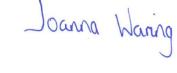
## 13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

# 14.Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Joanna Waring FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

2 May 2025

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(dollars in millions, except per share amounts)	Notes	Year ended December 28, 2024	Year ended December 30, 2023
Continuing operations			
Revenue	4	3,412.9	3,559.3
Cost of sales		(2,032.7)	(2,192.8)
Gross profit		1,380.2	1,366.5
Selling and distribution costs		(270.4)	(283.1)
Finance and administrative expenses		(561.4)	(559.7)
Research and development costs		(49.9)	(53.8)
Transaction-related expenses		(3.3)	(2.2)
Asset impairments		_	(0.1)
Other operating expenses			(0.2)
Operating profit from continuing operations	8	495.2	467.4
Interest expense	9	(139.5)	(214.0)
Interest income	10	15.5	14.5
Loss on deconsolidation of Russian Subsidiary	4	(12.7)	_
Other income (expenses)	10	3.9	(26.0)
Profit before tax from continuing operations		362.4	241.9
Income tax expense	11	(122.3)	(15.7)
Profit for the year from continuing operations		240.1	226.2
Discontinued operations			
Loss for the year from discontinued operations		(0.6)	(0.6)
Profit for the year		239.5	225.6
Attributable to:			
Owners of the parent		214.6	201.8
Non-controlling interests		24.9	23.8
		239.5	225.6
Earnings per share			
Basic			
Earnings per share from continuing operations	12	0.83	0.74
Earnings per share from discontinued operations	12		_
Earnings per share		0.83	0.74
Diluted			
Earnings per share from continuing operations	12	0.81	0.73
Earnings per share from discontinued operations	12		<del></del>
Earnings per share		0.81	0.73
Entitings per siture		0.01	0.73

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(dollars in millions)	Notes	ar ended ber 28, 2024	r ended er 30, 2023
Profit for the year		\$ 239.5	\$ 225.6
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation:			
— Net translation (loss) gain on foreign operations, net of tax benefit (expense), respectively, of \$5.4 and \$(4.3)		(289.5)	126.2
— Gain (loss) on net investment hedges, net of tax (expense) benefit, respectively, of $\$(2.7)$ and $\$3.3$	21	57.9	(21.6)
Cash flow hedges (Interest rate derivatives):			
— Gain arising in the period, net of tax expense, respectively, of $(3.0)$ and $(1.1)$	21	14.6	9.2
— Reclassification to net income, net of tax benefit, respectively, of \$8.7 and \$6.0	21	 (31.8)	(24.1)
		(248.8)	89.7
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Post-retirement benefits:			
— Remeasurement of net defined benefit liabilities, net of tax (expense) benefit, respectively, of \$(0.4) and \$3.1	25	(2.9)	(7.8)
		(2.9)	(7.8)
Other comprehensive (loss) income		(251.7)	81.9
Total comprehensive (loss) income for the year		\$ (12.2)	\$ 307.5
Comprehensive (loss) income attributable to shareholders:			
— (Loss) income arising from continuing operations		\$ (17.4)	\$ 298.1
— Loss arising from discontinued operations		(0.6)	(0.6)
		(18.0)	297.5
Total comprehensive income attributable to non-controlling interests		5.8	10.0
Total comprehensive (loss) income for the year		\$ (12.2)	\$ 307.5

## CONSOLIDATED BALANCE SHEET

(dollars in millions)	Notes	Decen	As of nber 28, 2024		As of ber 30, 2023
Assets					
Current assets					
Cash and cash equivalents		\$	682.0	\$	720.6
Trade and other receivables	13		898.2		979.6
Inventories	14		732.8		681.4
Taxes receivable			28.6		30.4
Total current assets			2,341.6		2,412.0
Description along and accomment	1.5		576.3		627.2
Property, plant and equipment	15				
Goodwill	16		1,908.9		2,038.7
Intangible assets	17		1,292.8		1,430.3
Pension surplus	25		5.7		8.8
Right-of-use assets	20		140.5		127.8
Taxes receivable			20.7		18.5
Deferred tax assets	24		576.6		642.2
Other non-current assets	13		29.0		22.9
Total non-current assets			4,550.5		4,916.4
Total assets		\$	6,892.1	\$	7,328.4
Current liabilities					
Interest-bearing loans and borrowings	22	\$	44.6	\$	36.6
Trade and other payables	19		606.0		674.5
Current tax liabilities			22.9		36.6
Lease liabilities	20		27.8		24.6
Provisions	27		23.5		_
Total current liabilities			724.8		772.3
Interest-bearing loans and borrowings	22		2,272.8		2,410.0
Post-retirement benefit obligations	25 25		83.9		90.0
Lease liabilities	20		135.6		125.3
Taxes payable	20		82.2		79.4
Deferred tax liabilities	24		81.4		126.3
Provisions	24 27		12.4		120.3
Other non-current liabilities	27 19		56.3		116.6
Total non-current liabilities	19		2,724.6		2,947.6
Total liabilities			3,449.4		3,719.9
Net Assets		\$	3,442.7	<u>\$</u>	3,608.5
Equity		<u> </u>	0,11217	<u> </u>	2,000.0
Share capital	29		2.6		2.6
Share premium account	29		57.3		42.5
Other reserves	29		592.2		821.7
Retained earnings	29		2,473.6		2,417.6
Equity attributable to owners of the company			3,125.7		3,284.4
Non-controlling interests	18		317.0		324.1
Total equity		\$	3,442.7	\$	3,608.5

The financial statements of Gates Industrial Corporation plc (registered number 10980824) were approved by the board of directors and authorized for issue on May 2, 2025. They were signed on its behalf by:

Ivo Jurek

Director and Chief Executive Officer

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(dollars in millions)	Note s	Share capital	Share premium account	Translation and hedging reserve	Merger reserve	Retained earnings	Total shareholders' equity	Non- controlling interests	Total equity
As of December 31, 2022		\$ 2.8	\$ 23.8	\$ (907.0)	\$ 1,622.0	\$ 2,456.8	\$ 3,198.4	\$ 333.6	\$ 3,532.0
Profit for the year		_	_	_	_	201.8	201.8	23.8	225.6
Other comprehensive income (loss)				106.7		(11.0)	95.7	(13.8)	81.9
Total comprehensive income		_	_	106.7	_	190.8	297.5	10.0	307.5
Other changes in equity:					1				
—Issuance of shares	29		18.7				18.7		18.7
—Shares withheld for employee taxes	29		_	_	_	(3.3)	(3.3)	_	(3.3)
<ul><li>Repurchase and cancellation of shares</li></ul>	29	(0.2)	_	_	_	(253.5)	(253.7)	_	(253.7)
—Share-based compensation	26		_	_	_	26.3	26.3	0.2	26.5
<ul> <li>Deferred tax on share- based payment transactions</li> </ul>		_	_	_	_	0.5	0.5	_	0.5
<ul><li>—Dividends paid to non- controlling interests</li></ul>								(19.7)	(19.7)
As of December 30, 2023		2.6	42.5	(800.3)	1,622.0	2,417.6	3,284.4	324.1	3,608.5
Profit for the year			_	_	_	214.6	214.6	24.9	239.5
Other comprehensive loss				(229.5)		(3.1)	(232.6)	(19.1)	(251.7)
Total comprehensive (loss) income				(229.5)		211.5	(18.0)	5.8	(12.2)
Other changes in equity:									
—Issuance of shares	29	0.1	14.8	_	_	_	14.9	_	14.9
—Shares withheld for employee taxes	29	_	_	_	_	(4.7)	(4.7)	_	(4.7)
<ul><li>—Repurchase and cancellation of shares</li></ul>	29	(0.1)		_	_	(177.6)	(177.7)	_	(177.7)
—Share-based compensation			_		_	24.7	24.7	0.1	24.8
<ul> <li>Deferred tax on share- based payment transactions</li> </ul>		_	_	_	_	2.1	2.1	_	2.1
<ul><li>—Dividends paid to non- controlling interests</li></ul>	18							(13.0)	(13.0)
As of December 28, 2024		\$ 2.6	\$ 57.3	\$(1,029.8)	\$ 1,622.0	\$ 2,473.6	\$ 3,125.7	\$ 317.0	\$ 3,442.7

## CONSOLIDATED CASH FLOW STATEMENT

(dollars in millions)	Notes	Year ended December 28, 2024	Year ended December 30, 2023
Cash flows from operating activities			
Profit for the year		\$ 239.5	\$ 225.6
Adjustments to reconcile profit for the year to net cash generated by operations:			
Interest income	10	(15.5)	(17.5)
Interest expense	9	139.5	214.0
Income tax expense		122.3	15.7
Depreciation and amortization		244.9	243.3
Foreign exchange and other non-cash financing expenses		(11.6)	4.3
Share-based payment expense	26	28.8	27.4
Decrease in post-employment benefit obligations, net	25	(2.2)	(3.2)
Asset impairments			0.1
Loss on deconsolidation of Russian subsidiary	2	12.7	
(Gain) loss on disposal of property, plant and equipment		(7.3)	0.5
Other operating expenses			4.8
Changes in operating assets and liabilities:			
—accounts receivable		8.4	45.6
—inventories		(84.8)	19.1
-accounts payable		(27.6)	(17.8)
—prepaid expenses and other assets		39.7	32.2
—tax payable		1.7	2.1
—other liabilities		(12.3)	(10.4)
Cash generated by operations		676.2	785.8
Interest income received	10	15.5	17.5
Interest paid		(132.6)	(155.1)
Income taxes paid		(122.3)	(110.5)
Net cash provided by operating activities		436.8	537.7
Cash flows from investing activities			
Purchases of property, plant and equipment		(83.1)	(61.2)
Purchases of intangible assets		(23.6)	(10.2)
Purchase of investments		(11.3)	_
Proceeds from sale of investments		5.0	_
Cash paid under corporate-owned life insurance policies		(5.4)	(18.2)
Cash received under corporate-owned life insurance policies		14.5	6.6
Proceeds from the sale of property, plant and equipment		12.0	1.2
Cash deconsolidated from previously controlled subsidiary		(12.5)	<u> </u>
Net cash used in investing activities		(104.4)	(81.8)
Cash flows from financing activities			
Issuance of shares	29	14.9	18.7
Buy-back of shares	29	(176.1)	(251.7)
Proceeds from long-term debt	22	1,840.0	100.0
Payments of long-term debt	22	(1,948.4)	(119.6)
Debt issuance costs paid	22	(21.6)	(1.3)
Dividends paid to non-controlling interests	18	(13.0)	(18.2)

Cash payments for principal portion of leases	(28.7)	(27.4)
Cash payments for interest portion of leases	(8.1)	(6.3)
Other financing activities	 (3.9)	(8.1)
Net cash used in financing activities	(344.9)	(313.9)
Effect of exchange rate changes on cash and cash equivalents	 (26.1)	0.2
Net (decrease) increase in cash and cash equivalents	(38.6)	142.2
Cash and cash equivalents at the beginning of the period	 720.6	578.4
Cash and cash equivalents at the end of the period	\$ 682.0	\$ 720.6

#### **Gates Industrial Corporation plc**

#### **Notes to the Consolidated Financial Statements**

#### 1. General information

Gates Industrial Corporation plc (the "Parent Company") is a public company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The registered office is located at The Pavilions, Bridgwater Road, Bristol, England, BS13 8FD.

In these consolidated financial statements and related notes, all references to "Gates", the "Company", "Group", "we", "us", "our" refer, unless the context requires otherwise, to the Parent Company and its subsidiaries.

Gates manufactures a wide range of power transmission and fluid power products and components for a large variety of industrial and automotive applications, both in the aftermarket and OEM channels, throughout the world. Gates is comprised of two operating segments: Power Transmission and Fluid Power.

## 2. Principal Accounting Policies

#### A. Basis of preparation

The consolidated financial statements and related notes have been prepared in accordance with United Kingdom adopted international accounting standards ("IFRS").

The consolidated financial statements have been prepared on an historical cost basis, except for post-retirement benefit obligations, which are valued on the basis required by IAS 19 "*Employee Benefits*", and certain financial instruments and equity investments, which have been measured at fair value at the end of each reporting period. The consolidated financial statements are presented in U.S. dollars unless otherwise indicated and are rounded to the nearest \$0.1 million.

## **B.** Accounting periods

The Group prepares its annual consolidated financial statements as of the Saturday nearest December 31. Accordingly, the consolidated balance sheets are presented as of December 28, 2024 and December 30, 2023, and the related consolidated statements of operations, comprehensive income, cash flows, and shareholders' equity are presented for the years ended December 28, 2024 ("Fiscal 2024") and December 30, 2023 ("Fiscal 2023").

## C. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect the Company's returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including contractual arrangements with the other vote holders of the investee, rights arising from other contractual arrangements and the Company's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. In such circumstances, the carrying amounts of equity attributable to the shareholders of the Company and to non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

If the Company loses control of a subsidiary, it derecognizes the assets, liabilities, non-controlling interest and related equity components of the former subsidiary and measures any investment retained in the former subsidiary at its fair value at the date when control is lost. Any gain or loss is recognized in profit or loss.

In 2022, as a result of the conflict between Russia and Ukraine, the Company began exiting substantially all its activities in Russia with only residual cash and de minimis administrative costs remaining in 2024. During the year ended December 28, 2024, the Company concluded that the inability to repatriate remaining cash coupled with the significant government regulations and restrictions currently in place, which are expected to continue or worsen, severely limits its ability to manage and control its Russian subsidiary. As a result, the Company's Russian subsidiary was deconsolidated as of December 28, 2024. The impact of the deconsolidation was a \$12.7 million loss included in the results of operations for the year ended December 28, 2024.

## **D.** Going Concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the Company, its cash-flows, liquidity position and borrowing facilities, the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk. Refer to Section VIII: Liquidity and Capital Resources of the Strategic Report herein for a detailed summary of the Company's borrowing headroom and Note 23: Financial Instruments and Risk Management to the Consolidated Financial Statements herein for details on the maturity profile of the Company's financial liabilities.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### E. Associates

An associate is an entity over which the Group, either directly or indirectly, is in a position to exercise significant influence by participating in, but not controlling or jointly controlling, the financial and operating policies of the entity.

Associates are accounted for using the equity method whereby the investments in associates are carried in the balance sheet at cost as adjusted for changes in the Company's share of the net assets of the associate, less any recognized impairment. Comprehensive income or losses recognized by the Company or its subsidiaries on transactions with an associate are eliminated to the extent of the Company's interest in the associate concerned.

Losses of an associate in excess of the Company's interest in the entity are not recognized, except to the extent that the Group has incurred obligations on behalf of the entity.

## F. Foreign currency translation

Transactions denominated in currencies other than the entity's functional currency are translated into the entity's functional currency at the exchange rate prevailing on the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing on the reporting date. Exchange differences arising from changes in exchange rates are recognized in profit or loss.

On consolidation, the results of operations of entities whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the weighted average exchange rate for the period and their assets and liabilities are translated into U.S. dollars at the exchange rate prevailing on the balance sheet date. Currency translation differences are recognized within other comprehensive income ("OCI") as a separate component of accumulated OCI. In the event that a foreign operation is sold, or substantially liquidated, the cumulative currency translation differences that are attributable to the operation are reclassified to net income.

In the statement of cash flows, the cash flows of operations whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the weighted average exchange rate for the period.

For certain subsidiaries that operate in a hyperinflationary environment, the subsidiaries' financial statements are first restated by applying a general price index of the country in which it reports, in accordance with the requirements of IAS 29 - Hyperinflation ("IAS 29"). The restated financial statements are then translated at closing rates on the balance sheet date.

#### G. Revenue

Gates derives its revenue primarily from the sale of a wide range of power transmission and fluid power products and components for a large variety of industrial and automotive applications, both in the aftermarket and OEM channels, throughout the world.

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In order to achieve this, we use the five step model outlined in IFRS 15: Revenue from Contracts with Customers. Specifically, we (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) we satisfy a performance obligation.

In the substantial majority of our agreements with customers, we consider accepted customer purchase orders, which in some cases are governed by master sales agreements, to represent the contracts with our customers. Revenue from the sale of goods under these contracts is measured at the invoiced amount, net of estimated returns, early settlement discounts and rebates. Taxes collected from customers relating to product sales and remitted to government authorities are excluded from revenues. Where a customer has the right to return goods, future returns are estimated based on historical returns profiles. Settlement discounts that may apply to unpaid invoices are estimated based on the settlement histories of the relevant customers. Our transaction prices often include variable consideration, usually in the form of discounts and rebates that may apply to issued invoices. The reduction in the transaction price for variable consideration requires that we make estimations of the expected total qualifying sales to the relevant customers. These estimates, including an analysis for potential constraint on variable consideration, take into account factors such as the nature of the rebate program, historical information and expectations of customer and consumer behavior. Overall, the transaction price is reduced to reflect our estimate of the consideration that is not probable of significant reversal.

We allocate the transaction price to each distinct performance obligation based on their relative standalone selling price. The product price as specified on the accepted purchase order is considered to be the standalone selling price.

In substantially all of our contracts with customers, our performance obligations are satisfied at a point in time, rather than over a period of time, when control of the product is transferred to the customer. This occurs typically at shipment. In determining whether control has transferred and the customer is consequently able to control the use of the product for their own benefit, we consider if there is a present right to payment, legal title and physical possession has been transferred, whether the risks and rewards of ownership have transferred to the customer, and if acceptance of the asset by the customer is more than perfunctory.

#### H. Restructuring expenses

Restructuring expenses are incurred in major projects undertaken to rationalize and improve our cost competitiveness. A restructuring provision is recognized when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

#### I. Business combinations

A business combination is a transaction or other event in which the Company obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

Goodwill arising in a business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquired business and, in a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held equity interest in the acquired business, over the identifiable assets and liabilities of the acquired business at the acquisition date. If the identifiable assets and liabilities of the acquired business exceed the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquired business and the fair value at the acquisition date of any previously held equity interest, that excess is recognized as a gain in profit or loss.

Consideration transferred in a business combination is measured at the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business. Acquisition-related costs are recognized in profit or loss as incurred.

Any non-controlling interests in the acquired business are measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the acquired business.

Identifiable assets and liabilities of the acquired business are measured at their fair value at the acquisition date, except for the following that are measured in accordance with the relevant accounting policy:

- pensions and other post-employment benefit arrangements;
- liabilities or equity instruments related to the replacement of share-based incentives awarded to employees of the acquired business;
- deferred tax assets and liabilities of the acquired business;
- assets or disposal groups classified as held for sale.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts where appropriate. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized at that date. The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

When a business combination is achieved in stages, the Company's previously held interests in the acquired business are remeasured to their fair value when the Company obtains control of the acquired business and the resulting gain or loss, if any, is recognized in profit or loss.

#### J. Goodwill

Goodwill arising in a business combination is recognized as an intangible asset and is allocated to the cash generating unit ('CGU') or group of CGUs that are expected to benefit from the synergies of the acquisition.

Where a number of CGUs or groups of CGUs are acquired in a business combination, the goodwill attributable to each of them is determined by allocating the purchase consideration in proportion to their respective business enterprise values and comparing the allocated purchase consideration with the fair value of the identifiable assets and liabilities of the CGU or group of CGUs.

Goodwill is not amortized but is tested at least annually for impairment and carried at cost less any recognized impairment. Impairment is determined by assessing the recoverable amount of the CGU to which goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognized in profit and loss. An impairment loss recognized for

goodwill is not reversed in a subsequent period. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

## K. Other intangible assets

Other intangible assets are stated at cost less accumulated amortization and any recognized impairment losses.

## (i) Assets acquired in business combinations

An acquired intangible asset with a finite useful life is amortized on a straight-line basis so as to charge its cost, which represents its fair value at the date of acquisition, to net income over the Company's expectation of its useful life, as follows:

Customer relationships	15 to 17 years
Technology	5 to 7 years

Acquired brands and trade names are considered to have an indefinite useful life and are not amortized but are tested at least annually for impairment and are carried at cost less any recognized impairment.

## (ii) Product development costs

All research expenditure is charged to profit or loss in the period in which it is incurred.

Development expenditure is charged to profit or loss in the period in which it is incurred unless it relates to the development of a new or significantly improved product, it is incurred after the technical feasibility of the product has been proven, and customer orders have been received that are expected to provide income sufficient to cover the further development expenditure that will be incurred prior to the product going into full production. Capitalized development expenditure is amortized on a straight-line basis such that it is charged to profit or loss over the expected life of the resulting product.

## (iii) Computer software

Computer software that is not integral to an item of property, plant and equipment is recognized separately as an intangible asset. Computer software is amortized on a straight-line basis over its estimated useful life, which ranges from 2 to 6 years.

## L. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognized impairment losses. Major improvements are capitalized. Expenditures for repairs and maintenance that do not extend the useful life of the asset for more than one accounting period are expensed as incurred.

Freehold land and assets under construction are not depreciated. The carrying values of property, plant and equipment are reviewed annually for indicators of impairment, or if events or changes in circumstances indicate that the carrying value may not be recoverable. Depreciation of property, plant and equipment, other than freehold land and assets under construction, is generally provided on a straight-line basis so as to charge the depreciable amount to profit or loss over the useful life of the asset as follows:

Buildings and improvements 30 to 40 years
Leasehold improvements Shorter of lease term or useful life
Plant, equipment and vehicles 2 to 20 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds or costs and the carrying amount of the item) is included in the consolidated statement of profit or loss in the period that the item is derecognized.

#### M. Leases

Gates has a large number of leases covering a wide variety of tangible assets that are used in our operations across the world. The value of our global leases is concentrated in a relatively small number of real estate leases, which accounted for approximately 93% of the lease liability under non-cancellable leases as of December 28, 2024. The remaining leases are predominantly comprised of equipment and vehicle leases.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Right-of-use assets are measured at cost at the commencement date of the lease (i.e., the date the underlying asset is available for use), less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Gates recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets. In determining the impact of renewal options on the lease term, we consider various economic factors, including real estate strategies, the nature, length and underlying terms of the agreement, as well as the uncertainty of the condition of leased equipment at the end of the lease term.

Certain payments under our lease agreements, such as property taxes and utility costs, are excluded from the measurement of our right-of-use assets and lease liabilities and are recognized instead as variable payments in the period in which the obligation for those payments is incurred. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. A number of our leases, particularly real estate leases, include base rent escalation clauses. The majority of these are based on the change in a local consumer price or similar inflation index. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Gates does not have any significant leases containing residual value guarantees, restrictions or covenants. Additionally, as of December 28, 2024, there were no significant new leases that have not yet commenced.

The discount rate used to calculate the present value of the future minimum lease payments is the rate implicit in the lease, when readily available. As most of our leases do not have a readily determinable implicit rate, we discount the future minimum lease payments using an incremental borrowing rate which represents the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. We determine this rate at a country or lower level and take into account factors including currency, country risk premium, industry risk and adjustments for collateralized debt. Appropriate yield curves are used to derive different debt tenors to approximate the applicable lease term.

The discount rate is reassessed when there is a remeasurement of the lease liability that is not resulting from a change in an index or rate, which happens predominantly when there is a contract modification and that modification does not result in a separate contract.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

## N. Impairment of non-current assets

Goodwill, other intangible assets and property, plant and equipment are tested for impairment whenever events or circumstances indicate that their carrying amounts might be impaired. Additionally, goodwill, other intangible assets considered to have an indefinite useful life and any capitalized development expenditure relating to a product that is not yet in full production are subject to an annual impairment test.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount, which represents the higher of the asset's value in use and its fair value less costs to sell.

An asset's value in use represents the present value of the future cash flows expected to be derived from the continued use of the asset. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the CGU to which the asset belongs. An asset's CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs to which it is allocated.

Where appropriate, impairment of long-lived assets other than goodwill is recognized before goodwill is tested for impairment. When goodwill is tested for impairment and the carrying amount of the CGU or group of CGUs to which the goodwill has been allocated exceeds its recoverable amount, the impairment is allocated first to reduce the carrying amount of the goodwill and then to the other long-lived assets belonging to the CGU or group of CGUs pro-rata on the basis of their carrying amounts.

Impairments are recognized in profit or loss. Impairments recognized in previous periods for long-lived assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment been recognized in previous periods. Impairments recognized in respect of goodwill are not reversed.

#### O. Inventories

Inventories are stated at the lower of cost and net realizable value, with due allowance for any excess, obsolete or slow-moving items. Cost represents the expenditure incurred in bringing inventories to their existing location and condition, which may include the cost of raw materials, direct labor costs, other direct costs and related production overheads. Cost is determined on a first in, first out basis. Net realizable value is the estimated selling price less costs to complete and sell.

#### P. Financial instruments

### (i) Trade receivables

Trade accounts receivable represent the amount of sales of goods to customers, net of discounts and rebates, for which payment has not been received, less an allowance for expected credit losses. Our businesses develop their expected loss estimates based either on the aging profile of outstanding receivables or by applying an experience factor (either a percentage of sales or a percentage of open receivables). These methodologies are based primarily on historical trends and experience, but credit controllers also regularly assess individual customer accounts to identify any potential increases or decreases in the level of expected credit loss needed to be applied to each customer based on current circumstances and future expectations.

Movements in our allowance for expected credit losses during the periods presented are analyzed in Note 13.

### (ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits available on demand and other short-term, highly-liquid investments with a maturity on acquisition of three months or less, and bank overdrafts. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

### (iii) Restricted cash

Restricted cash, which is included in the trade and other receivables line in the consolidated balance sheet, includes cash given as collateral under letters of credit for insurance and regulatory purposes. Restricted cash as of December 28, 2024 was \$2.8 million, compared to \$3.4 million as of December 30, 2023.

#### (iv) Trade payables

Trade payables represent the amount of invoices received from suppliers for purchases of goods and services for which payment has not been made.

### (v) Bank and other loans

Bank and other loans are initially measured at fair value, net of directly attributable transaction costs, if any, and are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument. At each reporting date, amortized cost is therefore determined as the value of estimated future cash flows discounted at the effective interest rate.

### (vi) Derivative financial instruments

From time to time, the Group uses derivative financial instruments, principally foreign currency swaps, forward foreign currency contracts and interest rate swaps, to reduce its exposure to exchange rate and interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

Derivative financial instruments are recognized as assets and liabilities measured at their fair values at the balance sheet date. Changes in their fair values are recognized in profit or loss and this is likely to cause volatility in situations where the carrying value of the

hedged item is not normally adjusted to reflect fair value changes arising from the hedged risk or is so adjusted but that adjustment is not recognized in profit or loss. Provided the conditions specified by IFRS 9 'Financial Instruments' are met, hedge accounting may be used to mitigate this volatility.

The Group does not generally apply hedge accounting to its 'transactional' foreign currency hedging relationships, such as hedges of forecast or committed transactions. It does, however, apply hedge accounting to its 'translational' foreign currency hedging relationships and to hedges of its interest rate exposures where it is permissible to do so under IFRS 9. When hedge accounting is used, the relevant hedging relationships are classified as a fair value hedge, a cash flow hedge or, in the case of a hedge of the Group's net investment in a foreign operation, a net investment hedge.

Each hedging instrument is designated in a 1:1 hedge ratio against an equivalent notional amount of hedged item. Should an insufficient amount of hedged item be available the hedging instrument will be dedesignated or proportionally designated as appropriate.

To the extent that the critical terms of the derivative are closely aligned with that of the hedged item, the entity applies a qualitative approach to establish the economic relationship between the hedging instrument and the hedged item. To the extent that there are more significant mismatches either at the inception of the hedging relationship or during the life of the hedge, the entity will apply quantitative methods such as regression testing and management judgments to assess effectiveness of the hedging relationship.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability is adjusted by the change in its fair value attributable to the hedged risk and the resulting gain or loss is recognized in profit or loss where, to the extent that the hedge is effective, it offsets the change in the fair value of the hedging instrument.

Where the hedging relationship is classified as a cash flow hedge or as a net investment hedge, to the extent the hedge is effective, the change in the fair value of the hedging instrument attributable to the hedged risk is recognized in OCI rather than in profit or loss. When the hedged item in a cash flow hedge is recognized in the financial statements, the accumulated gain or loss recognized in OCI is either transferred to profit or loss or, if the hedged item results in a non-financial asset, is recognized as an adjustment to the asset's initial carrying amount. In the event that a foreign operation that is designated as a hedged item in a net investment hedge is sold, the accumulated currency translation gain or loss on the hedging instrument that is recognized in OCI is transferred to profit or loss and included in the gain or loss on disposal of the foreign operation.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### (vii) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host such that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. A derivative embedded in a non-derivative hybrid contract is separated from the host contract when its risks and characteristics are not closely related to those of the host contract and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss. An embedded derivative that is separated from its host contract is presented as a separate asset or liability measured at fair value with changes in fair value recognized in profit or loss and is classed as a current or non-current asset or liability based on the cash flows of the hybrid contract.

### (viii) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36. Financial assets and liabilities that are held at fair value, or for which fair values are presented in these financial statements, have been categorized into one of three levels to reflect the degree to which observable inputs are used in determining the fair values.

Where a change in the determination of the fair value of a financial asset or liability results in a transfer between the levels of the fair value hierarchy, the Group recognizes that transfer at the end of the reporting period.

## Q. Post-employment benefits

Post-employment benefits comprise pension benefits provided to employees throughout the world and other benefits, mainly healthcare, provided to certain employees in North America.

For defined contribution plans, the cost of providing the benefits represents the Group's contributions to the plans and is recognized in profit or loss in the period in which the contributions fall due.

For defined benefit plans, the cost of providing the benefits is determined based on actuarial valuations of each of the plans that are carried out annually at the Group's balance sheet date by independent, qualified actuaries. Plan assets are measured at their fair value at the balance sheet date. Benefit obligations are measured on an actuarial basis using the projected unit credit method.

The cost of defined benefit plans recognized in profit or loss comprises the net total of the current service cost, the past service cost, gains or losses from settlements and the net interest cost or income. The current service cost represents the increase in the present value of the plan liabilities expected to arise from employee service in the current period. The past service cost is the change in the benefit obligation in respect of employee service in prior periods and which results from a plan amendment or curtailment. The past service cost may be either positive or negative and is recognized in profit or loss at the earlier of the date on which the plan amendment or curtailment occurs or the date on which the Group recognizes related restructuring costs or termination benefits. Gains or losses on settlements are recognized in the period in which they occur.

Net interest represents the net change in the defined benefit obligation and in the plan assets as a result of the passage of time and is calculated by applying a discount rate to the net defined benefit liability or asset at the beginning of the period. The discount rate used for this purpose is determined at the balance sheet date by reference to market yields on high-quality corporate bonds, where available, or on government bonds. Net interest is recognized within Other income (expenses).

Remeasurements, which are recognized in OCI in the period in which they occur, include actuarial gains and losses, differences between the actual return on plan assets and interest income on plan assets and changes in the asset ceiling (excluding any changes related to the passage of time). Remeasurements are not subsequently recycled through profit or loss.

The defined benefit liability or asset recognized in the balance sheet comprises the net total for each plan of the present value of the benefit obligation, minus the fair value of the plan assets at the balance sheet date. Where a plan is in surplus, the asset recognized is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions. The net total for all plans in surplus is classified as a non-current asset. The net total for all plans in deficit is classified as a non-current liability.

### R. Share-based incentives

Share-based incentives are provided to employees under the Group's share option, bonus and other share award schemes. All share-award plans are equity settled, except for certain awards issued in the form of stock appreciation rights ("SARs") to employees in China, where local regulations necessitate a cash-settled award. These awards are therefore accounted for as liabilities rather than equity. The Group recognizes a compensation expense in respect of these schemes that is based on the fair value of the awards, which, where appropriate, is measured using either the Black-Scholes option-pricing formula or a Monte Carlo valuation model. Fair value is determined at the grant date and reflects market performance conditions and all non-vesting conditions. This fair value is not subsequently remeasured unless the conditions on which the award was granted are modified. If an award is modified, an additional compensation expense is recognized if and to the extent that the fair value of the modified award is higher than the fair value of the existing award both measured at the modification date.

Generally, the compensation expense is recognized on a straight-line basis over the vesting period. Adjustments are made to reduce the compensation expense to reflect expected and actual forfeitures during the vesting period due to failure to satisfy a service condition or a non-market performance condition.

In the event of a cancellation, whether by the Group or by a participating employee, or settlement of an award by the Group, the compensation expense that would have been recognized over the remainder of the vesting period is recognized immediately in profit or loss. Any payment made to the employee on cancellation or settlement is accounted for as the repurchase of an equity interest, except if the payment exceeds the market-based value of the award measured on the settlement date when the excess is recognized as an additional compensation expense.

#### S. Provisions

A provision is a liability of uncertain timing or amount and is generally recognized when the Group has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably. Provision is made for warranty claims when the relevant products are sold, based on historical experience of the nature, frequency and average cost of warranty claims.

Provision is made for the cost of product recalls if management considers it probable that it will be necessary to recall a specific product and the amount can be reasonably estimated.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to the parties that may be affected by it. Gains from the expected disposal of assets are not taken into account in measuring restructuring provisions and provisions are not made for future operating losses.

Provision is made for claims for compensation for injuries sustained by the Group's employees while at work. The provision represents management's best estimate of the liability for claims made but not yet fully settled and for incidents which have occurred but have not yet been reported to the Group. The Group's liability for claims made but not yet fully settled is calculated on an actuarial basis by a third party administrator. Historical data trends are used to estimate the liability for unreported incidents.

### T. Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes items of income or expense that are recognized in the period for accounting purposes but are either not taxable or deductible for tax purposes or are taxable or deductible in other periods. Current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

The Group recognizes provisions in respect of uncertain tax provisions whereby additional current tax may become payable in future periods following the audit by the tax authorities of previously-filed tax returns. Uncertain tax provisions are based upon management's assessment of the likely outcome of issues associated with assumed permanent differences, interest that may be applied to temporary differences, and the possible disallowance of tax credits and penalties. Uncertain tax provisions are reviewed regularly and are adjusted to reflect events such as the expiry of limitation periods for assessing tax, administrative guidance given by the tax authorities and court decisions.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amount of an asset or a liability and its tax base used in the computation of taxable profit. Deferred tax is accounted for using the liability method, whereby deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available in the foreseeable future against which the deductible temporary differences may be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

Deferred tax is provided on temporary differences arising on investments in foreign subsidiaries and associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will reverse in the foreseeable future.

Deferred tax is calculated using the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the amounts and management intends to settle on a net basis. Deferred tax assets and deferred tax liabilities are offset where there is a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current and deferred tax is recognized in profit or loss unless it relates to an item that is recognized in the same or a different period outside profit or loss, in which case it too is recognized outside profit or loss, either in OCI or directly in equity.

### U. Accounting pronouncements not yet adopted

Recently-issued accounting pronouncements that may be relevant to the Group, but have not yet been adopted are outlined below.

Standard	Title	Applicable for fiscal years beginning on or after
IAS 21 (amendments) <sup>(1)</sup>	Amendments to IAS 21 require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.	January 1, 2025
IAS 1 (amendments) <sup>(1)</sup>	Amendments to IAS 1 - Non-current Liabilities with Covenants	January 1, 2025
IFRS (amendments) <sup>(1)</sup>	Amendments to IFRS Accounting Standards as part of its annual improvements process	January 1, 2026
IFRS 7 and IFRS 9 (amendments) <sup>(1)</sup>	IASB issues amendments to the classification and measurement requirements of financial instruments under IFRS 7 and IFRS 9	January 1, 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (amendments) <sup>(2)</sup>	Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 18 <sup>(2)</sup>	Presentation and Disclosures in Financial Statements	January 1, 2027
IFRS 19 <sup>(2)</sup>	Subsidiaries without Public Accountability Disclosures	January 1, 2027
IFRS S1 and IFRS S2 <sup>(2)</sup>	IFRS S1 provides a set of disclosure requirements designed to enable companies to communicate to investors about the sustainability-related risks and opportunities they face over the short, medium and long term. IFRS S2 sets out specific climate-related disclosures and is designed to be used with IFRS S1	TBD
IFKS ST allu IFKS SZV	specific crimate-related disclosules and is designed to be used with IFRS \$1	IBD

<sup>(1)</sup> The Company has evaluated the impact of applying these accounting standards on the consolidated financial statements and determined the implementation of these standards to be immaterial.

### V. New and amended IFRS Standards that are effective for the current year

The following table summarizes the new and amended IFRS standards adopted by the Group during the current reporting period. The Group has evaluated the impact of applying these accounting standards on the consolidated financial statements and determined the implementation of these standards to be immaterial.

Standard	Title	Applicable for fiscal years beginning on or after
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1 (amendments)	Classification of Liabilities as Current or Non-Current	January 1, 2024
IAS 1 (amendments)	Classification of liabilities as current or non-current - Deferral of Effective Date	January 1, 2024

#### 3. Critical Accounting Estimates & Judgments

# A. Background

When applying the Company's accounting policies, management must make assumptions, estimates and judgments concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date, the disclosure of contingencies that existed at the balance sheet date and the amounts of revenue and expenses recognized during the accounting period. Such assumptions, estimates and judgments are based on factors such as historical experience, the observance of trends in the industries in which the Company operates and information available from the Company's customers and other outside sources.

In applying the Company's accounting policies, which are described in Note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

<sup>&</sup>lt;sup>(2)</sup> The Company is still evaluating the impact of applying these accounting standards on the consolidated financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the Group's accounting policies

The directors have not identified any critical judgements in applying the Group's accounting policies.

### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Climate change is a global challenge and emerging risk to businesses, people and the environment across the world. Although commitments we have made to date form part of the cash flow projections within our going concern and impairment assessments, the impact of climate change is not judged to have been a key driver in determining the outcomes of these exercises and is therefore not currently classified as a key source of estimation uncertainty. The Group will continue to review this classification as the assessment of the impacts, risks and opportunities presented by climate change and the Group's commitments to address the challenges presented evolve over the coming years.

### A. Post-employment benefits

The Company operates pension plans throughout the world. Pension benefits are provided by way of both defined contribution plans and defined benefit plans. The Company's defined benefit pension plans are closed to new entrants. The Company also provides other post-employment benefits, principally health and life insurance cover, to certain of its employees in North America by way of unfunded defined benefit plans.

The Company accounts for post-employment benefits in accordance with IAS 19 'Employee Benefits', whereby the cost of defined benefit plans is determined based on actuarial valuations of the plans that are carried out annually at the Company's balance sheet date. The actuarial valuations are dependent on assumptions about the future that are made by management on the advice of independent qualified actuaries.

If actual experience differs from these assumptions, there could be a material change in the amounts recognized by the Company in respect of defined benefit plans in the next financial year.

As of December 28, 2024, the present value of the benefit obligation was \$506.2 million. The present value of the benefit obligation is calculated by discounting the benefit obligation using market yields on high-quality corporate bonds at the balance sheet date. In addition, assumptions are made in determining future salary increases, mortality and inflation rates to be used when valuing the plan's defined benefit obligations. As of December 28, 2024, the fair value of the plan assets was \$452.7 million. The plan assets consist largely of listed securities and their fair values are subject to fluctuation in response to changes in market conditions.

Effects of changes in the actuarial assumptions underlying the benefit obligation, effects of changes in the discount rate applicable to the benefit obligation and effects of differences between the expected and actual return on the plan assets are classified as actuarial gains and losses and are recognized in other comprehensive income. During 2024, the Company recognized a net remeasurement loss of \$2.5 million.

Further details of the assumptions applied and a sensitivity analysis on the principal assumptions used to determine the defined benefit liabilities of the Group's obligations are shown in Note 25. Whilst actual movements might be different to sensitivities shown, these are a reasonably possible change that could occur.

#### **B.** Taxation

The Company is subject to income tax in most of the jurisdictions in which it operates. Management is required to exercise significant judgment in determining the Company's provision for income taxes.

Estimation is required of taxable profit in order to determine the Company's current tax liability. Management's judgment is required in relation to uncertain tax provisions whereby additional current tax may become payable in the future following the audit by the tax authorities of previously-filed tax returns. It is possible that the final outcome of these uncertain tax provisions may differ from

management's estimates. As of December 28, 2024, if all uncertain tax provisions were recognized, the net impact on the provision for income taxes which would impact the annual effective tax rate would be \$37.3 million, including all competent authority offsets.

Estimation is also required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognized for all taxable temporary differences but, where there exist deductible temporary differences, management's judgment is required as to whether a deferred tax asset should be recognized based on the availability of future taxable profits. As of December 28, 2024, the Company recognized net deferred tax assets amounting to \$576.6 million - refer to Note 24 Deferred Tax herein for a detailed summary of deferred assets and liabilities. As of December 28, 2024, deferred tax assets of \$1,241.1 million were not recognized as we determined that is more likely than not that future taxable profit will not be available against which the tax losses carried forward of \$964.7 million, capital losses carried forward of \$190.2 million, U.S. foreign tax credits and other credits carried forward of \$58.9 million, interest carried forward of \$22.4 million and \$4.9 million of other carried forward attributes can be realized. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognized if actual taxable profits differ from management's estimates.

As of December 28, 2024, income and withholding taxes in the various tax jurisdictions in which Gates operates have not been provided on approximately \$1,343.3 million of taxable temporary differences related to the investments in the Company's subsidiaries. These temporary differences represent the estimated excess of the financial reporting over the tax basis in our investments in those subsidiaries, which are primarily the result of purchase accounting adjustments. These temporary differences are not expected to reverse in the foreseeable future but could become subject to income and withholding taxes in the various tax jurisdictions in which Gates operates if they were to reverse. The amount of unrecognized deferred income tax liability on these taxable temporary differences has not been determined because the hypothetical calculation is not practicable due to the uncertainty as to how they may reverse. However, Gates has recognized a deferred income tax liability of \$20.7 million on taxable temporary differences related to undistributed earnings of the Company's subsidiaries.

#### 4. Segment information

## A. Background

The segment information provided in these financial statements reflects the information that is used by the chief operating decision maker for the purposes of making decisions about allocating resources and in assessing the performance of each segment. The chief executive officer ("CEO") of Gates serves as the chief operating decision maker. These decisions are based principally on revenue and Adjusted EBITDA (defined below).

### **B.** Operating segments and segment assets

Gates manufactures a wide range of power transmission and fluid power products and components for a large variety of industrial and automotive applications, both in the aftermarket and OEM channels, throughout the world.

Our reportable segments are identified on the basis of our primary product lines, as this is the basis on which information is provided to the CEO for the purposes of allocating resources and assessing the performance of Gates' businesses. Our operating and reporting segments are therefore Power Transmission and Fluid Power.

Segment asset information is not provided to the chief operating decision maker and therefore segment asset information has not been presented. Due to the nature of Gates' operations, cash generation and profitability are viewed as the key measures rather than an asset based measure.

### C. Segment revenue and disaggregated revenue

Sales between reporting segments and the impact of such sales on Adjusted EBITDA for each segment are not included in internal reports presented to the CEO and have therefore not been included below.

	For the year ended			
(dollars in millions)	Ι	December 28, 2024	December 30, 2023	
Power Transmission	\$	2,112.3	\$	2,181.9
Fluid Power		1,300.6		1,377.4
Revenue	\$	3,412.9	\$	3,559.3

Our commercial function is organized by region and therefore, in addition to reviewing revenue by our reporting segments, the CEO also reviews revenue information disaggregated by regions and by channels.

For the year ended

The following table summarizes our revenue by key geographic region:

	For the year ended							
	December 28, 2024				December 30, 2023			
(dollars in millions)	Power Transmission Fluid Power				Power Transmission			Fluid Power
U.S.	\$	568.1	\$	688.0	\$	591.5	\$	724.5
North America, excluding U.S.		239.8		195.0		230.1		214.3
United Kingdom ("U.K.")		37.0		67.8		44.4		71.4
Luxembourg		252.7		86.6		247.8		88.9
EMEA <sup>(1)</sup> , excluding U.K.		338.6		103.8		382.7		121.6
East Asia and India		277.8		80.6		287.1		79.7
Greater China		291.1		40.2		297.3		35.4
South America		107.2		38.6		101.0		41.6
Revenue	\$	2,112.3	\$	1,300.6	\$	2,181.9	\$	1,377.4

<sup>(1)</sup> Europe, Middle East and Africa ("EMEA").

The following table summarizes our revenue into OEM and Replacement channels:

	For the year ended							
		December	r 28,	2024		Decembe	r 30,	2023
(dollars in millions)	Power Transmission				Power Transmission			Fluid Power
Replacement	\$	1,395.7	\$	910.3	\$	1,382.8	\$	907.9
OEM		716.6		390.3		799.1		469.5
Net sales	\$	2,112.3	\$	1,300.6	\$	2,181.9	\$	1,377.4

## D. Measure of segment profit or loss

The CEO uses Adjusted EBITDA, as defined below, to measure the profitability of each segment. Adjusted EBITDA is, therefore, the measure of segment profit or loss presented in Gates' segment disclosures. The Group believes that this alternate performance measure, which is not considered to be a substitute for or superior to consolidated financial statement statutory measures, provides stakeholders with additional helpful information on the performance of the business.

"EBITDA" represents profit for the period before net interest and other (income) expenses, income taxes, depreciation and amortization.

Adjusted EBITDA represents EBITDA before certain items that are considered to hinder comparison of the performance of our businesses on a period-over-period basis or with other businesses. During the periods presented, the items excluded from EBITDA in computing Adjusted EBITDA primarily included:

- loss on deconsolidation of previously controlled subsidiary;
- non-cash charges in relation to share-based compensation;
- transaction-related expenses incurred in relation to business combinations and major corporate transactions, including the
  acquisition of businesses, and equity and debt transactions;
- asset impairments;
- restructuring expenses, including severance-related expenses;
- credit loss related to a customer bankruptcy; and
- cybersecurity incident expenses.

Adjusted EBITDA by segment was as follows:

	For the year ended			
(dollars in millions)			December 30, 2023	
Power Transmission	\$	477.4	\$	469.6
Fluid Power		305.9		300.6
Adjusted EBITDA	\$	783.3	\$	770.2

Reconciliation of net income from continuing operations to Adjusted EBITDA:

	For the year ended			
(dollars in millions)	December 28, 2024		Decemb	per 30, 2023
Adjusted EBITDA	\$	783.3	\$	770.2
Depreciation and amortization		(244.9)		(243.3)
Share-based compensation expense		(28.8)		(27.4)
Transaction-related expense (1)		(3.3)		(2.2)
Asset impairments				(0.1)
Restructuring expenses		(6.5)		(11.5)
Inventory impairments (included in cost of sales)				(0.1)
Severance expenses (included in cost of sales)		(1.8)		(0.4)
Severance expenses (included in Finance and administrative expenses)		(2.9)		(1.0)
Credit (gain) loss related to customer bankruptcy (included in Finance and administrative expenses) (2)		0.1		(11.4)
Cybersecurity incident expenses (3)				(5.2)
Other operating expenses				(0.2)
Operating Profit from continuing operations		495.2		467.4
Interest expenses		(139.5)		(214.0)
Interest Income		15.5		14.5
Loss on deconsolidation of Russian subsidiary (4)		(12.7)		
Other income (expenses)		3.9		(26.0)
Profit before taxes from continuing operations		362.4		241.9
Income tax expense		(122.3)		(15.7)
Profit for the year from continuing operations	\$	240.1	\$	226.2

- (1) Transaction-related expenses relate primarily to advisory fees and other costs recognized in respect of major corporate transactions, including the acquisition of businesses, and equity and debt transactions.
- 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 preliminarily evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded an initial pre-tax charge to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate as necessary.
- 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.
- <sup>(4)</sup> In July 2022, as a result of the conflict between Russia and Ukraine, Gates suspended our operations in Russia. As of September 28, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.

### E. Selected geographic information

(dollars in millions)	Dec	As of ember 28, 2024	As of December 30, 2023
Property, plant and equipment, net by geographic location			
U.S.	\$	154.6	\$ 164.6
Rest of North America		115.5	128.6
U.K.		29.9	29.4
EMEA, excluding U.K.		149.6	157.1
East Asia & India		36.3	39.0
Greater China		67.9	82.0
South America		22.5	26.5
	\$	576.3	\$ 627.2
(dollars in millions)	Dec	As of ember 28, 2024	As of December 30, 2023
Intangible assets by geographic location			
U.S.	\$	900.6	\$ 953.8
Rest of North America		107.0	141.7
U.K.		9.1	11.1
EMEA, excluding U.K.		147.2	166.8
East Asia & India		58.1	72.8
Greater China		70.7	84.0
South America		0.1	0.1
	\$	1,292.8	\$ 1,430.3

### F. Information about major customers

Gates has a significant concentration of sales in the U.S., which accounted for 38.9% of Gates' net sales by destination from continuing operations during Fiscal 2024, compared to 38.9% during Fiscal 2023. During Fiscal 2024 and Fiscal 2023, no single customer accounted for more than 10% of Gates' net sales. Two customers of our North America businesses accounted for 13.7% and 6.1%, respectively, of our total trade accounts receivable balance as of December 28, 2024, compared to 12.5% and 9.6%, respectively, as of December 30, 2023. These concentrations are due to the extended payment terms common in the industry in which these businesses operate.

## 5. Restructuring and restructuring related expenses

Gates continues to undertake various restructuring and other restructuring related initiatives to drive increased productivity in all aspects of our operations. These actions include efforts to consolidate our manufacturing and distribution footprint, scale operations to current demand levels, streamline our selling, general and administrative ("SG&A") back-office functions and relocate certain operations to lower cost locations.

Overall costs associated with our restructuring and other restructuring related initiatives have been recognized in the consolidated statements as set forth below.

	For the year ended					
(dollars in millions)	December 28, 2024			ember 30, 2023		
Restructuring expenses:						
—Severance expense	\$	0.5	\$	3.7		
—Non-severance labor and benefit expenses		0.5		1.2		
—Consulting expenses		3.2		3.4		
—Other net restructuring expenses		2.3		3.2		
		6.5		11.5		
Restructuring expenses in asset impairments:						
—Impairment of fixed assets				0.1		
Restructuring expenses in cost of sales:						
—Impairment of inventory		_		0.1		
Total restructuring expenses	\$	6.5	\$	11.7		
Other restructuring related expenses						
—Severance and restructuring related expenses included in cost of sales	\$	1.8	\$	0.4		
—Severance and restructuring related expenses included in SG&A		2.9		1.0		
Total restructuring related expenses	\$	4.7	\$	1.4		

Restructuring and other restructuring related expenses during Fiscal 2024 included \$4.1 million of costs related to the relocation of certain production activities and reorganization of our operations in Mexico. Additionally, we incurred \$1.6 million in severance and other costs related to the consolidation of production activities across certain North American plants. Other costs related to restructuring and restructuring related initiatives incurred during Fiscal 2024 included legal and consulting expenses, and costs associated with prior period facility closures or relocations in several countries.

Restructuring and the restructuring related expenses during Fiscal 2023 related primarily to relocating certain production activities in China and Mexico, which included severance and other costs of \$4.5 million and \$3.0 million, respectively. Additionally, we incurred \$0.7 million in severance and other costs related to optimizing production in Europe and \$0.9 million of non-severance labor and benefit costs related to relocation and integration of certain support functions into our regional shared service center in Europe. Other restructuring costs during the period included \$3.4 million for legal and consulting expenses, as well as activities associated with prior period facility closures or relocations in several countries.

## Restructuring activities

As indicated above, restructuring expenses form a subset of our total expenses related to restructuring and other restructuring related initiatives. These expenses include the impairment of inventory, which is recognized in cost of sales. Analyzed by segment, our restructuring expenses were as follows:

	For the year ended			ended
(dollars in millions)		December 28, 2024		December 30, 2023
Power Transmission	\$	1.8	\$	7.0
Fluid Power		4.7		4.7
Continuing operations	\$	6.5	\$	11.7

# 6. Employees

Employee-related costs, including directors, recognized in operating income from continuing operations during the year were as follows:

	For the year ended				
(dollars in millions)	December 28, 2024		De	cember 30, 2023	
Wages and salaries	\$	615.5	\$	631.8	
Social security costs		84.9		79.3	
Post-retirement benefits		26.2		25.9	
Share-based incentives		28.8		27.4	
Medical insurance costs		35.3		30.3	
Other primarily insurance-related costs		48.1		48.6	
Aggregate remuneration		838.8		843.3	
Termination benefits		6.4		7.0	
Total employee-related costs	\$	845.2	\$	850.3	

The average number of persons employed by Gates, excluding the Company's non-executive directors, was as follows:

	For the ye	ar ended
	December 28, 2024	December 30, 2023
U.S.	3,293	3,723
Rest of North America	2,917	3,266
U.K.	636	670
Rest of EMEA	3,670	3,662
East Asia and India	1,413	1,443
Greater China	1,461	1,413
South America	727	752
	14,117	14,929

The directors' remuneration, analyzed under the headings required by company law, is set out below.

	For the year ended			
(dollars in millions)	December 28, 2024			ember 30, 2023
Directors' remuneration:				
Emoluments	\$	4.5	\$	4.5
Amounts receivable under long-term incentive schemes		10.3		6.3
Company contributions to money purchase pension schemes		0.2		0.1
	\$	15.0	\$	10.9
		For the y	ear ended	l
		ember 28, 2024		ember 30, 2023
The number of directors who:				
Are members of a money purchase pension plan		1		1
Had awards receivable in the form of Parent Company shares under a long-term incentive plan		8		7
		For the y	ear ended	[
(dollars in millions)		ember 28, 2024		ember 30, 2023
Remuneration of the highest paid director:				
Emoluments	\$	3.7	\$	3.9
Amounts receivable under long-term incentive schemes		9.5		5.6
Company contributions to money purchase pension schemes		0.2		0.1
	\$	13.4	\$	9.6

The amounts reported in the "Directors' remuneration" table for 2023 for Emoluments, Amounts receivable under long-term incentive schemes, Stock options, Other long-term incentive schemes and Company contributions to money purchase schemes have been restated from prior year to correctly categorize the nature of remuneration; the amounts reported in the prior year were \$4.4, \$0.1, \$6.3, \$0.1 and \$0 respectively; the amounts of the over/(under) restatements therefore amount to \$(0.1), \$(6.2), \$6.3, \$0.1 and \$(0.1)m respectively. The total amounts reported for 2023 were correct.

The amounts reported in the "Remuneration of the highest paid director" table for 2023 for Emoluments, Amounts receivable under long-term incentive schemes, Stock options and Other long-term incentive schemes have been restated from the prior year to correctly categorize the nature of remuneration; the amounts reported in the prior year were \$3.7, \$0, \$0.1 and \$5.6 respectively; the amounts of the over/(under) restatements therefore amount to \$(0.2), \$(5.6), \$0.1 and \$5.6 respectively. The total amounts reported for 2023 were correct, notwithstanding a \$0.1 rounding difference.

#### 7. Auditor's remuneration

The following table presents fees for professional services rendered by Deloitte LLP and affiliates ("Deloitte") for the audit of our consolidated financial statements and other services in Fiscal 2024 and Fiscal 2023.

		For the y	ear er	nded
(dollars in millions)	December 28, 2024			
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	\$	5.4	\$	5.8
Audit of the Company's subsidiaries pursuant to legislation		1.4		1.0
Audit-related assurance services		0.5		0.2
Total audit fees		7.3		7.0
Taxation advice and compliance		0.3		0.1
Total non-audit fees	\$	0.3	\$	0.1
	\$	7.6	\$	7.1

In Fiscal 2024 and Fiscal 2023, all of Deloitte's services and fees were pre-approved by the Audit Committee. Fees payable to Deloitte LLP and their associates for non-audit services to the Parent Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

## 8. Operating profit from continuing operations

Operating profit from continuing operations is stated after charging/(crediting):

		For the y	ear ende	ed
	Dec	cember 28, 2024	De	cember 30, 2023
Inventories:				
<ul> <li>Cost of inventories recognized as an expense</li> </ul>	\$	1,816.9	\$	2,016.5
– Write-down of inventories		26.7		22.1
Employee costs (see Note 6)		845.2		850.3
Amortization of other intangible assets (see Note 17)		128.6		129.8
Depreciation of property, plant and equipment (including amount in restructuring expenses) (see Note 15)		87.1		86.7
(Gain) loss on sale of property, plant and equipment		(7.3)		0.5
Depreciation of right-of-use assets (see Note 20)		29.2		26.8
Short-term lease expenses (see Note 20)		8.0		8.2
Variable lease expenses (see Note 20)		6.3		6.1
Research and development costs		66.5		66.0
Net foreign exchange gain		(6.5)		(2.5)

## 9. Interest expense

Our interest expense was as follows:

(dollars in millions)  Debt:  Dollar Term Loan	Dec		Dece	amahan 20
		December 28, 2024		ember 30, 2023
Dollar Term Loan				
Bonar Term Boan	\$	142.4	\$	152.0
Dollar Senior Notes		34.7		35.5
Other Loans		0.5		1.8
Interest on lease liabilities		8.3		6.4
Total interest expense for financial liabilities classified at amortized cost		185.9		195.7
Amortization of finance costs and net fair value adjustment		(10.6)		47.4
(Gain) arising on interest rate swaps and interest rates caps as designated hedging instruments in cash flow hedges		(40.5)		(30.1)
Other interest expense		4.7		1.0
	\$	139.5	\$	214.0

Details of our long-term debt are presented in Note 22 to the consolidated financial statements included elsewhere in this report.

# 10. Other income (expenses)

Our other income (expenses) was as follows:

		For the year ended					
(dollars in millions)		December 28, 2024					
Interest income on bank deposits	\$	15.5	\$	14.5			
Total interest income for financial instruments classified at amortized cost		15.5		14.5			
Foreign currency gain (loss) on net debt (1) and hedging instruments		13.7		(4.2)			
Net interest expense on defined benefit pension obligations		(3.9)		(3.6)			
Foreign currency loss on hyperinflation remeasurement (2)		(0.3)		(10.4)			
Other		(5.6)		(7.8)			
Other income (expenses)		3.9		(26.0)			
	\$	19.4	\$	(11.5)			

- "Net debt" is a non-IFRS measure representing the principal amount of our debt less the carrying amount of cash and cash equivalents.
- The financial statements for the subsidiaries that operated in a hyperinflationary environment have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period. We utilized consumer price index ("CPI") for both Argentina and Türkiye; the CPI at the end of the current year moved by 218% in Argentina and by 144% in Türkiye during Fiscal 2024.

### 11. Income tax expenses

#### **OECD Pillar Two model rules**

The group is within the scope of the OECD Pillar Two model rules. The U.K. has implemented certain elements of the Pillar Two proposal with effect in relation to accounting periods commencing on or after December 31, 2023, and the U.K. government announced in the Autumn Budget that (i) further elements of the OECD agreed Pillar Two model rules will be implemented in the U.K., with the effect in relation to accounting periods beginning on or after December 31, 2024 and (ii) further amendments would be made to the Pillar Two rules that have already been implemented.

Numerous foreign jurisdictions, including the U.K., have enacted or are in the process of enacting legislation to adopt a minimum effective tax rate described in the Global Anti-Base Erosion, or Pillar Two, model rules issued by the Organization for Economic Co-operation and Development, or OECD. Under such rules, a minimum effective tax rate of 15% would apply to multinational companies with consolidated revenue above €750 million. Under the Pillar Two rules, a company would be required to determine a combined effective tax rate for all entities located in a jurisdiction. If the jurisdictional effective tax rate determined under the Pillar Two rules is less than 15%, a top-up tax will be due to bring the jurisdictional effective tax rate up to 15%. We are continuing to monitor the pending implementation of Pillar Two by individual countries and the potential effects of Pillar Two on our business. The group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two incomes taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up-tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate per jurisdiction and the 15% minimum rate. Based on current year's financial information, this assessment indicates that several non-material jurisdictions where the group operates may be subject to top-up-tax. These non-material jurisdictions include Bahrain, British Virgin Islands, Malaysia, Isle of Man, and United Arab Emirates. Although the average effective tax rates for these jurisdictions is below 15%, the group might not be exposed to paying Pillar Two income taxes in relation to these jurisdictions. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of IAS 12.

Applying current forecasts to the legislation and calculating the GloBE income, the quantitative impact of the enacted or substantively enacted legislation does not appear to have a material impact on the company's tax provision and no current tax expense has been recorded. However, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The group is currently engaged with tax specialists to assist it with applying the legislation.

### **Provision for income taxes**

Gates Industrial Corporation plc is domiciled in the United Kingdom. Income from continuing operations before income taxes and income tax expense are summarized below based on the geographic location of the operation to which such earnings and income taxes are attributable.

		For the year ended				
(dollars in millions)		December 28, 2024				December 30, 2023
U.K.	\$	80.4	\$	22.8		
U.S.		124.6		(88.6)		
Other		157.4		307.7		
Income from continuing operations before income taxes	\$	362.4	\$	241.9		

Income tax expense on income from continuing operations analyzed by tax jurisdiction is as follows:

Ideal as in millions)         December 28, 2023         December 30, 2023           Current tax         TOTAL         STOTAL         STOTAL		 For the year ended				
U.K.       \$ (7.7) \$ 0.2         U.S.       46.9       28.1         Other foreign       82.9       75.5         Adjustments in respect of prior years       \$ (0.7) \$ (7.8)         Total current tax expense       \$ 121.4 \$ 96.0         Deferred income tax       U.K.       \$ 13.8 \$ 8.0         U.S.       (17.9) (49.6)         Other foreign       7.1 (47.3)         Adjustments in respect of prior years       (2.1) 8.6         Total deferred income tax expense (benefit)       0.9 (80.3)	(dollars in millions)					
U.S.       46.9       28.1         Other foreign       82.9       75.5         Adjustments in respect of prior years       \$ (0.7)       (7.8)         Total current tax expense       \$ 121.4       96.0         Deferred income tax         U.K.       \$ 13.8       8.0         U.S.       (17.9)       (49.6)         Other foreign       7.1       (47.3)         Adjustments in respect of prior years       (2.1)       8.6         Total deferred income tax expense (benefit)       0.9       (80.3)	Current tax					
Other foreign       82.9       75.5         Adjustments in respect of prior years       \$ (0.7)       \$ (7.8)         Total current tax expense       \$ 121.4       \$ 96.0         Deferred income tax       U.K.       \$ 13.8       \$ 8.0         U.S.       (17.9)       (49.6)         Other foreign       7.1       (47.3)         Adjustments in respect of prior years       (2.1)       8.6         Total deferred income tax expense (benefit)       0.9       (80.3)	U.K.	\$ (7.7) \$	0.2			
Adjustments in respect of prior years       \$ (0.7)       \$ (7.8)         Total current tax expense       \$ 121.4       \$ 96.0         Deferred income tax         U.K.       \$ 13.8       \$ 8.0         U.S.       (17.9)       (49.6)         Other foreign       7.1       (47.3)         Adjustments in respect of prior years       (2.1)       8.6         Total deferred income tax expense (benefit)       0.9       (80.3)	U.S.	46.9	28.1			
Total current tax expense         \$ 121.4         \$ 96.0           Deferred income tax         \$ 13.8         \$ 8.0           U.S.         (17.9)         (49.6)           Other foreign         7.1         (47.3)           Adjustments in respect of prior years         (2.1)         8.6           Total deferred income tax expense (benefit)         0.9         (80.3)	Other foreign	82.9	75.5			
Deferred income tax         U.K.       \$ 13.8 \$ 8.0         U.S.       (17.9)       (49.6)         Other foreign       7.1 (47.3)         Adjustments in respect of prior years       (2.1)       8.6         Total deferred income tax expense (benefit)       0.9 (80.3)	Adjustments in respect of prior years	\$ (0.7) \$	(7.8)			
U.K.       \$ 13.8 \$ 8.0         U.S.       (17.9)       (49.6)         Other foreign       7.1 (47.3)         Adjustments in respect of prior years       (2.1) 8.6         Total deferred income tax expense (benefit)       0.9 (80.3)	Total current tax expense	\$ 121.4 \$	96.0			
U.S.       (17.9)       (49.6)         Other foreign       7.1       (47.3)         Adjustments in respect of prior years       (2.1)       8.6         Total deferred income tax expense (benefit)       0.9       (80.3)	Deferred income tax					
Other foreign7.1(47.3)Adjustments in respect of prior years(2.1)8.6Total deferred income tax expense (benefit)0.9(80.3)	U.K.	\$ 13.8 \$	8.0			
Adjustments in respect of prior years (2.1) 8.6  Total deferred income tax expense (benefit) 0.9 (80.3)	U.S.	(17.9)	(49.6)			
Total deferred income tax expense (benefit) 0.9 (80.3)	Other foreign	7.1	(47.3)			
<u> </u>	Adjustments in respect of prior years	(2.1)	8.6			
Income tax expense \$ 122.3 \$ 15.7	Total deferred income tax expense (benefit)	 0.9	(80.3)			
	Income tax expense	\$ 122.3 \$	15.7			

Reconciliation of the applicable statutory income tax rate to the reported effective income tax rate:

	For the year	ar ended
	December 28, 2024	December 30, 2023
U.K. corporation tax rate	25.0%	23.5%
Effect of:		
—State tax provision, net of Federal benefit	0.2%	(1.8%)
—Provision for unrecognized income tax provisions	(2.9%)	(5.1%)
—Company Owned Life Insurance	(2.8%)	(4.1%)
—Tax on international operations <sup>(1)</sup>	3.0%	(5.8%)
—Manufacturing incentives <sup>(2)</sup>	2.2%	3.6%
—Change in unrecognized deferred tax assets <sup>(3)</sup>	(12.6%)	(3.6%)
—Deferred income tax rate changes	18.8%	0.5%
—Currency exchange rate movements	2.6%	0.7%
—Other permanent differences	0.2%	(1.4%)
Reported effective income tax rate	33.7%	6.5%

- (1) "Tax on international operations" includes U.S. tax on foreign earnings and unremitted earnings of foreign subsidiaries, foreign deferred tax adjustments, and effects of global funding structures and differences between statutory and foreign tax rates.
- "Manufacturing incentives" for Fiscal 2024 totaled \$0.7 million, primarily related to incentives generated in the U.S. and Canada. Fiscal 2023 totaled \$13.3 million, related to incentives generated in Türkiye, Poland and the U.S.
- (3) "Change in unrecognized deferred tax assets" is comprised primarily of:

	For the year ended					
Expense (benefit)	Decem	ber 28, 2024	Decemb	per 30, 2023		
Luxembourg currency revaluation on indefinite-lived net operating losses	\$	(9.4)	\$	(5.7)		
Luxembourg deferred corporate income tax rate change	\$	(42.9)	\$			
Poland tax credits	\$	3.7	\$			
Türkiye net operating losses	\$	5.5	\$			
U.S. foreign tax credits	\$	(3.2)	\$	0.4		
U.S. finite-lived net operating losses	\$	3.4	\$	(2.1)		

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognized in other comprehensive income:

	F0			<u> </u>
(dollars in millions)	December 28, 2024		December 30, 2023	
Current tax related to items recognised in OCI during in the year				
Foreign currency translation - Net translation gain (loss) on foreign operations	\$	5.4	\$	(4.3)
Post-retirement benefits - Current year actuarial movements	\$	0.2	\$	
Foreign currency translation - (loss) gain on net investment hedges	\$	(2.9)	\$	_
Current tax benefit (expense) to OCI	\$	2.7	<b>\$</b>	(4.3)
Deferred tax related to items recognised in OCI during in the year				
Foreign currency translation - gain on net investment hedges	\$	0.2	\$	3.3
Cash flow hedges (interest rate derivatives) - Loss arising in the period	\$	(2.9)	\$	(1.1)
Cash flow hedges (interest rate derivatives) - Reclassification to net income	\$	8.7	\$	6.0
Post-retirement benefits - Current year actuarial movements	\$	(0.5)	\$	2.6
Post-retirement benefits - Reclassification of prior year actuarial movements to net income	\$	(0.2)	\$	1.1
Deferred tax benefit to OCI	\$	5.3	\$	11.9
Tax to other comprehensive income	\$	8.0	\$	7.6

## 12. Earnings per share

Basic earnings per share represents net income attributable to shareholders divided by the weighted average number of shares outstanding during the period. Diluted earnings per share considers the dilutive effect of potential shares, unless the inclusion of the potential shares would have an anti-dilutive effect.

The computation of earnings per share is presented below:

	For the year			
(dollars in millions, except share numbers and per share amounts)		December 28, 2024	I	December 30, 2023
Net income attributable to shareholders	\$	214.6	\$	201.8
Weighted average number of shares outstanding		259,483,897		271,880,047
Dilutive effect of share-based awards		5,191,669		3,768,281
Diluted weighted average number of shares outstanding		264,675,566		275,648,328
Number of anti-dilutive shares excluded from diluted earnings per share calculation		1,949,256		4,417,967
Basic earnings per share		0.83		0.74
Diluted earnings per share		0.81		0.73
13. Trade and other receivables				
	De	As of ecember 28, 2024	Dec	As of cember 30, 2023
Current assets				
—Trade receivables	\$	722.7	\$	768.2
—Prepayments		24.3		27.7
—Derivative financial instruments		31.9		32.5
—Restricted cash		2.8		3.4
—VAT and Other Sales Taxes Receivable		72.2		95.1
—Other receivables		44.3		52.7
	\$	898.2	\$	979.6
Non-current assets				
—Prepayments	\$	0.2	\$	0.2
—Derivative financial instruments		1.5		5.9
—Other receivables		21.0		15.5
—Other long-term investment		5.0		
—Investments in associates		1.3		1.3
	\$	29.0	\$	22.9

As of December 28, 2024, trade receivables amounted to \$722.7 million (December 30, 2023: \$768.2 million), net of an allowance of \$24.4 million (December 30, 2023: \$15.7 million) for doubtful debts.

Before accepting a new customer, we assess their credit quality and establish a credit limit. Credit quality is assessed by using data maintained by reputable credit rating agencies, by checking of references included in credit applications and, where they are available, by reviewing the customer's recent financial statements. Credit limits are subject to multiple levels of authorization and are reviewed on a regular basis.

Although Gates has a wide variety of customers from multinational original equipment manufacturers and distributors to small family-owned businesses, the majority of our sales are generated from large companies with low credit risk.

During 2021, the Company implemented a program with an unrelated third party under which we may periodically sell trade accounts receivable from one of our aftermarket customers with whom we have extended payment terms as part of a commercial agreement. The purpose of using this program is to offset the working capital impact resulting from this terms extension. All eligible accounts receivable from this customer are covered by the program, and any factoring is solely at our option. Following the factoring of a qualifying receivable, because we maintain no continuing involvement in the underlying receivable, and collectability risk is fully transferred to the unrelated third party, we account for these transactions as a sale of a financial asset and derecognize the asset. Cash received under the program is classified as operating cash inflows in the consolidated statement of cash flows. As of December 28, 2024, collection of \$148.6 million of our trade accounts receivable had been accelerated under this program, compared to the accelerated collection of \$148.6 million as of December 30, 2023. We incurred costs in respect of this program of \$10.2 million during December 28, 2024, and \$8.0 million during December 30, 2023.

An allowance has been made for expected lifetime credit losses with reference to past default experience and management's assessment of credit worthiness over trade receivables. Movements in the allowance for expected credit losses of trade receivables were as follows:

	For the year ended				
(dollars in millions)	December 31, 2022			ember 30, 2023	
Balance at beginning of year	\$	15.7	\$	4.2	
Current period provision for expected credit losses		5.8		12.6	
Write-offs charged against allowance		3.4		(1.1)	
Foreign currency translation		(0.5)			
Balance at end of year	\$	24.4	\$	15.7	

Trade receivables are not generally interest-bearing although interest may be charged to customers on overdue accounts.

Gates is the beneficiary of a number of corporate-owned life insurance policies against which it borrows from the relevant life insurance company. As of December 28, 2024, the surrender value of the policies was \$934.3 million, compared to \$966.5 million as of December 30, 2023. The amount outstanding on the related loans was \$932.2 million, compared to \$958.1 million as of December 30, 2023. For financial reporting purposes, these amounts are offset as a legal right of offset exists and the net receivable of \$2.1 million, compared to \$8.3 million as of December 30, 2023, is included in other receivables.

Gates' secured debt is jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of its subsidiaries and are secured by liens on substantially all of their assets, including trade and other receivables.

#### 14. Inventories

(dollars in millions)	As of ber 28, 2024	As of December 30, 202		
Raw materials and supplies	\$ 194.3	\$	168.2	
Work in progress	43.1		43.3	
Finished goods	 495.4		469.9	
Total inventories	\$ 732.8	\$	681.4	

# 15. Property, plant and equipment

(dollars in millions)	Land	and buildings		t, equipment d vehicles	sets under nstruction		Total
Cost and carrying amount							
As of December 31, 2022	\$	318.6	\$	880.5	\$ 100.2	\$	1,299.3
Additions		1.5		5.6	54.0		61.1
Disposals		(0.5)		(12.1)	(1.4)		(14.0)
Reclassifications		5.3		104.7	(110.0)		_
Foreign currency translation		7.1		14.1	11.3		32.5
As of December 30, 2023		332.0		992.8	54.1		1,378.9
Additions		0.8		8.1	74.9		83.8
Disposals		(8.7)		(6.1)			(14.8)
Reclassifications and Adjustments		10.0		55.2	(64.4)		0.8
Foreign currency translation		(15.0)		(64.2)	(2.1)		(81.3)
As of December 28, 2024	\$	319.1	\$	985.8	\$ 62.5	\$	1,367.4
Accumulated depreciation and impairment							
As of December 31, 2022	\$	(105.7)	\$	(559.6)	\$ _	\$	(665.3)
Charge for the year	\$	` /	\$	(74.8)	\$ _	\$	(86.7)
Disposals	\$	0.5	\$	11.6	\$ _	\$	12.1
Reclassifications	\$	(1.6)	\$	1.6	\$ _	\$	_
Non-operating impairments	\$	(0.1)	\$	_	\$ _	\$	(0.1)
Foreign currency translation	\$	(2.0)	\$	(9.7)	\$ 	\$	(11.7)
As of December 30, 2023	\$	(120.8)	\$	(630.9)	\$ _	<b>\$</b>	(751.7)
Charge for the year	\$	(12.7)	\$	(74.4)	\$ _	<b>\$</b>	(87.1)
Disposals	\$	2.8	\$	5.4	\$ _	<b>\$</b>	8.2
Reclassifications and Adjustments	\$	(0.8)	\$	(1.4)	\$ _	<b>\$</b>	(2.2)
Foreign currency translation	\$	4.2	\$	37.5	\$ 	\$	41.7
As of December 28, 2024	\$	(127.3)	\$	(663.8)	\$ 	\$	(791.1)
Net Book Value							
As of December 31, 2022	\$	212.9	\$	320.9	\$ 100.2	\$	634.0
As of December 30, 2023	\$	211.2	<u>\$</u>	361.9	\$ 54.1	\$	627.2
As of December 28, 2024	\$	191.8	<u>\$</u>	322.0	\$ 62.5	\$	576.3
<i>'</i>							

Gates' secured debt is jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of its subsidiaries and are secured by liens on substantially all of their assets, including property, plant and equipment.

### 16. Goodwill

For impairment testing goodwill acquired through business combinations with indefinite useful lives are allocated to the Power Transmission and Fluid Power groups of CGUs, which are also operating and reportable segments. Carrying amount of goodwill allocated to each of the CGUs:

(dollars in millions)	Power Transmission			Fluid Power		Total
Cost and carrying amount						
As of December 31, 2022	\$	1,315.2	\$	665.9	\$	1,981.1
Foreign currency translation		23.3		34.3		57.6
As of December 30, 2023		1,338.5		700.2		2,038.7
Foreign currency translation		(81.0)		(48.8)		(129.8)
As of December 28, 2024	\$	1,257.5	\$	651.4	\$	1,908.9

Goodwill is tested for impairment annually and whenever there are indications that it may have suffered an impairment. Goodwill is considered impaired to the extent that its carrying amount exceeds its recoverable amount, which is the higher of the value in use and the fair value less costs to sell of the CGU or group of CGUs to which it is allocated. Impairment tests were carried out in each of the periods presented and in each case, the recoverable amount of all items of goodwill was determined based on value in use calculations.

Management based the value in use calculations for 2025 on cash flow forecasts derived from the most recent financial plans reviewed by the Board, in which the principal assumptions were those regarding sales growth rates based on past experience adjusted for market trend, strategic initiatives to grow sales in certain product lines and end markets, as well as decisions made in selling prices and changes in direct costs. In the Fiscal 2024 impairment analysis, management updated the basis for forecasts for the future years to rely on historical compound annual growth rates for the years beyond 2025. In the Fiscal 2023 impairment analysis, value in use calculations on cash flow forecasts derived from the most recent three-year financial plans reviewed by the Board, and forecasts for the future years were based on region-specific growth or decline assumptions determined by management, taking into account market trends and strategic initiatives.

For Power Transmission, the growth rates for Fiscal 2025, Fiscal 2026, Fiscal 2027, Fiscal 2028 and Fiscal 2029 were 2.2%, 2.4%, 2.4%, and 2.4%, respectively. For Fluid Power, the growth rates for Fiscal 2025, Fiscal 2026, Fiscal 2027, Fiscal 2028 and Fiscal 2029 were 0.9%, 6.5%, 6.5%, 6.5%, and 6.5%, respectively. The terminal growth rate for both CGUs was set at 2.5%, a rate that does not exceed the expected long-term growth rates in the respective principal end markets. The 2023 impairment analysis for Power Transmission used growth rates for Fiscal 2024, Fiscal 2025, Fiscal 2026, Fiscal 2027 and Fiscal 2028 of (0.2)%, 9.3%, 8.0%, (5.0)%, and (9.7)% respectively. The 2023 impairment analysis for Fluid Power used growth rates for Fiscal 2024, Fiscal 2025, Fiscal 2026, Fiscal 2027 and Fiscal 2028 of 0.7%, 3.6%, 7.0%, (3.0)% and (5.8)% respectively.

Management applied discount rates to the resulting cash flow projections that reflect current market assessments of the time value of money and the risks specific to the CGU or group of CGUs. In each case, the discount rate was determined using a capital asset pricing model. Pre-tax discount rates used in the impairment tests of Gates' goodwill during Fiscal 2024 were 14.2% and 13.4% for Power Transmission and Fluid Power CGUs, respectively (Fiscal 2023: Power Transmission 15.1%, Fluid Power 14.3%).

For both CGUs, the recoverable amount exceeded the carrying values and no goodwill impairments were therefore recognized during Fiscal 2024 or Fiscal 2023. For Fiscal 2024, a decline in the value in use of greater than 17% and 39% on our Power Transmission and Fluid Power CGUs, respectively, all else being equal, would result in an impairment of the goodwill allocated to those CGUs.

We base our value in use estimates on assumptions we believe to be reasonable at the time but that are unpredictable and inherently uncertain. In addition, we make certain judgments and assumptions in allocating goodwill between CGUs and in allocating shared assets and liabilities to determine the carrying values for each of our CGUs tested. Changes in assumptions or circumstances could result in an additional impairment in the period in which the change occurs and in future years. Management stress tested the goodwill model, generally changing individual variables incrementally and in combination, and assessing the impact on our conclusions. Variables considered and tested are considered severe downside scenarios given our operations and market outlook. No impairments for intangible assets were recognized as a result of the sensitivity analysis as of Fiscal 2024. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

### 17. Other intangible assets

Cost and carrying amount         As of December 31, 2022         \$ 1,973.7         \$ 90.4         \$ 105.3         \$ 513.4         \$ 2,682.8           Additions         —         —         11.5         —         11.5           Disposals         —         —         —         —         —           Foreign currency translation         29.9         0.2         0.7         —         30.8           As of December 30, 2023         2,003.6         90.6         117.5         513.4         2,725.1           Additions         —         —         23.8         —         23.8           Disposals         (3.5)         —         (0.7)         —         (4.2)           Foreign currency translation         (78.6)         (0.1)         (2.2)         —         (80.9)           As of December 28, 2024         \$ 1,921.5         \$ 90.5         \$ 138.4         \$ 513.4         \$ 2,663.8           Accumulated amortization         ***	(dollars in millions)	Customer lationships	Т	echnology		Capitalized software	Bra	ands and trade names		Total
Additions         —         30.8         —         —         30.8         As of December 30, 2023         2,003.6         90.6         117.5         513.4         2,725.1         Additions         —         —         23.8         —         23.8         Dash         23.8         23.8         23.8         23.8         23.8         23.8         23.4         23.6         23.2	Cost and carrying amount									
Disposals	As of December 31, 2022	\$ 1,973.7	\$	90.4	\$	105.3	\$	513.4	\$	2,682.8
Foreign currency translation         29.9         0.2         0.7         —         30.8           As of December 30, 2023         2,003.6         90.6         117.5         513.4         2,725.1           Additions         —         —         23.8         —         23.8           Disposals         (3.5)         —         (0.7)         —         (4.2)           Foreign currency translation         (78.6)         (0.1)         (2.2)         —         (80.9)           As of December 28, 2024         \$ 1,921.5         \$ 90.5         \$ 138.4         \$ 513.4         \$ 2,663.8           Accumulated amortization         —         —         (89.7)         \$ (65.5)         \$ —         \$ (1,148.4)           As of December 31, 2022         (993.2)         \$ (89.7)         \$ (65.5)         \$ —         \$ (1,148.4)           Disposals         —         —         —         —         —         \$ (129.8)           Disposals         —         —         —         —         —         (16.7)           As of December 30, 2023         (1,127.7)         (90.3)         (76.8)         —         —         (129.4)           Disposals         3.4         —         0.9         — <td>Additions</td> <td>_</td> <td></td> <td>_</td> <td></td> <td>11.5</td> <td></td> <td>_</td> <td></td> <td>11.5</td>	Additions	_		_		11.5		_		11.5
As of December 30, 2023  Additions	Disposals					_		_		_
Additions         —         —         23.8         —         23.8           Disposals         (3.5)         —         (0.7)         —         (4.2)           Foreign currency translation         (78.6)         (0.1)         (2.2)         —         (80.9)           As of December 28, 2024         \$ 1,921.5         \$ 90.5         \$ 138.4         \$ 513.4         \$ 2,663.8           Accumulated amortization         As of December 31, 2022         \$ (993.2)         \$ (89.7)         \$ (65.5)         \$ —         \$ (1,148.4)           Amortization charge for the period         (118.2)         (0.5)         (11.1)         —         (129.8)           Disposals         —         —         —         0.1         —         0.1           Foreign currency translation         (16.3)         (0.1)         (0.3)         —         (1,294.8)           Amortization charge for the period         (117.5)         (0.2)         (10.9)         —         (1,294.8)           Disposals         3.4         —         0.9         —         4.3           Foreign currency translation         47.1         —         1.0         —         48.1           As of December 28, 2024         \$ (1,194.7)         \$ (90.5)	Foreign currency translation	 29.9		0.2		0.7				30.8
Disposals         (3.5)         —         (0.7)         —         (4.2)           Foreign currency translation         (78.6)         (0.1)         (2.2)         —         (80.9)           As of December 28, 2024         \$ 1,921.5         \$ 90.5         \$ 138.4         \$ 513.4         \$ 2,663.8           Accumulated amortization         As of December 31, 2022         \$ (993.2)         \$ (89.7)         \$ (65.5)         \$ —         \$ (1,148.4)           Amortization charge for the period Disposals         —         —         —         0.1         —         (129.8)           Foreign currency translation         (16.3)         (0.1)         (0.3)         —         (1,294.8)           As of December 30, 2023         (1,127.7)         (90.3)         (76.8)         —         (1,294.8)           Disposals         3.4         —         0.9         —         4.3           Foreign currency translation         47.1         —         1.0         —         48.1           As of December 28, 2024         \$ (1,194.7)         \$ (90.5)         (85.8)         \$ —         \$ (1,371.0)           Net Book Value         S         980.5         0.7         3 39.8         5 13.4         \$ 1,534.4           As of December	As of December 30, 2023	2,003.6		90.6		117.5		513.4		2,725.1
Foreign currency translation (78.6) (0.1) (2.2) — (80.9)  As of December 28, 2024 \$ 1,921.5 \$ 90.5 \$ 138.4 \$ 513.4 \$ 2,663.8  Accumulated amortization  As of December 31, 2022 \$ (993.2) \$ (89.7) \$ (65.5) \$ — \$ (1,148.4)  Amortization charge for the period (118.2) (0.5) (11.1) — (129.8)  Disposals — — — — 0.1 — 0.1  Foreign currency translation (16.3) (0.1) (0.3) — (16.7)  As of December 30, 2023 (1,127.7) (90.3) (76.8) — (1,294.8)  Amortization charge for the period (117.5) (0.2) (10.9) — (128.6)  Disposals — — — 0.9 — 4.3  Foreign currency translation 47.1 — 1.0 — 48.1  As of December 28, 2024 \$ (1,194.7) \$ (90.5) \$ (85.8) \$ — \$ (1,371.0)  Net Book Value  As of December 31, 2022 \$ 980.5 \$ 0.7 \$ 39.8 \$ 513.4 \$ 1,534.4  As of December 30, 2023 \$ 875.9 \$ 0.3 \$ 40.7 \$ 513.4 \$ 1,430.3	Additions					23.8		_		23.8
As of December 28, 2024    S	Disposals	(3.5)				(0.7)		_		(4.2)
Accumulated amortization         As of December 31, 2022       \$ (993.2)       \$ (89.7)       \$ (65.5)       \$ —       \$ (1,148.4)         Amortization charge for the period Disposals       —       —       —       0.1       —       0.1         Foreign currency translation       (16.3)       (0.1)       (0.3)       —       (16.7)         As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       —       (1,294.8)         Amortization charge for the period Disposals       3.4       —       0.9       —       4.3         Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       \$ 0.3       40.7       \$ 513.4       \$ 1,430.3	Foreign currency translation	 (78.6)		(0.1)		(2.2)				(80.9)
As of December 31, 2022       \$ (993.2)       \$ (89.7)       \$ (65.5)       \$ —       \$ (1,148.4)         Amortization charge for the period Disposals       —       —       —       0.1       —       0.1         Foreign currency translation As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       —       (1,294.8)         Amortization charge for the period Disposals       (117.5)       (0.2)       (10.9)       —       (128.6)         Disposals Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       0.3       40.7       \$ 513.4       \$ 1,430.3	As of December 28, 2024	\$ 1,921.5	\$	90.5	\$	138.4	\$	513.4	\$	2,663.8
As of December 31, 2022       \$ (993.2)       \$ (89.7)       \$ (65.5)       \$ —       \$ (1,148.4)         Amortization charge for the period Disposals       —       —       —       0.1       —       0.1         Foreign currency translation As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       —       (1,294.8)         Amortization charge for the period Disposals       (117.5)       (0.2)       (10.9)       —       (128.6)         Disposals Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       0.3       40.7       \$ 513.4       \$ 1,430.3										
Amortization charge for the period       (118.2)       (0.5)       (11.1)       —       (129.8)         Disposals       —       —       0.1       —       0.1         Foreign currency translation       (16.3)       (0.1)       (0.3)       —       (16.7)         As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       —       (1,294.8)         Amortization charge for the period       (117.5)       (0.2)       (10.9)       —       (128.6)         Disposals       3.4       —       0.9       —       4.3         Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       0.3       40.7       \$ 513.4       \$ 1,430.3	Accumulated amortization									
Disposals       —       —       0.1       —       0.1         Foreign currency translation       (16.3)       (0.1)       (0.3)       —       (16.7)         As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       —       (1,294.8)         Amortization charge for the period       (117.5)       (0.2)       (10.9)       —       (128.6)         Disposals       3.4       —       0.9       —       4.3         Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       0.7       \$ 39.8       513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       0.3       40.7       513.4       \$ 1,430.3	As of December 31, 2022	\$ (993.2)	\$	(89.7)	<b>\$</b>	(65.5)	\$	_	<b>\$</b>	(1,148.4)
Foreign currency translation (16.3) (0.1) (0.3) — (16.7)  As of December 30, 2023 (1,127.7) (90.3) (76.8) — (1,294.8)  Amortization charge for the period (117.5) (0.2) (10.9) — (128.6)  Disposals 3.4 — 0.9 — 4.3  Foreign currency translation 47.1 — 1.0 — 48.1  As of December 28, 2024 \$ (1,194.7) \$ (90.5) \$ (85.8) \$ — \$ (1,371.0)  Net Book Value  As of December 31, 2022 \$ 980.5 \$ 0.7 \$ 39.8 \$ 513.4 \$ 1,534.4  As of December 30, 2023 \$ 875.9 \$ 0.3 \$ 40.7 \$ 513.4 \$ 1,430.3	Amortization charge for the period	(118.2)		(0.5)		(11.1)		_		(129.8)
As of December 30, 2023       (1,127.7)       (90.3)       (76.8)       — (1,294.8)         Amortization charge for the period       (117.5)       (0.2)       (10.9)       — (128.6)         Disposals       3.4       — 0.9       — 4.3         Foreign currency translation       47.1       — 1.0       — 48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ — \$ (1,294.8)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       \$ 0.3       \$ 40.7       \$ 513.4       \$ 1,430.3	Disposals					0.1		_		0.1
Amortization charge for the period       (117.5)       (0.2)       (10.9)       —       (128.6)         Disposals       3.4       —       0.9       —       4.3         Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       \$ 0.3       \$ 40.7       \$ 513.4       \$ 1,430.3	Foreign currency translation	 (16.3)		(0.1)		(0.3)				(16.7)
Disposals       3.4       —       0.9       —       4.3         Foreign currency translation       47.1       —       1.0       —       48.1         As of December 28, 2024       \$ (1,194.7)       \$ (90.5)       \$ (85.8)       \$ —       \$ (1,371.0)         Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       \$ 0.3       \$ 40.7       \$ 513.4       \$ 1,430.3	As of December 30, 2023	(1,127.7)		(90.3)		(76.8)		_		(1,294.8)
Foreign currency translation  As of December 28, 2024  Net Book Value  As of December 31, 2022  As of December 30, 2023  \$ 47.1	Amortization charge for the period	(117.5)		(0.2)		(10.9)		_		(128.6)
As of December 28, 2024     \$ (1,194.7)     \$ (90.5)     \$ (85.8)     \$ —     \$ (1,371.0)       Net Book Value       As of December 31, 2022     \$ 980.5     \$ 0.7     \$ 39.8     \$ 513.4     \$ 1,534.4       As of December 30, 2023     \$ 875.9     \$ 0.3     \$ 40.7     \$ 513.4     \$ 1,430.3	Disposals	3.4				0.9		_		4.3
Net Book Value         As of December 31, 2022       \$ 980.5       \$ 0.7       \$ 39.8       \$ 513.4       \$ 1,534.4         As of December 30, 2023       \$ 875.9       \$ 0.3       \$ 40.7       \$ 513.4       \$ 1,430.3	Foreign currency translation	 47.1				1.0				48.1
As of December 31, 2022 \$ 980.5 \$ 0.7 \$ 39.8 \$ 513.4 \$ 1,534.4 As of December 30, 2023 \$ 875.9 \$ 0.3 \$ 40.7 \$ 513.4 \$ 1,430.3	As of December 28, 2024	\$ (1,194.7)	\$	(90.5)	\$	(85.8)	\$		\$	(1,371.0)
As of December 30, 2023 \$ 875.9 \$ 0.3 \$ 40.7 \$ 513.4 \$ 1,430.3	Net Book Value									
	As of December 31, 2022	\$ 980.5	\$	0.7	\$	39.8	\$	513.4	\$	1,534.4
As of December 28, 2024 <u>\$ 726.8</u> <u>\$ — \$ 52.6</u> <u>\$ 513.4</u> <u>\$ 1,292.8</u>		\$ 875.9	\$	0.3	\$	40.7	\$	513.4	\$	1,430.3
	As of December 28, 2024	\$ 726.8	\$		\$	52.6	\$	513.4	\$	1,292.8

During Fiscal 2024 and Fiscal 2023, no impairments were recognized.

During Fiscal 2024, the amortization expense recognized in respect of intangible assets was \$128.6 million, compared to \$129.8 million for Fiscal 2023. In addition, movements in foreign currency exchange rates resulted in a decrease in the net carrying value of total intangible assets of \$32.8 million in Fiscal 2024, compared to an increase of \$14.1 million in Fiscal 2023. Amortization of intangible assets is primarily included under administrative expenses in the consolidated statement of profit or loss.

Brands and trade names are considered to have an indefinite life, given the strength and durability of the brands and the level of marketing support. The brands are in relatively similar stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares mean that the risk of market-related factors causing a reduction in the lives of the brands is considered to be relatively low. Brands and trade names are therefore not amortized but are tested for impairment annually and whenever there are indications that they may have suffered an impairment.

Except for brands and trade names, all other intangible assets included above have finite useful lives. As of December 28, 2024 and December 30, 2023, the weighted average remaining amortization period for customer relationships was 6.3 and 7.4 years, respectively. As of both December 28, 2024 and December 30, 2023, \$336.8 million of intangible assets with indefinite useful lives were allocated to the Power Transmission CGU, and \$176.6 million were allocated to the Fluid Power CGU.

Management has assessed the recoverability of the carrying amount of the brands and trade names using the 'relief from royalty' valuation methodology in which the key assumptions included sales growth rates and an estimated royalty rate. Management has used a hypothetical royalty rate of 2.0% per annum for Fiscal 2024 and Fiscal 2023. Sales forecasts were determined on the same basis as those used for the annual impairment testing of goodwill.

Management applied discount rates to the calculated royalty savings that reflect current market assessments of the time value of money and the risks specific to the CGU or group of CGUs in which those royalty savings arose. In each case, the discount rate was determined using a capital asset pricing model adjusted for a premium to reflect the higher risk specific to each region in which those royalty savings arose. The pre-tax discount rates used in Fiscal 2024 and Fiscal 2023 impairment test were 13.5% and 14.6%, respectively. All else being equal, a decline in the fair value of greater than 33.1% in the fair value of the brand and trade name intangible asset would result in an impairment.

We base our fair value estimates on assumptions we believe to be reasonable at the time but that are unpredictable and inherently uncertain. Changes in assumptions or circumstances could result in an additional impairment in the period in which the change occurs and in future years. Management stress tested the model, generally changing individual variables incrementally and in combination and assessing the impact on our conclusions. Variables considered and tested are considered worst case plausible scenarios given our operations and market outlook. No impairments for intangible assets were recognized as a result of the sensitivity analysis.

#### 18. Interests in subsidiaries and associates

#### A. Non-100% owned Subsidiaries

Several of the Group's subsidiaries are not 100% owned by the Group. The majority of these entities are 51% owned subsidiaries operating in various Asian countries with the same minority shareholder. Although these subsidiaries (the "*Unitta Subsidiaries*") represent a number of distinct legal entities established in each of the countries in which they are based, they are managed internally as a single business and are aligned in both structure and operations. For these reasons, the analysis below presents the Unitta Subsidiaries in aggregate. The Unitta Subsidiaries comprise the following legal entities:

Entity name	Country of incorporation
Gates Unitta Asia Trading Company Pte Ltd	Singapore
Gates Unitta Korea Co., Ltd.	Korea
Gates Nitta Belt Company, LLC	USA
Gates Unitta Power Transmission (Suzhou) Limited	China
Gates Unitta Power Transmission (Shanghai) Limited	China
Gates Unitta Asia Company	Japan
Gates Unitta (Thailand) Co., Ltd	Thailand
Gates Unitta India Company Private Limited	India

The table below sets out summarized financial information for the Unitta Subsidiaries (51% owned by Gates):

(dollars in millions)	Decer	As of mber 28, 2024	Decei	As of mber 30, 2023
Current assets	\$	396.1	\$	390.7
Non-current assets		179.0		210.7
Current liabilities		(136.6)		(150.8)
Non-current liabilities		(32.0)		(46.7)
Net assets	\$	406.5	\$	403.9

		r ended		
(dollars in millions)	Decemb	ber 28, 2024	D	December 30, 2023
Revenue	\$	553.1	\$	567.9
Profit or loss		70.9		67.3
Other comprehensive loss		(13.3)		(9.0)

The above results all relate to continuing operations. There are no significant restrictions on the ability of the Group to access assets or settle liabilities of this or any of its non-100% owned subsidiaries.

An analysis of the movement in non-controlling interests relating to the Group's individually material non-100% owned subsidiaries and, in total, for all other non-100% subsidiaries, is set out below:

(dollars in millions)	Unitta Subsidiaries (49% non-controlling s in millions) interest)		Total non- controlling interests		
As of December 31, 2022	\$ 324.7	\$ 8.9	\$ 333.6		
Share of profit for the year	21.5	2.3	23.8		
Share-based incentives	_	0.2	0.2		
Payment of dividends	(19.2)	(0.5)	(19.7)		
Foreign currency translation	(13.2)	(0.6)	(13.8)		
As of December 30, 2023	313.8	10.3	324.1		
Share of profit for the year	21.7	3.2	24.9		
Share-based incentives	0.1	_	0.1		
Payment of dividends	(11.3)	(1.7)	(13.0)		
Foreign currency translation	(18.5)	(0.6)	(19.1)		
As of December 28, 2024	\$ 305.8	\$ 11.2	\$ 317.0		

#### 19. Trade and other payables

(dollars in millions)	Decer	As of December 28, 2024		As of mber 30, 2023
Current liabilities				
—Trade payables	\$	408.2	\$	457.7
—Accruals and deferred income		155.8		153.6
—Provisions (Note 27)		_		24.2
—Sales, payroll and other taxes payable		33.5		31.2
—Derivative financial instruments		0.3		1.8
—Other payables		8.2		6.0
	\$	606.0	\$	674.5
Non anyment liabilities				
Non-current liabilities				0-0
—Derivative financial instruments	\$	37.3	\$	85.0
—Provisions (Note 27)		_		11.7
—Other payables		19.0		19.9
	\$	56.3	\$	116.6

Trade payables are generally not interest-bearing but interest may be charged by suppliers on overdue accounts.

Provisions were included within Trade and other payables in Fiscal 2023. In Fiscal 2024, provisions have been presented as separate line items within current and non-current liabilities on the face of the Consolidated Balance Sheet. Prior year comparatives have not been restated on the basis that the reclassification is not considered to be material. \$23.5 million and \$12.4 million of current and non-current provisions, respectively, has been presented in a separate line item on the face of the Consolidated Balance Sheet.

### 20. Leases

The Company has lease contracts for various items of land, buildings, vehicles and other equipment used in its operations. Leases of land and buildings generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 2 and 8 years. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

National	(dollars in millions)	Land aı	nd buildings	Ес	quipment and vehicles		Other	Total
Additions         9.2         6.1         —         15.3           Modifications         4.4         —         —         4.4           Terminations         (2.6)         —         —         (2.6)           Expirations         (1.5)         (7.3)         —         (2.6)           Foreign currency translation         1.2         0.8         —         2.0           As of December 30, 2023         \$ 168.6         \$ 23.1         \$ 0.5         \$ 192.2           Additions         16.8         9.1         —         2.59           Modifications         20.2         1.0         —         21.2           Terminations         (0.9)         (0.5)         —         (1.2           Modifications         2.23         (6.2)         —         2.25           Modifications         (0.9)         (0.5)         —         2.12           Terminations         (0.9)         (0.5)         —         (1.2           Expirations         (6.9)         (1.7)         —         (8.6)           As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         1.9         6.8         0.1	Cost			-		-		
Modifications         4.4         —         —         4.4           Terminations         (2.6)         —         —         (2.6)           Expirations         (1.5)         (7.3)         —         (8.8)           Foreign currency translation         1.2         0.8         —         2.0           As of December 30, 2023         16.8         9.3.1         S         0.5         192.2           Additions         16.8         9.1.1         —         25.9           Modifications         (0.9)         (0.5)         —         (1.4)           Expirations         (0.9)         (0.5)         —         (1.4)           Expirations         (0.9)         (0.5)         —         (8.5)           Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         S         35.0         \$         11.3         \$         0.4         \$         46.7           Charge for year         19.9         6.8         0.1         26.8         1         26.8           Terminations         (1.6)         —         —         —         1.6         4.7         —         1.6         4.7 <td< th=""><th>As of December 31, 2022</th><th>\$</th><th>157.9</th><th>\$</th><th>23.5</th><th>\$</th><th>0.5</th><th>\$ 181.9</th></td<>	As of December 31, 2022	\$	157.9	\$	23.5	\$	0.5	\$ 181.9
Campinations   Camp	Additions		9.2		6.1		_	15.3
Expirations         (1.5)         (7.3)         —         (8.8)           Foreign currency translation         1.2         0.8         —         2.0           As of December 30, 2023         \$ 168.6         \$ 23.1         \$ 0.5         \$ 192.2           Additions         16.8         9.1         —         25.9           Modifications         20.2         1.0         —         21.2           Terminations         (2.3)         (6.2)         —         (8.5)           Expirations         (2.3)         (6.2)         —         (8.6)           Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation           As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Expirations         (4.0)         (4.5)         (0.3)         8.8           Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1 </td <td>Modifications</td> <td></td> <td>4.4</td> <td></td> <td></td> <td></td> <td></td> <td>4.4</td>	Modifications		4.4					4.4
Poreign currency translation	Terminations		(2.6)					(2.6)
S   168.6   S   23.1   S   0.5   S   192.2     Additions   16.8   9.1	Expirations		(1.5)		(7.3)		_	(8.8)
Additions         16.8         9.1         —         25.9           Modifications         20.2         1.0         —         21.2           Terminations         (0.9)         (0.5)         —         (1.4)           Expirations         (2.3)         (6.2)         —         (8.5)           Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation           As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Terminations         (1.6)         —         —         (1.6)           Expirations         (4.0)         (4.5)         (0.3)         (8.8)           Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (0.8)         (0.2)         —         (1.0	Foreign currency translation		1.2		0.8			2.0
Modifications         20.2         1.0         —         21.2           Terminations         (0.9)         (0.5)         —         (1.4)           Expirations         (2.3)         (6.2)         —         (8.5)           Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation           As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Terminations         (1.6)         —         —         (1.6)           Expirations         (4.0)         (4.5)         (0.3)         (8.8)           Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (2.3)         (6.1)         —         (8.4)           Foreign currency translation         (3.2)         (0.7)	As of December 30, 2023	\$	168.6	\$	23.1	\$	0.5	\$ 192.2
Terminations         (0.9)         (0.5)         —         (1.4)           Expirations         (2.3)         (6.2)         —         (8.5)           Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation         S         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Terminations         (1.6)         —         —         (1.6)           Expirations         (4.0)         (4.5)         (0.3)         (8.8)           Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (0.8)         (0.2)         —         (1.0)           Expirations         (2.3)         (6.1)         —         (8.4)           Foreign currency translation         (3.2)         (0.7)         —         (3.9)           As of December	Additions		16.8		9.1		_	25.9
Expirations   (2.3)   (6.2)   - (8.5)	Modifications		20.2		1.0		_	21.2
Foreign currency translation         (6.9)         (1.7)         —         (8.6)           As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation         S         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Terminations         (1.6)         —         —         (1.6)           Expirations         (4.0)         (4.5)         (0.3)         (8.8)           Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (0.8)         (0.2)         —         (1.0)           Expirations         (2.3)         (6.1)         —         (8.4)           Foreign currency translation         (3.2)         (0.7)         —         (3.9)           As of December 28, 2024         \$ 65.6         14.5         0.2	Terminations		(0.9)		(0.5)		_	(1.4)
As of December 28, 2024         \$ 195.5         \$ 24.8         \$ 0.5         \$ 220.8           Accumulated depreciation         As of December 31, 2022         \$ 35.0         \$ 11.3         \$ 0.4         \$ 46.7           Charge for year         19.9         6.8         0.1         26.8           Terminations         (1.6)         —         —         (1.6)           Expirations         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (0.8)         (0.2)         —         (1.0)           Expirations         (2.3)         (6.1)         —         (8.4)           Foreign currency translation         (3.2)         (0.7)         —         (3.9)           As of December 28, 2024         \$ 65.6         \$ 14.5         \$ 0.2         \$ 80.3           Carrying amount         As of December 31, 2022         \$ 122.9         \$ 122.2         \$ 0.1         \$ 135.2           As of December 30, 2023         \$ 118.5         9.0         \$ 0.3         \$ 127.8	Expirations		(2.3)		(6.2)		_	(8.5)
Accumulated depreciation         As of December 31, 2022       \$ 35.0       \$ 11.3       \$ 0.4       \$ 46.7         Charge for year       19.9       6.8       0.1       26.8         Terminations       (1.6)       —       —       (1.6)         Expirations       (4.0)       (4.5)       (0.3)       (8.8)         Foreign currency translation       0.8       0.5       —       1.3         As of December 30, 2023       \$ 50.1       \$ 14.1       \$ 0.2       \$ 64.4         Charge for year       21.8       7.4       —       29.2         Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       \$ 0.2       \$ 80.3         Carrying amount       As of December 31, 2022       \$ 12.2       \$ 0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       \$ 0.3       \$ 127.8	Foreign currency translation		(6.9)		(1.7)			(8.6)
As of December 31, 2022       \$ 35.0 \$ 11.3 \$ 0.4 \$ 46.7         Charge for year       19.9 6.8 0.1 26.8         Terminations       (1.6) — — — (1.6)         Expirations       (4.0) (4.5) (0.3) (8.8)         Foreign currency translation       0.8 0.5 — 1.3         As of December 30, 2023       \$ 50.1 \$ 14.1 \$ 0.2 \$ 64.4         Charge for year       21.8 7.4 — 29.2         Terminations       (0.8) (0.2) — (1.0)         Expirations       (2.3) (6.1) — (8.4)         Foreign currency translation       (3.2) (0.7) — (3.9)         As of December 28, 2024       \$ 65.6 \$ 14.5 \$ 0.2 \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9 \$ 12.2 \$ 0.1 \$ 135.2         As of December 30, 2023       \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	As of December 28, 2024	\$	195.5	\$	24.8	\$	0.5	\$ 220.8
As of December 31, 2022       \$ 35.0 \$ 11.3 \$ 0.4 \$ 46.7         Charge for year       19.9 6.8 0.1 26.8         Terminations       (1.6) — — — (1.6)         Expirations       (4.0) (4.5) (0.3) (8.8)         Foreign currency translation       0.8 0.5 — 1.3         As of December 30, 2023       \$ 50.1 \$ 14.1 \$ 0.2 \$ 64.4         Charge for year       21.8 7.4 — 29.2         Terminations       (0.8) (0.2) — (1.0)         Expirations       (2.3) (6.1) — (8.4)         Foreign currency translation       (3.2) (0.7) — (3.9)         As of December 28, 2024       \$ 65.6 \$ 14.5 \$ 0.2 \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9 \$ 12.2 \$ 0.1 \$ 135.2         As of December 30, 2023       \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8					_			
Charge for year       19.9       6.8       0.1       26.8         Terminations       (1.6)       —       —       (1.6)         Expirations       (4.0)       (4.5)       (0.3)       (8.8)         Foreign currency translation       0.8       0.5       —       1.3         As of December 30, 2023       \$ 50.1       \$ 14.1       \$ 0.2       \$ 64.4         Charge for year       21.8       7.4       —       29.2         Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       \$ 0.2       \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       \$ 12.2       \$ 0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       \$ 0.3       \$ 127.8	Accumulated depreciation							
Terminations       (1.6)       —       —       (1.6)         Expirations       (4.0)       (4.5)       (0.3)       (8.8)         Foreign currency translation       0.8       0.5       —       1.3         As of December 30, 2023       \$ 50.1       \$ 14.1       \$ 0.2       \$ 64.4         Charge for year       21.8       7.4       —       29.2         Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       14.5       0.2       8 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       12.2       0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       0.3       \$ 127.8	As of December 31, 2022	\$	35.0	\$	11.3	\$	0.4	\$ 46.7
Expirations       (4.0)       (4.5)       (0.3)       (8.8)         Foreign currency translation       0.8       0.5       —       1.3         As of December 30, 2023       \$ 50.1       \$ 14.1       \$ 0.2       \$ 64.4         Charge for year       21.8       7.4       —       29.2         Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       0.2       \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       \$ 12.2       0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       0.3       \$ 127.8	Charge for year		19.9		6.8		0.1	26.8
Foreign currency translation         0.8         0.5         —         1.3           As of December 30, 2023         \$ 50.1         \$ 14.1         \$ 0.2         \$ 64.4           Charge for year         21.8         7.4         —         29.2           Terminations         (0.8)         (0.2)         —         (1.0)           Expirations         (2.3)         (6.1)         —         (8.4)           Foreign currency translation         (3.2)         (0.7)         —         (3.9)           As of December 28, 2024         \$ 65.6         \$ 14.5         \$ 0.2         \$ 80.3           Carrying amount           As of December 31, 2022         \$ 122.9         \$ 12.2         \$ 0.1         \$ 135.2           As of December 30, 2023         \$ 118.5         9.0         \$ 0.3         \$ 127.8	Terminations		(1.6)					(1.6)
As of December 30, 2023  Charge for year  21.8  7.4  — 29.2  Terminations  (0.8)  (0.2)  Expirations  (2.3)  (6.1)  Foreign currency translation  (3.2)  (0.7)  As of December 28, 2024  Carrying amount  As of December 31, 2022  As of December 30, 2023  S118.5  9.0  \$ 0.2  \$ 64.4  — 29.2  (1.0)  (0.2)  — (1.0)  (3.4)  — (3.9)  5 12.2  \$ 0.1  \$ 135.2  As of December 30, 2023	Expirations		(4.0)		(4.5)		(0.3)	(8.8)
Charge for year       21.8       7.4       —       29.2         Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       \$ 0.2       \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       \$ 12.2       \$ 0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       \$ 0.3       \$ 127.8	Foreign currency translation		0.8		0.5			 1.3
Terminations       (0.8)       (0.2)       —       (1.0)         Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       \$ 0.2       \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       \$ 12.2       \$ 0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       \$ 0.3       \$ 127.8	As of December 30, 2023	\$	50.1	\$	14.1	\$	0.2	\$ 64.4
Expirations       (2.3)       (6.1)       —       (8.4)         Foreign currency translation       (3.2)       (0.7)       —       (3.9)         As of December 28, 2024       \$ 65.6       \$ 14.5       \$ 0.2       \$ 80.3         Carrying amount         As of December 31, 2022       \$ 122.9       \$ 12.2       \$ 0.1       \$ 135.2         As of December 30, 2023       \$ 118.5       9.0       \$ 0.3       \$ 127.8	Charge for year		21.8		7.4			29.2
Foreign currency translation  As of December 28, 2024  Carrying amount  As of December 31, 2022  As of December 30, 2023  S 122.9 S 12.2 S 0.1 S 135.2  S 118.5 S 9.0 S 0.3 S 127.8	Terminations		(0.8)		(0.2)			(1.0)
As of December 28, 2024 \$ 65.6 \$ 14.5 \$ 0.2 \$ 80.3 \$ Carrying amount  As of December 31, 2022 \$ 122.9 \$ 12.2 \$ 0.1 \$ 135.2 \$ 80.3 \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	Expirations		(2.3)		(6.1)			(8.4)
Carrying amount As of December 31, 2022 As of December 30, 2023  \$ 122.9 \$ 12.2 \$ 0.1 \$ 135.2 \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	Foreign currency translation		(3.2)		(0.7)			 (3.9)
As of December 31, 2022 \$ 12.2 \$ 0.1 \$ 135.2 As of December 30, 2023 \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	As of December 28, 2024	\$	65.6	\$	14.5	\$	0.2	\$ 80.3
As of December 31, 2022 \$ 12.2 \$ 0.1 \$ 135.2 As of December 30, 2023 \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	Carrying amount							
As of December 30, 2023 \$ 118.5 \$ 9.0 \$ 0.3 \$ 127.8	• 5	\$	122.9	\$	12.2	\$	0.1	\$ 135.2
<u> </u>								 
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	For the year en						
	December 28, 2024		December 30, 2023				
Lease costs							
Depreciation expense of right-of-use assets	\$	29.2	\$	26.8			
Interest expense on lease liabilities		8.3		6.4			
Short-term lease expenses		8.0		8.2			
Variable lease expenses		6.3		6.1			
Total lease cost	\$	51.8	\$	47.5			

## Maturity analysis of liabilities

(dollars in millions)	Dece	As of ember 28, 2024	De	As of ecember 30, 2023
Next 12 months	\$	37.5	\$	30.3
Year 2		31.1		27.8
Year 3		26.8		22.5
Year 4		22.2		19.7
Year 5		20.8		16.5
Year 6 and beyond		80.1		61.5
Total lease payments		218.5		178.3
Interest		(55.1)		(28.4)
Total present value of lease liabilities	\$	163.4	\$	149.9
Current lease liabilities	\$	37.5	\$	30.3
Interest		(9.7)		(5.7)
Total present value of current lease liabilities	\$	27.8	\$	24.6
Non-current lease liabilities	\$	181.0	\$	148.0
Interest		(45.4)		(22.7)
Total present value of non-current lease liabilities	\$	135.6	\$	125.3

### 21. Derivative financial instruments

We are exposed to certain financial risks relating to our ongoing business operations. From time to time, we use derivative financial instruments, principally foreign currency swaps, forward foreign currency contracts, interest rate caps (options) and interest rate swaps, to reduce our exposure to foreign currency risk and interest rate risk. We do not hold or issue derivatives for speculative purposes and monitor closely the credit quality of the institutions with which we transact.

We recognize derivative instruments as either assets or liabilities in the consolidated balance sheet. We designate certain of our currency swaps as net investment hedges and designate our interest rate swaps as cash flow hedges. The gain or loss on the designated derivative instrument is recognized in OCI and reclassified into net income in the same period or periods during which the hedged transaction affects earnings.

Derivative instruments that have not been designated in an effective hedging relationship are considered economic hedges, and their change in fair value is recognized in net income in each period.

The period end fair values of derivative financial instruments were as follows:

	As of December 28, 2024									
(dollars in millions)	Trade and other receivables		Other non- current assets		Trade and other payables		Other non- current liabilities			Net
Derivatives designated as hedging instruments:										
—Currency swaps	\$	20.0	\$	1.3	\$	_	\$	(37.0)	\$	(15.7)
—Interest rate swaps		9.8		0.2		_		(0.3)		9.7
Derivatives not designated as hedging instruments:										
—Currency forward contracts		2.1				(0.3)				1.8
	\$	31.9	\$	1.5	\$	(0.3)	\$	(37.3)	\$	(4.2)
				As	of Dec	ember 30, 20	023			
	Trade and other receivables		Other non- current assets		Trade and other payables		Other non- current liabilities			Net
Derivatives designated as hedging instruments:										
—Currency swaps	\$	8.4	\$		\$	_	\$	(77.6)	\$	(69.2)
—Interest rate swaps		20.2		5.9		_		(7.4)		18.7
Derivatives not designated as hedging instruments:										
—Currency forward contracts		3.9		_		(1.8)				2.1
	\$	32.5	\$	5.9	\$	(1.8)	\$	(85.0)	\$	(48.4)

	Instruments designated as net investment hedges						Instruments d						
		Net investment hedge Cost of reconciliation hedging				Cash flow hedging reconciliation					Cost of hedging		
(dollars in millions)	C	Cross urrency swaps	Euro- denominate debt	d	Currency basis	]	Interest rate swaps	In	terest rate caps		ne value of options		Total
As of December 31, 2022	\$	20.3	\$ 3.	.6	\$ (1.4)	\$	(51.4)	\$	(0.5)	\$		\$	(29.4)
Change in fair value recorded in OCI		19.6	_	_	2.9		(10.3)						12.2
Reclassifications during the period		_		_	2.4		29.6		0.5		_		32.5
As of December 30, 2023		39.9	3.	.6	3.9		(32.1)		_		_		15.3
Change in fair value recorded in OCI		(58.7)	-	_	(6.6)		(17.6)		_		_		(82.9)
Reclassifications during the period				_	4.7		40.5						45.2
As of December 28, 2024	\$	(18.8)	\$ 3.	.6	\$ 2.0	\$	(9.2)	\$		\$		\$	(22.4)

### A. Instruments designated as net investment hedges

We hold cross currency swaps that have been designated as net investment hedges of certain of our European and Chinese operations. In July 2024, we executed a new USD-EUR fixed-to-fixed cross currency swap with a notional principal amount of €277.4 million with a contract term from August 2, 2024 to August 2, 2029. In November 2023, we executed a USD to Chinese Yuan fixed-to-fixed cross currency swap with a notional principal amount of ¥1,784.0 million with a contract term from November 30, 2023 to November 30, 2026. In May 2023, we amended our existing cross currency swaps to transition from a floating rate based on the London Interbank Offered Rate ("LIBOR") to a floating rate based on a term secured overnight financing rate ("Term SOFR"). During November 2022, we executed additional cross currency swaps with the notional principal amount of €501.6 million and contract term from November 16, 2022 to November 16, 2027. During March 2022, we extended our cross currency swaps existing at that time, which originally matured in March 2022, to now mature on March 31, 2027. As of December 28, 2024, the aggregated notional principal amount of the cross currency swaps was €1,033.5 million and ¥1,784.0 million compared to €756.1 million and ¥1,784.0 million as of December 30, 2023.

### B. Instruments designated as cash flow hedges

We use interest rate swaps and interest rate caps as part of our interest rate risk management strategy to add stability to interest expense and to manage our exposure to interest rate movements. As of both December 28, 2024 and December 30, 2023 we held pay-fixed, receive-floating interest rate swaps with an aggregate notional amount of \$1,255.0 million with an average strike rate at 5.4%. Interest rate swaps with a notional amount of \$870.0 million run from June 30, 2020 through June 30, 2025, while interest rate swaps with a notional amount of \$385.0 million have the contract term from November 16, 2022 to November 16, 2027.

In May 2023, we amended our then-existing interest rate swaps with a notional amount of \$870.0 million to transition from a LIBOR-based floating rate to a Term SOFR-based floating rate.

Our interest rate caps involve the receipt of variable rate payments from a counterparty if interest rates rise above the strike rate on the contract in exchange for a premium, covering the period from July 1, 2019 to June 30, 2023. During August 2022, we early terminated our interest rate caps. As of December 28, 2024 and December 30, 2023, there were no outstanding interest rate caps.

## C. Derivative instruments not designated as hedging instruments

We do not designate our currency forward contracts, which are used primarily in respect of operational currency exposures related to payables, receivables and material procurement, or the currency swap contracts that are used to manage the currency profile of Gates' cash as hedging instruments for the purposes of hedge accounting.

As of December 28, 2024 and December 30, 2023, there were no outstanding currency swaps.

As of December 28, 2024, the notional amount of outstanding currency forward contracts that are used to manage operational foreign exchange exposures was \$147.5 million, compared to \$140.8 million as of December 30, 2023.

### 22. Interest-bearing loans and borrowings

(dollars in millions)	Decei	As of December 28, 2024		of 30, 2023
Secured debt at amortized cost:				
—2024 Dollar Term Loans due June 4, 2031	\$	1,300.0	\$	
—2022 Dollar Term Loans due November 16, 2029		563.5		567.8
—2021 Dollar Term Loans due November 16, 2029		_	1	,336.1
Unsecured debt at amortized cost:				
—6.875% Dollar Senior Notes due July 1, 2029		500.0		
—6.25% Dollar Senior Notes due January 16, 2026				568.0
Total principal of borrowings		2,363.5	2	,471.9
Unamortized finance costs and net fair value adjustment		(71.9)		(42.4)
Accrued interest		25.8		17.1
Total carrying value of borrowings		2,317.4	2	,446.6
Current		44.6		36.6
Non-current		2,272.8	2	2,410.0

Gate's secured debt is jointly and severally, irrevocably and fully and unconditionally guaranteed by certain of its subsidiaries and is secured by liens on substantially all of their assets.

Gates is subject to covenants, representations and warranties under certain of its debt facilities. During the periods covered by these financial statements, we were in compliance with the applicable financial covenants. Also under the agreements governing our debt facilities, our ability to engage in activities such as incurring certain additional indebtedness, making certain investments and paying certain dividends is dependent, in part, on our ability to satisfy tests based on measures determined under those agreements.

The principal payments due under our financing agreements over the next five years and thereafter are as follows:

(dollars in millions)	 Total
Fiscal year	
—2025	\$ 23.4
—2026	18.8
—2027	18.8
—2028	18.8
—2029	1,052.1
Thereafter	 1,231.6
	\$ 2,363.5

#### **Debt issuances and redemptions**

On June 4, 2024, we entered into an amendment to our credit agreement governing our term loans and our secured revolving credit facility. As part of this amendment, we upsized the revolving credit commitments and issued a new tranche of \$1,300.0 million of dollar-denominated term loans (the "2024 Dollar Term Loans"). The proceeds of the 2024 Dollar Term Loans were used to extinguish the entire outstanding principal balance of dollar-denominated term loans of \$1,232.6 million, which was issued on February 24, 2021 (the "2021 Dollar Term Loans"), plus \$1.1 million of accrued interest and to redeem a portion of the Dollar Senior Notes due 2026 (as defined below). We issued the 2024 Dollar Term Loans with no discount and incurred third party costs totaling approximately \$9.5 million, which have been deferred and will be amortized to interest expense over the remaining term of the related borrowings using the effective interest method. The 2024 Dollar Term Loans require a prepayment premium in connection with certain repricing transactions occurring within nine months following the closing of the amendment. The repayment of our 2021 Dollar Term Loans resulted in the accelerated recognition of \$38.5 million of unamortized finance costs and net fair value adjustment (recognized in interest expense).

Under the credit agreement amendment, we also repriced our dollar-denominated term loans drawn on November 16, 2022 (the "2022 Dollar Term Loans"), reducing the interest rate spread by 75 basis points from Term SOFR plus 3.00% to Term SOFR plus 2.25%. Third party costs of \$0.9 million incurred with the 2022 Dollar Term Loans repricing have been deferred and will be amortized to interest expense over the remaining term of the of the 2022 Dollar Term Loans.

Additionally, as part of the June 2024 amendment to our credit agreement, we increased borrowing capacity under our revolving credit facility from \$250.0 million to \$500.0 million and extended the maturity from November 18, 2026 to the date that is the earliest of (x) June 4, 2029 and (y) April 1, 2029, if greater than \$500.0 million in aggregate principal amount of the Dollar Senior Notes due 2029 (as defined below) are outstanding. We incurred associated third party costs of approximately \$2.5 million, which have been deferred and will be amortized to interest expense over the remaining term of the revolving credit facility. Concurrently with this amendment, we terminated the \$250.0 million asset-backed revolving credit facility governed by the second amended and restated credit agreement dated as of July 3, 2014 (as amended and restated). The termination of our asset-backed revolving credit facility resulted in the accelerated recognition of \$1.0 million of deferred issuance costs (recognized in interest expense).

On June 4, 2024, we also issued new unsecured senior notes of \$500.0 million (the "Dollar Senior Notes due 2029"), and fully redeemed our existing unsecured senior notes due 2026 of \$568.0 million aggregate principal amount (the "Dollar Senior Notes due 2026"), which included the payment of \$13.7 million of accrued interest thereon. We issued the Dollar Senior Notes due 2029 with no discount and incurred third party costs of approximately \$7.6 million, which have been deferred and will be amortized to interest expense over the remaining term of the Dollar Senior Notes due 2029 using the effective interest method. The redemption of our Dollar Senior Notes due 2026 resulted in the accelerated recognition of \$2.6 million of unamortized finance costs and net fair value adjustment (recognized in interest expense).

During February 2024, we made a voluntary principal debt repayment of \$100.0 million against our 2021 Dollar Term Loans (as defined above). As a result of this repayment, we accelerated the recognition of \$3.3 million of unamortized finance costs and net fair value adjustment (recognized in interest expense).

#### **Dollar Term Loans**

Our secured credit facilities consist of two loans, which include the 2024 Dollar Term Loans and the 2022 Dollar Term Loans described above. These term loan facilities bear interest at a floating rate, at our option, at either a base rate as defined in the credit agreement plus an applicable margin, or Term SOFR plus an applicable margin.

On December 10, 2024, we amended our credit agreement to lower the margin with respect to the 2022 Dollar Term Loans and 2024 Dollar Term Loans by 50 basis points compared to the previous term. The 2022 Dollar Term Loans and 2024 Dollar Term loans bear interest at our option at either Term SOFR (subject to a floor of 0.50%) plus a margin of 1.75% per annum, or the base rate (subject to a floor of 1.50%) plus 0.75% per annum.

As of December 28, 2024, the 2024 Dollar Term Loans' interest rate was Term SOFR, subject to a floor of 0.50%, plus a margin of 1.75%, and borrowings under this facility bore interest at a rate of 6.32% per annum. The interest rate is currently re-set on the last business day of each month based on the election of one month interest periods. The 2024 Dollar Term Loans mature on June 4, 2031.

As of December 28, 2024, the 2022 Dollar Term Loans' interest rate as of December 28, 2024 was Term SOFR, subject to a floor of 0.50%, plus a margin of 1.75%, and borrowings under this facility bore interest at a rate of 6.32% per annum.

The 2022 Dollar Term Loans and 2024 Dollar Term Loans are subject to quarterly amortization payments of 0.25%, based on the original principal amount less certain repayments with the balance payable on maturity. During Fiscal 2024, we made amortization payments against the 2021 Dollar Term Loans, the 2024 Dollar Term Loans and the 2022 Dollar Term Loans of \$3.4 million, \$0 and \$4.3 million, respectively. During Fiscal 2023, we made amortization payments against the 2021 Dollar Term Loans and 2022 Dollar Term Loans of \$13.8 million and \$5.8 million, respectively.

Under the terms of the credit agreement, we are obliged to offer annually to the term loan lenders an "excess cash flow" amount as defined under the agreement, based on the preceding year's final results. Based on our 2024 results, the leverage ratio as defined under the credit agreement was below the threshold above which payments are required, and therefore no excess cash flow payment is required to be made in 2025.

Gates Corporation, a wholly-owned U.S. subsidiary of Gates Industrial Holdco Limited (the parent guarantor and direct subsidiary of Gates Industrial Corporation plc), is the principal obligor under the term loans for U.S. federal income tax purposes and makes the payments due on this tranche of debt. As a result, interest received by lenders of this tranche of debt is U.S. source income.

### **Unsecured Senior Notes**

As of December 28, 2024, we had \$500.0 million of Dollar Senior Notes due 2029 outstanding that were issued on June 4, 2024. The Dollar Senior Notes due 2029 are scheduled to mature on July 1, 2029 and bear interest at an annual fixed rate of 6.875% with semi-annual interest payments.

Prior to July 1, 2026, we may redeem the Dollar Senior Notes due 2029, at our option, in whole at any time or in part from time to time, at a "make-whole" redemption price. In addition, on or subsequent to July 1, 2026, we may redeem the Dollar Senior Notes due 2029, at our option, in whole at any time or in part from time to time, at the following redemption prices (expressed as a percentage of the principal amount), plus accrued and unpaid interest to the redemption date:

	Redemption price
On or subsequent to:	
—July 1, 2026	103.438 %
—July 1, 2027	101.719 %
—July 1, 2028 and thereafter	100.000 %

Additionally, net cash proceeds from an equity offering can be utilized at any time prior to July 1. 2026, to redeem up to 40% of the Dollar Senior Notes due 2029 at a redemption price equal to 106.875% of the principal amount thereof, plus accrued and unpaid interest through to the redemption date.

Upon the occurrence of specified types of change of control or of certain qualifying asset sales, the holders of the Dollar Senior Notes due 2029 will have the right to require us to make an offer to repurchase each holder's notes at a price equal to 101% (in the case of a change of control offer) or 100% (in the case of an asset sale offer) of their principal amount, plus accrued and unpaid interest.

As noted above, on June 4, 2024, we redeemed all \$568.0 million in aggregate principal amount of our Dollar Senior Notes due 2026 using primarily the proceeds from the issuance of the Dollar Senior Notes due 2029.

### Revolving credit facility

We have a secured revolving credit facility that provides for multi-currency revolving loans. On June 4, 2024, we amended the credit agreement governing this facility to increase the size of the facility from \$250.0 million to \$500.0 million, and extended the maturity date from November 18, 2026 to the date that is the earliest of (x) June 4, 2029 and (y) April 1, 2029, if greater than \$500.0 million in aggregate principal amount of the Dollar Senior Notes due 2029 are outstanding. This facility also includes a letter of credit subfacility of \$150.0 million. Debt under the revolving credit facility bears interest at a floating rate, at our option, at either a base rate as defined in the credit agreement plus an applicable margin or the reference rate plus an applicable margin.

During August 2024, we drew \$40.0 million under our revolving credit facility to partially fund the purchase of our ordinary shares under our 2024 share repurchase program, as discussed further in Note 29 below. During September and October 2024, we made repayments on this amount and had no balance as of December 28, 2024.

During May 2023, we drew \$100.0 million under our former asset-backed revolving credit facility to partially fund the purchase of shares under our share repurchase program, as discussed further in Note 29 below. The balance on the asset-backed revolving credit facility was fully paid off during the year ended December 30, 2023, and the facility was terminated on June 4, 2024.

The letters of credit outstanding under this facility were \$28.2 million and \$0 million as of December 28, 2024 and December 30, 2023, respectively. In addition, Gates had other outstanding performance bonds, letters of credit and bank guarantees amounting to \$12.3 million as of December 28, 2024, compared to \$8.4 million as of December 30, 2023.

### 23. Financial Instruments and Risk Management

### A. Classes and categories of financial instruments and their fair values

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)

Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed. Financial instruments held at fair value have been categorized into one of three levels to reflect the degree to which observable inputs are used in determining the fair values:

- 'Level 1' fair value measurements are those derived without adjustment from quoted prices in active markets for identical assets or liabilities.
- 'Level 2' fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- 'Level 3' fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### a) Summary of financial assets and liabilities

The table below sets out the Group's accounting classification of each category of financial assets and liabilities and their carrying values:

(dollars in millions)	De	December 30, 2023		
Financial assets				
Classified as amortized cost:				
Cash and cash equivalents	\$	609.7	\$	591.6
Restricted cash		2.8		3.4
Trade receivables <sup>(1)</sup>		722.7		768.2
Total	\$	1,335.2	\$	1,363.2
Classified as fair value:				
Level 1:				
— Cash equivalents	\$	41.5	\$	76.2
Level 2:				
— Cash equivalents		30.8		52.8
— Derivative financial assets		33.4		38.4
Total	\$	105.7	\$	167.4
Financial liabilities				
Classified as amortized cost:				
Trade payables	\$	408.2	\$	457.7
Accruals		155.8		153.6
Interest-bearing loans and borrowings		2,317.4		2,446.6
Lease obligations		163.4		149.9
Total	\$	3,044.8	\$	3,207.8
Classified as fair value:				
Level 2:				
— Derivative financial liabilities	\$	(37.6)	\$	(86.8)
Total	\$	(37.6)	\$	(86.8)

<sup>(1)</sup> The trade receivables balance did not include amounts in relation to factoring arrangement.

Derivative assets and liabilities included in Level 2 represent foreign currency exchange forward and swap contracts, and interest rate derivative contracts. Cash equivalents included in Level 1 represent treasury bills and money market funds, while Level 2 represent certificates of deposit and commercial paper.

We value our foreign currency exchange derivatives using models consistent with those used by a market participant that maximize the use of market observable inputs including forward prices for currencies.

We value our interest rate derivative contracts using a widely accepted discounted cash flow valuation methodology that reflects the contractual terms of each derivative, including the period to maturity. The methodology derives the fair values of the derivatives using the market standard methodology of netting the discounted future cash payments and the discounted expected receipts. The inputs used in the calculation are based on observable market-based inputs, including interest rate curves, implied volatilities and credit spreads.

We incorporate credit valuation adjustments, which consider the impact of any credit enhancements to the contracts, to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

Transfers between levels of the fair value hierarchy

During the periods presented, there were no transfers between Levels 1 and 2, and Gates had no assets or liabilities measured at fair value on a recurring basis using Level 3 inputs.

### b) Financial instruments not held at fair value

Certain financial assets and liabilities are not measured at fair value; however, items such as cash and cash equivalents, restricted cash, revolving credit facilities and bank overdrafts generally attract interest at floating rates and accordingly their carrying amounts are considered to approximate fair value. Due to their short maturities, the carrying amounts of accounts receivable and accounts payable are also considered to approximate their fair values.

Our debt is held at amortized cost. The carrying amount and fair value of debt are set out below:

	As of Decen	iber 2	28, 2024		As of Decen	nber 30, 2023			
Carrying amount			Fair value	Carrying amount		Carrying amount			Fair value
\$	44.6	\$	38.7	\$	36.6	\$	36.5		
	2,272.8		2,314.3		2,410.0		2,444.7		
\$	2,317.4	\$	2,353.0	\$	2,446.6	\$	2,481.2		
	Carr	Carrying amount \$ 44.6 2,272.8	Carrying amount \$ 44.6 \$ 2,272.8	\$ 44.6 \$ 38.7 2,272.8 2,314.3	Carrying amount         Fair value         Carrying amount           \$ 44.6         \$ 38.7         \$           2,272.8         2,314.3         \$	Carrying amount         Fair value         Carrying amount           \$ 44.6         \$ 38.7         \$ 36.6           2,272.8         2,314.3         2,410.0	Carrying amount         Fair value         Carrying amount           \$ 44.6         \$ 38.7         \$ 36.6         \$           2,272.8         2,314.3         2,410.0         \$		

Debt is comprised principally of borrowings under the secured credit facilities and the unsecured senior notes. Loans under the secured credit facilities pay interest at floating rates, subject to a 0.50% Term SOFR floor on the two dollar term loans as further described in Note 22. The fair values of the term loans are derived from a market price, discounted for illiquidity. The unsecured senior notes have fixed interest rates, are traded by "Qualified Institutional Buyers" and certain other eligible investors, and their fair value is derived from their quoted market price.

### c) Assets measured at fair value on a non-recurring basis

Gates has non-recurring fair value measurements related to certain assets, including goodwill, intangible assets, and property, plant, and equipment. During Fiscal 2024, no significant impairment of fixed and other assets were recognized. During Fiscal 2023, an impairment of fixed and other assets of \$0.1 million was recognized. Gates does not have the ability to exercise significant influence over the investee and the investment does not have a readily determinable fair value. We elected to recognize the investment at its cost and will adjust the fair value of the investment if we identify any observable price changes in orderly transactions.

## B. Financial risk management objectives

The Group's central treasury function is responsible for procuring the Group's financial resources and maintaining an efficient capital structure, together with managing the Group's liquidity, foreign exchange and interest rate exposures.

All treasury operations are conducted within strict policies and guidelines that are approved by the Board. Compliance with those policies and guidelines is monitored by the regular reporting of treasury activities to the Board.

A key element of the Group's treasury philosophy is that funding, interest rate and currency decisions and the location of cash and debt balances are determined independently from each other. The Group's borrowing requirements are met by raising funds in the most favorable markets. Management aims to retain a portion of net debt in the foreign currencies in which the net assets of the Group's operations are denominated. Management does not hedge the proportion of foreign operations effectively funded by shareholders' equity. An analysis of the Group's exposure to currency risk and an analysis of the profile of net assets by currency are set out in part G of this note.

#### C. Credit risk

Our principal financial assets are cash and cash equivalents, derivatives, trade and other receivables and investments.

We regularly monitor third-party depository institutions that hold our cash and short-term investments, primarily for safety of principal and secondarily for maximizing yield on those funds. We diversify our cash and short-term investments among counterparties to minimize exposure to any one of these entities.

The credit risk on derivative financial instruments is limited because the counterparties are financial institutions with high creditratings assigned by international credit-rating agencies. To mitigate the credit risk attributable to our trade receivables we perform credit verifications and monitor closely the creditworthiness of new and existing customers. The amounts presented in the balance sheet for trade receivables are net of allowances for expected credit losses. We develop expected loss estimates based either on the aging profile of outstanding receivables or by applying an experience factor (either a percentage of sales or a percentage of open receivables). These methodologies are based primarily on historical trends and experience, but credit controllers also regularly assess individual customer accounts to identify any potential increases or decreases in the level of expected credit loss needed to be applied to each customer based on current circumstances and future expectations.

Two customers of our North America businesses accounted for 13.7% and 6.1%, respectively, of our total trade accounts receivable balance as of December 28, 2024, compared to 12.5% and 9.6%, respectively, as of December 30, 2023. These concentrations are due to the extended payment terms common in the industry in which these businesses operate. We have no other significant concentrations of credit risk as our exposure is spread over a large number of customers and counterparties.

Management considers the Group's maximum exposure to credit risk to be as follows:

(dollars in millions)	De	ecember 28, 2024	 December 30, 2023
Cash and cash equivalents	\$	682.0	\$ 720.6
Derivative financial assets		33.4	38.4
Trade receivables		722.7	768.2
	\$	1,438.1	\$ 1,527.2

## D. Capital risk

Management considers that the Company's capital equates to shareholders' equity and manages the Company's capital structure to maximize shareholder value whilst retaining flexibility to take advantage of opportunities that arise to grow the business. The equity attributable to the owners of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

### E. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Our debt facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. We aim to reduce liquidity risk by diversifying our funding sources, maintaining adequate headroom under our debt facilities and by staggering the maturities of our debt.

We have established long-term credit ratings of Ba3 Stable with Moody's and BB- Stable with Standard & Poor's. Credit ratings are subject to regular review by the credit rating agencies and may change in response to economic and commercial developments.

Our asset-backed revolving credit facility was terminated on June 4, 2024. We also have a secured revolving credit facility that provides for multi-currency revolving loans up to an aggregate principal amount of \$500.0 million. The letters of credit outstanding under this facility were \$28.2 million and \$0 million as of December 28, 2024 and December 30, 2023, respectively. In addition, Gates had other outstanding performance bonds, letters of credit and bank guarantees amounting to \$12.3 million as of December 28, 2024, compared to \$8.4 million as of December 30, 2023.

In total, our committed borrowing headroom was \$471.8 million, in addition to cash balances of \$682.0 million.

The expected timing of contractual cash flows relating to the Group's financial liabilities are as follows:

			Earliest period in which payments are due							
(dollars in millions)		Within one year		Within two to three years		Within four to five years			Thereafter	
As of December 28, 2024										
Bank overdrafts and debt:										
—Principal	\$	2,363.5	\$	23.4	\$	37.6	\$	1,070.9	\$	1,231.6
—Interest payments <sup>(1)</sup>		700.0		154.2		246.9		229.0		69.9
Lease obligations		218.5		37.5		57.9		43.0		80.1
Post-retirement benefits <sup>(2)</sup>		13.6		13.6						_
Purchase obligations <sup>(3)</sup>		76.8		50.3		21.2		5.3		_
As of December 30, 2023										
Bank overdrafts and debt:										
—Principal	\$	2,471.9	\$	19.5	\$	607.0	\$	1,306.3	\$	539.1
—Interest payments <sup>(1)</sup>		582.2		180.4		275.6		92.2		34.0
Lease obligations		162.8		28.8		46.2		31.7		56.1
Post-retirement benefits <sup>(2)</sup>		10.3		10.3						_
Purchase obligations <sup>(3)</sup>		45.4		27.3		14.0		4.1		_

Future interest payments include payments on fixed and floating rate debt. Floating rate interest payments are estimated based on forward market interest rates and terms prevailing as of December 28, 2024 and December 30, 2023.

- Post-retirement benefit obligations represent our expected cash contributions to defined benefit pension and other post-retirement benefit plans in 2025 and 2024, respectively. It is not practicable to present expected cash contributions for subsequent years because they are determined annually on an actuarial basis to provide for current and future benefits in accordance with federal law and other regulations.
- A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

Maturities of the financial liabilities in all of the liquidity tables above are based on the earliest date on which the counterparty has a contractual right to require payment.

Floating interest payments and payments and receipts on interest rate derivatives are estimated based on market interest rates prevailing at the balance sheet date. Amounts in respect of purchase obligations are items that we are obligated to pay in the future, but they are not required to be included on the consolidated balance sheet.

### F. Interest rate risk

Our prevailing market risk on interest rates is the potential fluctuation in interest costs and in the fair value of long-term debt resulting from movements in interest rates.

We use interest rate derivatives as part of our interest rate risk management strategy to add stability to interest expense and to manage our exposure to interest rate movements. The interest rate caps are designated as cash flow hedges and involve the receipt of variable rate payments from a counterparty if interest rates rise above the strike rate on the contract in exchange for a premium. The following table summarizes the key terms of the active interest rate derivatives held by the Company:

	N	otional			Interes	t rate	
		rincipal mount	1 ayabic Receivable		able		
		nillions)	Variable	Fixed	Variable	Fixed	Variable rate index
As of December 28, 2024							
Maturity date:							
—June 2025	\$	870.0	<b>—</b> %	2.5 %	4.6 %	— %	1 month Term SOFR
—November 2027	\$	385.0	— %	7.6 %	8.1 %	— %	1 month Term SOFR
As of December 30, 2023							
Maturity date:							
—June 2025	\$	870.0	— %	2.5 %	5.4 %	— %	1 month Term SOFR
——November 2027	\$	385.0	— %	7.6 %	8.9 %	— %	1 month Term SOFR

The interest rate profile of the Company's financial assets and liabilities, after taking into account the effect of the interest rate hedging activities, was as follows:

				As of Decem	ber 28, 20	24	
	Interest-bearing						
(dollars in millions)		Floating rate		Fixed rate	Non-interest bearing		 Total
Financial assets:							
Cash and cash equivalents	\$	244.7	\$	_	\$	437.3	\$ 682.0
Restricted cash				_		2.8	2.8
		244.7		_		440.1	684.8
Financial liabilities:							
Debt		(608.5)		(1,755.0)			(2,363.5)
Lease obligations		_		(163.4)		_	(163.4)
		(608.5)		(1,918.4)			(2,526.9)
	\$	(363.8)	\$	(1,918.4)	\$	440.1	\$ (1,842.1)
		Interest	-beari	As of Decem	aber 30, 20	23	
(dollars in millions) Financial assets:		Floating rate		Fixed rate		interest aring	Total
Cash and cash equivalents		364.4		_		356.2	720.6
Restricted cash		_		_		3.4	3.4
		364.4				359.6	724.0
Financial liabilities:							
Debt		(648.9)		(1,823.0)		_	(2,471.9)
Lease obligations				(149.9)		_	(149.9)
		(648.9)		(1,972.9)			(2,621.8)
	\$	(284.5)	\$	(1,972.9)	\$	359.6	\$ (1,897.8)

## G. Currency risk

We have global operations and thus make investments and enter into transactions denominated in various foreign currencies. Our operating results are impacted by buying, selling and financing in currencies other than the functional currency of our operating companies. We monitor exposure to transactions denominated in currencies other than the functional currency of each country in

which we operate, and enter into forward contracts to mitigate that exposure as needed. We also naturally hedge foreign currency through our production in the countries in which we sell our products.

In addition, we are exposed to currency risk associated with translating our non-U.S. dollar financial statements into U.S. dollars, which is our reporting currency. As a result, we are exposed to movements in the exchange rates of various currencies against the U.S. dollar. Translational foreign exchange risks arise predominantly on the potential increase in our significant euro debt when translated to U.S. dollars, as well as on the potential decreases in the value of our earnings, cash balances and other net assets denominated in euro and other currencies when translated to U.S. dollars.

The currency profiles of our cash and debt are centrally managed as are decisions about the location of cash. The currency profile of cash and debt, after taking into account the effect of the currency swaps and forwards used to manage those profiles, were as follows:

(dollars in millions)	Dece	As of December 28, 2024		As of mber 30, 2023
Cash and cash equivalents by currency:				
—U.S. dollar	\$	280.0	\$	343.9
—Chinese Yuan Renminbi		136.3		105.2
—Indian Rupee		25.3		27.7
—Euro		47.9		41.8
—Japanese Yen		46.9	\$	37.3
—Other		145.6		164.7
	\$	682.0	\$	720.6
Principal amount of debt by currency:				
—U.S. dollar	\$	1,041.9	\$	1,385.9
—Euro		1,077.2		835.4
—Chinese Yuan Renminbi		244.4		250.6
	\$	2,363.5	\$	2,471.9

As described in Note 21, during Fiscal 2024 we executed a USD-EUR fixed-to-fixed cross currency swap with a notional principal amount of  $\[mathcal{e}\]$ 277.4 million with a contract term, from August 2, 2024 to August 2, 2029. During Fiscal 2023, we executed a USD to Chinese Yuan fixed-to-fixed cross currency swap with a notional principal amount of  $\[mathcal{e}\]$ 1,784.0 million with a contract term from November 30, 2023 to November 30, 2026. As of December 28, 2024, the aggregated notional principal amount of the cross currency swaps was  $\[mathcal{e}\]$ 1,033.5 million and  $\[mathcal{e}\]$ 1,784.0 million compared to  $\[mathcal{e}\]$ 756.1 million and  $\[mathcal{e}\]$ 1,784.0 million as of December 30, 2023.

#### 24. Deferred tax

# Deferred income tax (liabilities) assets

Deferred income tax (liabilities) assets recognized by the Company were as follows:

(dollars in millions)	In	tangibles	]	Interest	 PP&E	R	etirement	 Losses	(	Credits	 Accrued Other	 Total
At December 31, 2022	\$	(358.8)	\$	124.6	\$ (34.7)	\$	14.0	\$ 568.2	\$	36.7	\$ 59.2	\$ 409.2
Benefit to profit or loss		29.9		42.7	5.6		0.4	(16.8)		(25.7)	187.2	223.3
Expense related to tax rate change		(1.6)		(4.8)	(1.3)			(2.1)			(144.7)	(154.5)
Benefit to equity/other				0.3			3.1				5.6	9.0
Exchange differences (CTA)		(4.2)		0.7	 0.1		0.4	 29.5		0.2	2.2	28.9
At December 30, 2023		(334.7)		163.5	(30.3)		17.9	578.8		11.2	109.5	515.9
Benefit to profit or loss		35.9		21.7	8.5		(0.1)	(6.8)		(1.7)	(34.6)	22.9
Expense related to tax rate change								(23.8)			_	(23.8)
Benefit to equity/other comprehensive income (expense)		(0.2)		9.7	0.2		0.1				(1.5)	8.3
Exchange differences (CTA)		8.5		(1.9)	0.2		(0.6)	(33.7)		(0.4)	(0.5)	(28.1)
At December 28, 2024	\$	(290.5)	\$	193.0	\$ (21.1)	\$	17.3	\$ 514.5	\$	9.1	\$ 72.9	\$ 495.2

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

(dollars in millions)	As of ober 28, 2024	Dece	As of ember 30, 2023
Deferred tax liabilities	\$ (81.4)	\$	(126.3)
Deferred tax assets	\$ 576.6	\$	642.2
	\$ 495.2	\$	515.9

As of December 28, 2024, the Company had the following loss and credit carryforward amounts:

- Gates had net operating losses amounting to \$6,264.2 million consisting primarily of \$6,017.1 million in Luxembourg, and \$131.2 million in the U.S. (federal and state). Operating losses of \$2,987.8 million can be carried forward indefinitely consisting primarily of \$2,897.1 million in Luxembourg, and \$128.1 million in the U.S. and other foreign jurisdictions. The remaining losses of \$3,239.0 million have expiration dates between 2025 and 2043, consisting primarily of \$3,120.1 million in Luxembourg, and \$118.9 million in the U.S. and other foreign jurisdictions. We recognized a related deferred tax asset of \$514.5 million after unrecognized deferred tax assets of \$964.7 million;
- Gates had capital losses amounting to \$761.9 million, consisting of \$736.3 million in the U.K., and \$25.6 million in the U.S. Capital losses of \$750.1 million can be carried forward indefinitely, primarily consisting of \$736.3 million in the U.K, and \$11.8 million in the U.S. that expire in 2026. We recognized no related deferred tax asset after unrecognized deferred tax assets of \$190.1 million;
- Gates had U.S. federal foreign tax credits amounting to \$67.9 million, which expire between 2025 and 2027. We recognized a related deferred tax asset of \$9.1 million after unrecognized deferred tax assets of \$58.8 million; and
- Gates had interest expense deductions which can be carried forward amounting to \$903.6 million, consisting primarily of \$632.3 million in the U.S., \$216.7 million in Luxembourg, and \$54.6 million in other foreign jurisdictions. Interest expense deductions can be carried forward indefinitely. We recognized a related deferred tax asset of \$193.0 million after unrecognized deferred tax assets of \$22.4 million.

As of December 28, 2024, income and withholding taxes in the various tax jurisdictions in which Gates operates have not been provided on approximately \$1,343.3 million of taxable temporary differences related to the investments in the Company's subsidiaries. These temporary differences represent the estimated excess of the financial reporting over the tax basis in our investments in those subsidiaries, which are primarily the result of purchase accounting adjustments. These temporary differences are not expected to reverse in the foreseeable future, but could become subject to income and withholding taxes in the various tax jurisdictions in which Gates operates if they were to reverse. The amount of unrecognized deferred income tax liability on these taxable temporary differences has not been determined because the hypothetical calculation is not practicable due to the uncertainty as to how they may reverse. However, Gates has recognized a deferred income tax liability of \$20.7 million on taxable temporary differences related to undistributed earnings of the Company's subsidiaries.

## 25. Post-retirement benefits

#### A. Background

The Group operates pension plans throughout the world, covering the majority of its employees. The plans are structured in accordance with local conditions and practices in each country and include defined contribution plans and defined benefit plans.

The Group provides defined contribution pension benefits in most of the countries in which it operates; in particular, the majority of the Group's employees in the US are entitled to such benefits. During Fiscal 2024, the expense recognized by Gates in respect of defined contribution pension plans was \$20.9 million, compared to \$21.0 million in Fiscal 2023.

The Group operates defined benefit pension plans in several countries; in particular, in the U.S. and the U.K. Generally, the pension benefits provided under these plans are based upon pensionable salary and the period of service of the individual employees. The assets of the plans are held separately from those of the Group in funds that are under the control of trustees. The extent of the powers of the trustees, in particular in respect of funding and investment strategy, varies and is dependent on local regulations and the specific rules of each defined benefit pension plan. Payments made to these plans principally comprise funding contributions which are determined in accordance with local regulations, including those negotiated with the trustees, to ensure that appropriate funding levels are maintained and funding deficits are closed over a reasonable period of time. All of the defined benefit pension plans operated by the Group are closed to new entrants. In addition to the funded defined benefit pension plans, the Group has unfunded defined benefit obligations to certain current and former employees.

Gates also provides other post-employment benefits, principally health and life insurance coverage, on an unfunded basis to certain of its employees in the U.S. and Canada. These plans, which are unfunded, are defined benefit plans.

## B. Summary of financial effect on comprehensive income

An analysis of the effect of providing post-employment benefits on the Group's results is set out below.

Year ended December 28, 2024	Pe	ensions	Other post- employment benefits		
Defined benefit plans					
Recognized in profit or loss:					
—Current service cost	\$	4.1	\$	_	
—Net interest cost		2.7		1.3	
—Administrative costs		0.1		_	
	\$	6.9	\$	1.3	
Recognized in OCI:					
—Actuarial loss arising from experience adjustments	\$	12.0	\$	_	
—Actuarial gain arising from changes in demographic assumptions		(5.8)			
—Actuarial gain arising from changes in financial assumptions		(32.9)		(0.2)	
—Return on plan assets less than the discount rate		29.4		_	
—Currency gain		(1.8)		(1.0)	
Remeasurement of the net defined benefit liability	\$	0.9	\$	(1.2)	

Year ended December 30, 2023	Pe	er post- nent benefits	
Defined benefit plans			
Recognized in profit or loss:			
—Current service cost	\$	4.0	\$ _
—Net interest cost		2.3	1.5
—Administrative costs		0.1	 <u> </u>
	\$	6.4	\$ 1.5
Recognized in OCI:			
—Actuarial loss (gain) arising from experience adjustments	\$	17.3	\$ (0.5)
—Actuarial gain arising from changes in demographic assumptions		(1.4)	
—Actuarial loss arising from changes in financial assumptions		15.8	0.8
—Return on plan assets greater than the discount rate		(21.3)	_
—Currency loss		1.5	 0.3
Remeasurement of the net defined benefit asset	\$	11.9	\$ 0.6

# C. Summary of financial effect on the balance sheet

On the basis of legal advice, the directors have recognized the surplus below. The net liability recognized in the Group's balance sheet in respect of defined benefit plans and its presentation in the balance sheet are set out below:

	As of December 28, 2024						As of December 30, 2023				3	
	Other Pensions benefits				<b>Total</b> Pensions			Other benefits			Total	
Surpluses	\$	5.7	\$		\$	5.7	\$	8.8	\$	_	\$	8.8
Deficits		(59.2)		(24.7)		(83.9)		(62.5)		(27.5)		(90.0)
Net liability	\$	(53.5)	\$	(24.7)	\$	(78.2)	\$	(53.7)	\$	(27.5)	\$	(81.2)

## **D.** Pensions

## Assumptions

The significant financial assumptions used in the actuarial valuations of the defined benefit pension plans were as follows:

	As of December 28, 2024	As of December 30, 2023
	% per annum	% per annum
Discount rate	5.302 %	4.694 %
Salary increases	3.641 %	3.996 %
Increase to pensions in payment	3.423 %	3.316 %

The significant demographic assumptions underlying the benefit obligations of the Group's principal pension plans were as follows:

	As of December 28, 2024	As of December 30, 2023
	Years	Years
Life Expectancy of a Male aged 65 now	21.4	20.6
Life Expectancy of a Female aged 65 now	23.8	24.1
Life Expectancy of a Male aged 65 in 15 years	22.6	23.3
Life Expectancy of a Female aged 65 in 15 years	25.1	25.5

## Sensitivity analysis

The table below provides an indication of the potential impact on the defined benefit obligation as of December 28, 2024 of a reasonably possible change in each of the above assumptions:

	Level of change in assumption	Impact
Discount rate	0.5% Decrease	4.8 %
Increase to pensions in payment	0.5% Increase	1.3 %
Salary increases	0.5% Increase	0.1 %
Mortality rates	1 year	3.1 %

Although it is likely that any change in one of the significant assumptions will have an impact on one or more of the other assumptions, this relationship cannot be easily determined and hence the above analysis presents only the impact of such changes to each assumption in isolation.

# Benefit obligation

Changes in the present value of the benefit obligation were as follows:

	As of aber 28, 2024	As of December 30, 2023		
At the beginning of the period	\$ 559.7	\$	525.6	
Current service cost	4.1		4.0	
Interest cost	25.1		25.8	
Employees' contributions	0.4		0.1	
Administrative expenses	0.1		0.1	
Net actuarial loss/(gain) arising from:				
—experience adjustment	12.0		17.3	
—changes in demographic assumptions	(5.8)		(1.4)	
—changes in financial assumptions	(32.9)		15.8	
Benefits paid	(44.5)		(45.9)	
Settlements and Curtailments	(0.4)			
Foreign currency translation	 (11.6)		18.3	
At the end of the period	\$ 506.2	\$	559.7	

The weighted average active duration of the Group's pension plans as of December 28, 2024 is 10.1 years (December 30, 2023: 9.9 years).

## Plan assets

Change in the fair value of plan assets were as follows:

	Decen	As of December 28, 2024		As of aber 30, 2023
At the beginning of the period	\$	506.0	\$	482.3
Interest income	\$	22.4	\$	23.5
Remeasurement (loss) gain:				
— return on plan assets (excluding amounts included in net interest expense)	\$	(29.4)	\$	21.3
Employer's contributions	\$	8.0	\$	7.7
Employees' contributions	\$	0.4	\$	0.1
Settlements and Curtailments	\$	(0.4)	\$	
Benefits paid	\$	(44.5)	\$	(45.9)
Foreign currency translation	\$	(9.8)	\$	17.0
At the end of the period	\$	452.7	\$	506.0

The fair value of plan assets by category were as follows:

	As of December 28, 2024						As of December 30, 2023				
(dollars in millions)	in a	d prices ctive rkets vel 1)	Significant observable inputs (Level 2)	un	ignificant observable inputs (Level 3)	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	
Collective investment trusts:											
<b>Equity Securities</b>	\$		\$ 35.9	\$		\$ 35.9	\$ —	\$ 37.4	\$ —	\$ 37.4	
Debt Securities											
—Corporate bonds			40.2			40.2	_	42.2		42.2	
—Government bonds			82.1			82.1	_	105.6		105.6	
Annuities and insurance		_			246.7	246.7	_	_	274.0	274.0	
Other		_	19.8			19.8	_	22.4		22.4	
Real estate		_	21.4			21.4	_	22.0		22.0	
Cash and cash equivalents		6.6				6.6	2.4			2.4	
Total	\$	6.6	\$ 199.4	\$	246.7	\$ 452.7	\$ 2.4	\$ 229.6	\$ 274.0	\$ 506.0	

The return and risk expectations for each asset class incorporate assumptions about historical return relationships, current financial market conditions and the degree of global capital market integration. The assumptions used have been derived from rigorous historical performance analysis combined with forward-looking views of the financial markets as revealed through the yield on long-term bonds. The actuaries review analyses of historical risk and the correlation of the return on asset classes and apply subjective judgment based on their knowledge of the Group's plans. The result of this analysis is incorporated into a risk matrix from which expected long-term risk premiums for each asset class are developed.

The nominal return expectations are determined by combining the asset class risk premiums with expected inflation and real risk-free rate assumptions. As a final consideration, the nominal return assumptions are blended with current market conditions to develop long-term equilibrium expectations.

Gates' desired investment objectives for pension plan assets include maintaining an adequate level of diversification to reduce interest rate and market risk, and to provide adequate liquidity to meet immediate and future benefit payment requirements. Outside the U.S., Gates' defined benefit pension plans target a mix of growth seeking assets, comprising equities, and income generating assets, such as government and corporate bonds, that are considered by the trustees to be appropriate in the circumstances. Plan assets are rebalanced periodically to maintain target asset allocations. Certain benefit obligations outside the U.S. are matched by insurance contracts. In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. In light of the July 2024 UK High Court's ruling on Virgin Media Limited v NTL Pension Trustees II Limited, it was ruled that certain historical amendments purportedly made to Virgin Media's U.K. defined benefit plan were legally invalid because they had not been accompanied by necessary actuarial confirmation. The Company is monitoring legislation intervention and further guidance on the application of the ruling to assess whether this decision has any implications and has concluded through investigations there is no significant impact on our U.K. plan. During 2022, the Group initiated an annuity purchase transaction, or commonly known as "buy-in", for two of our pension schemes in the U.K., when the pension obligations for the two pension schemes deemed to be fully covered and funded by the annuities assets. After the buy-in, the fair value of the insurance policies equates to the present value of the pension obligations.

Investments in equities and fixed income securities are held in pooled investment funds that are managed by investment managers on a passive (or "index-tracking") basis. The trustees ensure that there is no significant concentration of credit risk in any one financial institution. Plan assets do not include any financial instruments issued by, any property occupied by, or other assets used by Gates.

## Asset ceiling

As of December 28, 2024 and December 30, 2023, no effect of the asset ceiling was recognized.

#### Expected future contributions

The Group expects to make contributions of approximately \$10.8 million to defined benefit pension plans during 2025.

#### E. Other post-employment benefits

## Assumptions

There are no significant demographic actuarial assumptions used in valuing the benefit obligation arising from other post-employment benefit plans. The weighted averages of the significant financial assumptions used in the actuarial valuations of these plans were as follows:

	As of December 28, 2024	As of December 30, 2023
	% per annum	% per annum
Discount rate	5.185 %	5.003 %
Post Retirement Health Care Trend Rate - Initial	5.764 %	5.755 %
Post Retirement Health Care Trend Rate - Ultimate	4.845 %	4.843 %

The significant demographic assumptions underlying the benefit obligations of the Group's principal pension plans were as follows:

	As of December 28, 2024	As of December 30, 2023
	Years	Years
Life Expectancy of a Male aged 65 now	21.3	21.3
Life Expectancy of a Female aged 65 now	23.4	23.4
Life Expectancy of a Male aged 65 in 15 years	22.6	22.7
Life Expectancy of a Female aged 65 in 15 years	24.7	24.7

The Group's other post-employment benefit plans are unfunded. Accordingly, the liability recognized in the Group's balance sheet in respect of these plans represents the present value of the benefit obligation.

The sensitivity of the benefit obligation to changes in the significant assumptions used in the actuarial valuations as of December 28, 2024 may be summarized as follows:

	Increase of one percentage point	Decrease of one percentage point
	% per annum	% per annum
Discount rate	0.5% Decrease	3.6 %
Mortality rates	1 year improvement	3.1 %

Although it is likely that any change in either of the significant assumptions above will have an impact on one or more of the other assumptions, this relationship cannot be easily determined and hence the above analysis presents only the impact of such changes to each assumption in isolation.

#### Benefit obligation

Changes in the present value of the benefit obligation were as follows:

(dollars in millions)	As of December 28, 2024		As of December 30, 2023	
At the beginning of the period	\$ 27.5	\$	28.5	
Interest cost	1.3		1.5	
Net actuarial (gain) loss arising from:				
—experience adjustment	_		(0.5)	
—changes in financial assumptions	(0.2)		0.8	
Benefits paid	(2.9)		(3.1)	
Plan Amendments	_			
Foreign currency translation	 (1.0)		0.3	
At the end of the period	\$ 24.7	\$	27.5	

The weighted average active duration of the Group's other post-employment benefit plans as of December 28, 2024 is 7.4 years (December 30, 2023: 7.6 years).

## Expected future contributions

The Group expects to make contributions of approximately \$2.8 million to the other post-employment benefit plans during 2025.

## 26. Share-based compensation

The Company operates a share-based incentive plan over its shares to provide incentives to Gates' senior executives and other eligible employees. During the year ended December 28, 2024, we recognized a charge of \$28.8 million compared to \$27.4 million in the prior year.

## Awards issued under the 2014 Omaha Topco Ltd. Stock Incentive Plan (the "2014 Plan")

Gates has a number of share-based incentive awards issued under the 2014 Plan, which was assumed by the Company and renamed the Gates Industrial Corporation plc Stock Incentive Plan in connection with our initial public offering in January 2018. No new awards have been granted under this plan since 2017. The options are split equally into four tiers, each with specific vesting conditions. Tier I options vest evenly over 5 years from the grant date, subject to the participant continuing to provide service to Gates on the vesting date. Tier II, III and IV options vest on achievement of specified investment returns by our majority owners, who are various investment funds managed by affiliates of Blackstone Inc. ("Blackstone"), at the time of a defined liquidity event, which is also subject to the participant's continued provision of service to Gates on the vesting date. The performance conditions associated with Tiers II, III and IV must have been achieved on or prior to July 3, 2022 in order for vesting to occur. All the options expire ten years after the date of grant.

During March 2022, a liquidity event as defined occurred following the sale by Blackstone of a certain portion of their interest in Gates and the Tier II and IV options vested as the specified investment returns related to these options had been met. On July 3, 2022, the performance period for the Tier III options expired and, as the specified investment returns were not achieved, all Tier III awards expired during Fiscal 2022.

Due to Chinese regulatory restrictions on foreign stock ownership, awards granted under this plan to Chinese employees have been issued as stock appreciation rights ("SARs"). The terms of these SARs are identical to those of the options described above with the exception that no share is issued on exercise; instead, cash equivalent to the increase in the value of the shares from the date of grant to the date of exercise is paid to the employee. These awards are therefore treated as liability awards under IFRS 2 *Share-based Payment* and are revalued to their fair value at each period end.

Changes in the awards granted under this plan are summarized in the tables below.

## Awards issued under the Gates Industrial Corporation plc 2018 Omnibus Incentive Plan (the "2018 Plan")

In conjunction with the initial public offering in January 2018, Gates adopted the 2018 Plan, which is a market-based long-term incentive program that allows for the issue of a variety of equity-based and cash-based awards, including stock options, SARs and RSUs.

The SARs issued under this plan take the form of options, except that no share is issued on exercise; instead, cash equivalent to the increase in the value of the shares from the date of grant to the date of exercise is paid to the employee. These awards are therefore treated as liability awards under IFRS 2 *Share-based Payment* and are revalued to their fair value at each period end. The SARs and the majority of the share options issued under this plan vest evenly over either three years or four years from the grant date. The remainder of the options and the premium-priced options vest evenly over a three year period, starting two years from the grant date. All options vest subject to the participant's continued employment by Gates on the vesting date and expire ten years after the date of grant.

The RSUs issued under the plan consist of time-vesting RSUs and performance-based RSUs ("PRSUs"). The time-vesting RSUs vest evenly over either one or three years from the date of grant, subject to the participant's continued provision of service to Gates on the vesting date. The PRSUs issued prior to 2022 provided that 50% of the award would generally vest if Gates achieved a certain level of average annual adjusted return on invested capital as defined in the plan ("Adjusted ROIC") and the remaining 50% of the PRSUs would generally vest if Gates achieved certain relative total shareholder return ("Relative TSR") goals, in each case, measured over a three-year performance period and subject to the participant's continued employment through the end of the performance period. Starting in 2022, 75% of the PRSU awards will generally vest based on the specified Adjusted ROIC achievement and the remaining 25% will generally vest based on Relative TSR goal attainment. The total number of PRSUs that vest at the end of the performance period will range from 0% to 200% of the target based on actual performance against a pre-established scale.

New awards and movements in existing awards granted under this plan are summarized in the tables below.

## Summary of movements in options outstanding

		Year ended December 28, 2024		
	Plan	Number of options		nted average rcise price \$
Outstanding at the beginning of the period:				
—Tier I	2014 Plan	1,828,327	\$	6.98
—Tier II	2014 Plan	1,996,017	\$	7.01
—Tier IV	2014 Plan	1,986,416	\$	10.52
—SARs	Both plans	735,221	\$	10.47
—Share options	2018 Plan	2,345,520	\$	14.90
—Premium-priced options	2018 Plan	835,469	\$	18.88
		9,726,970	\$	10.90
Granted during the period:				
—SARs	2018 Plan	22,100	\$	14.87
		22,100	\$	14.87
Forfeited during the period:				
—SARs	2018 Plan	(3,535)	\$	13.50
		(3,535)	\$	13.50
Expired during the period:				
—SARs	Both Plans	(266)	\$	14.04
—Share options	2018 Plan	(331,730)	\$	17.27
		(331,996)	\$	17.26
Exercised during the period:				
—Tier I	2014 Plan	(271,309)	\$	7.15
—Tier II	2014 Plan	(273,378)	\$	7.06
—Tier IV	2014 Plan	(325,674)	\$	10.74
—SARs	Both Plans	(150,127)	\$	9.74
—Share options	2018 Plan	(533,725)	\$	14.37
		(1,554,213)	\$	10.61
Outstanding at the end of the period:				
—Tier I	2014 Plan	1,557,018	\$	6.95
—Tier II	2014 Plan	1,722,639	\$	7.00
—Tier IV	2014 Plan	1,660,742	\$	10.48
—SARs	Both plans	603,393	\$	10.79
—Share options	2018 Plan	1,480,065	\$	14.56
—Premium-priced options	2018 Plan	835,469	\$	18.88
	•	7,859,326	\$	10.70
Exercisable at the end of the period		7,785,179	\$	10.66
Vested and expected to vest at the end of the period		7,858,509		10.70
*				

As of December 28, 2024, the aggregate intrinsic value of options that were exercisable was \$77.9 million, and these options had a weighted average remaining contractual term of 2.2 years. As of December 28, 2024, the aggregate intrinsic value of options that were vested or expected to vest was \$78.4 million, and these options had a weighted average remaining contractual term of 2.3 years.

As of December 28, 2024, the unrecognized compensation charge relating to the nonvested options was \$0.3 million, which is expected to be recognized over a weighted-average period of 1.4 years.

During Fiscal 2024, cash of \$14.9 million was received in relation to the exercise of vested options, compared to \$18.7 million during Fiscal 2023. The aggregate intrinsic value of options exercised during Fiscal 2024 was \$6.0 million, compared to \$5.2 million during Fiscal 2023.

# Summary of movements in RSUs and PRSUs outstanding

	Year ended Dec	Year ended December 28, 2024			
	Number of awards		ated average ate fair value		
Outstanding at the beginning of the period:					
—RSUs	3,032,230	\$	13.78		
—PRSUs	917,661	\$	16.77		
	3,949,891	\$	14.47		
Granted during the period:					
—RSUs	1,250,252	\$	15.16		
—PRSUs	426,607	\$	16.37		
	1,676,859	\$	15.47		
Forfeited during the period:					
—RSUs	(321,638)	\$	13.75		
—PRSUs	(161,848)	\$	15.77		
	(483,486)	\$	14.42		
Vested during the period:					
—RSUs	(1,389,992)	\$	13.79		
—PRSUs	(154,274)		15.00		
	(1,544,266)	\$	13.91		
Outstanding at the end of the period:					
—RSUs	2,570,852	\$	14.45		
—PRSUs	1,028,146	\$	17.03		
	3,598,998	\$	15.19		
	·				

As of December 28, 2024, the unrecognized compensation charge relating to nonvested RSUs and PRSUs was \$19.0 million, which is expected to be recognized over a weighted average period of 1.4 years, subject, where relevant, to the achievement of the performance conditions described above. The total fair value of RSUs and PRSUs vested during Fiscal 2024 was \$21.5 million, compared to \$21.5 million during Fiscal 2023.

## Valuation of awards granted during the period

The grant date fair value of the options and SARs are measured using a Black-Scholes valuation model. RSUs are valued at the share price on the date of grant. The premium-priced options and PRSUs were valued using Monte Carlo simulations. As Gates only has volatility data for its shares for the period since its initial public offering, this volatility has, where necessary, been weighted with the debt-levered volatility of a peer group of public companies in order to determine the expected volatility over the expected option life. The expected option life represents the period of time for which the options are expected to be outstanding and is based on consideration of the contractual life of the option, option vesting period, and historical exercise patterns. The weighted average fair values and relevant assumptions were as follows:

		For the year ended			
	De	December 28, 2024		ecember 30, 2023	
Weighted average grant date fair value:					
—SARs	\$	6.95	\$	6.57	
—RSUs	\$	15.16	\$	13.79	
—PRSUs	\$	16.37	\$	15.88	
Inputs to the model:					
—Expected volatility - SARs		41.7 %	)	42.8 %	
—Expected volatility - PRSUs		31.6 %	)	37.7 %	
—Expected option life for SARs (years)		6.0		6.0	
—Risk-free interest rate:					
SARs		4.22 %	)	4.03 %	
PRSUs		4.38 %	)	4.60 %	

## 27. Provisions

(dollars in millions)	W	arranty	Restr	ucturing	orkers' pensation	Other	Total
Balance at the beginning of the period	\$	15.9	\$	5.1	\$ 8.6	\$ 6.3	\$ 35.9
Charge for the period		10.8		7.2	4.2	6.4	28.6
Utilized during the period		(8.2)		(8.7)	(2.2)	(4.5)	(23.6)
Released during the period		(1.7)		(0.7)	(1.9)	0.1	(4.2)
Foreign currency translation		(0.4)		(0.1)		(0.3)	(0.8)
Balance at the end of the period	\$	16.4	\$	2.8	\$ 8.7	\$ 8.0	\$ 35.9

(dollars in millions)	As of December 28, 2024		As of per 30, 2023
Warranty provisions	\$ 16.4	\$	15.9
Restructuring provisions	2.8		5.1
Workers' compensation	8.7		8.6
Other provisions	8.0		6.3
	\$ 35.9	\$	35.9
—Current	23.5		24.2
—Non-current	12.4		11.7

A provision is recognized for warranty claims on various products depending on specific market expectations and the type of product. These estimates are established using historical information on the nature, frequency and average cost of warranty claims. The majority of the warranty provision is expected to be utilized during 2025, with the remainder estimated to be utilized within the next three years. A provision is recognized for the cost of product recalls if management considers it probable that it will be necessary to recall a specific product and the amount can be reasonably estimated.

The majority of the workers' compensation provisions are currently expected to be utilized within the next five years. Other provisions consist primarily of environmental, legal and insurance provisions. Further information on our restructuring provision is presented in Note 5. Restructuring reserves are primarily expected to be utilized during 2025.

Provisions were included within Trade and other payables in Fiscal 2023. In Fiscal 2024, provisions have been presented as separate line items within current and non-current liabilities on the face of the Consolidated Balance Sheet. Prior year comparatives have not been restated on the basis that the reclassification is not considered to be material.

## 28. Commitments and contingencies

#### A. Capital and other commitments

As of December 28, 2024, we had entered into contractual commitments for the purchase of property, plant and equipment amounting to \$8.6 million, compared to \$8.7 million as of December 30, 2023, and for the purchase of non-integral computer software amounting to \$6.1 million, compared to \$1.8 million as of December 30, 2023. As of December 28, 2024, we had entered into contractual commitments for non-capital items such as raw materials and supplies amounting to \$62.1 million, compared to \$34.9 million as of December 30, 2023.

## **B.** Contingencies

The Company is, from time to time, party to general legal proceedings and claims, which arise in the ordinary course of business including those relating to environmental obligations, product liability, intellectual property, commercial and contractual disputes, employment matters and other business matters. When appropriate, management consults with legal counsel and other appropriate experts to assess claims. If, in management's opinion, we have incurred a probable loss as set forth by IFRS, an estimate is made of the loss and the appropriate provision is reflected in our consolidated financial statements. Currently, there are no material amounts provided for.

While it is not possible to quantify the financial impact or predict the outcome of all pending claims and litigation, management does not anticipate that the outcome of any current proceedings or known claims, either individually or in aggregate, will materially affect Gates' financial position, results of operations or cash flows.

## 29. Share capital and reserves

# A. Authorized and issued, fully paid shares of Gates Industrial Corporation plc

	Ordinary shares of \$0.01 each		
(dollars in millions except share numbers)	Authorized number of shares	Issued number of shares	
As of December 31, 2022	3,000,000,000	282,578,917	
Issuance of shares		3,615,505	
Cancellation of repurchased shares		(21,934,634)	
As of December 30, 2023	3,000,000,000	264,259,788	
Issuance of shares	_	2,634,502	
Cancellation of repurchased shares		(11,690,303)	
As of December 28, 2024	3,000,000,000	255,203,987	

#### Shares capital and reserves

Share capital represents the nominal value of the shares issued. The Company has one class of authorized and issued shares, with a par value of \$0.01, and each share has equal voting rights. Share premium represents proceeds received in excess of the nominal value of shares issued, net of any share issue costs. Retained earnings represents all other net gains, losses, and transactions with owners not recognized elsewhere.

Other reserves within equity includes translation and hedging reserve, and merger reserve. In order to provide useful information about the Group's hedging arrangements, the translation reserve and hedging reserve are combined, which includes exchange differences on the translation of subsidiaries with a functional currency other than USD, cumulative fair value gains and losses and costs of hedging on derivatives that hedge the Company's net investment in foreign subsidiaries, and cumulative fair value gains and losses and costs of hedging on derivatives for which cash flow hedge accounting has been applied. The merger reserve represents the differences on consolidation arising on the adoption of predecessor accounting. This comprises the difference between consideration paid and the book value of net assets acquired in the transaction.

#### **Shares repurchases**

On April 28, 2023, the Company's Board of Directors approved a share repurchase program for up to \$250.0 million in authorized share repurchases. On May 17, 2023, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders agreed to sell to the underwriters 22,500,000 ordinary shares of the Company at a price of \$11.3975 per ordinary share (the "May 2023 Offering"). The selling shareholders also granted the underwriters an option to purchase up to 3,375,000 additional ordinary shares of the Company; this option was exercised in full on May 18, 2023. The Company did not receive any proceeds from the sale of ordinary shares in the May 2023 Offering, which closed on May 23, 2023. In connection with the May 2023 Offering, the Company repurchased 21,934,634 ordinary shares through Citigroup from the same selling shareholders at a price of \$11.3975 per ordinary share for an aggregate consideration of approximately \$250.0 million (the "2023 Repurchase"), plus costs paid directly related to the transaction of \$1.7 million. This repurchase was funded by cash on hand and a borrowing of \$100.0 million under Gates' asset-backed revolving credit facility. All shares repurchased pursuant to the 2023 Repurchase have been cancelled.

In February 2024, the Company's Board approved a share repurchase program for up to \$100.0 million in authorized share repurchases, with an expiration date of October 6, 2024. On February 12, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 20,125,000 ordinary shares of the Company at a price of \$12.045 per ordinary share (the "February 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the February 2024 Offering, which closed on February 16, 2024. In connection with the February 2024 Offering, the Company repurchased 4,151,100 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$12.045 per ordinary share for an aggregate consideration of approximately \$50.0 million (the "February 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.3 million. This repurchase was funded by cash on hand. All shares repurchased pursuant to the February 2024 Repurchase have been cancelled.

In July 2024, the Company's Board cancelled the then existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025. On August 16, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 23,000,000 ordinary shares of the Company at a price of \$16.58 per ordinary share (the "August 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the August 2024 Offering, which closed on August 21, 2024. In connection with the August 2024 Offering, the Company repurchased 7,539,203 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$16.58 per ordinary share for an aggregate consideration of approximately \$125.0 million (the "August 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.8 million. This repurchase was funded by cash on hand and a borrowing of \$40.0 million under Gates' secured revolving credit facility. All shares repurchased pursuant to the August 2024 Repurchase were cancelled, and \$125.0 million remained available under the share repurchase program as of December 28, 2024.

#### 30. Note to cash flow statement

The table below details changes in liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated cash flow statement as cash from financing activities.

	1	rest-bearing oans and			
(dollars in millions)		orrowings	 iabilities	Φ.	Total
As of December 31, 2022	\$	2,419.5	\$ 155.6	Þ	2,575.1
Draw down of debt		100.0			100.0
Repayment of debt		(119.6)			(119.6)
Debt issuance costs paid		(1.3)			(1.3)
New and modified leases			21.4		21.4
Cash payments			(33.7)		(33.7)
Interest expense accretion		_	6.3		6.3
Foreign exchange movement		_	0.9		0.9
Other changes		47.9	(0.6)		47.3
As of December 30, 2023		2,446.5	149.9		2,596.4
Draw down of debt		1,840.0			1,840.0
Repayment of debt		(1,948.4)			(1,948.4)
Debt issuance costs paid		(20.5)			(20.5)
Net change in unamortized finance costs and net fair value adjustments		(8.9)			(8.9)
New and modified leases		_	46.9		46.9
Interest expense accretion		8.7	8.3		17.0
Cash payments		_	(36.8)		(36.8)
Foreign exchange movement		_	(4.8)		(4.8)
Other changes			(0.1)		(0.1)
As of December 28, 2024	\$	2,317.4	\$ 163.4	\$	2,480.8

#### 31. Related party transactions

On October 31, 2024, Blackstone completed a secondary offering which sold to the underwriters 11,635,224 ordinary shares of the Company at a price of \$19.3409 per ordinary share (the "October 2024 Offering"). Upon completion of the October 2024 Offering, Blackstone beneficially owned less than 5% of our ordinary shares. As a result, the Support and Services Agreement with Blackstone Management Partners L.L.C. that Gates entered with Blackstone at the time of the initial public offering was terminated. As of December 28, 2024, Blackstone was no longer considered as a related party to Gates.

#### A. Equity method investees

Sales to and purchases from equity method investees were as follows:

	F	or the year	ended	
(dollars in millions)	December 2024	28,	December 30, 2023	
Purchases	\$	16.0) \$	(18.4)	

Amounts outstanding in respect of these transactions were payables of \$0.1 million as of December 28, 2024, compared to \$0.2 million as of December 30, 2023. No dividends were received from our equity method investees during the periods presented.

## B. Non-Gates entities controlled by non-controlling shareholders

Sales to and purchases from non-Gates entities controlled by non-controlling shareholders were as follows:

<u> </u>	1 of the year chaca		
(dollars in millions)	December 28, 2024	December 30, 2023	
Sales	\$ 42.6	\$ 44.1	
Purchases	\$ (14.6)	\$ (15.4)	

For the year ended

Amounts outstanding in respect of these transactions were as follows:

(dollars in millions)	As of December 28, 2024	As of December 30, 2023	
Receivables	\$ 3.7	\$ 3.2	
Payables	\$ (2.8)	\$ (3.2)	

# C. Remuneration of key management personnel

The remuneration of the Directors of the Company and the executive officers of the Group, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24: "*Related party disclosures*". Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration report.

	 For the year ended				
Short-term employee benefits	nber 28, 024		ember 30, 2023		
	\$ 13.9	\$	12.8		
Post-employment benefits	\$ 0.5		0.3		
Share-based payments	\$ 14.4		15.3		
	\$ 28.8	\$	28.4		

## 32. Subsequent events

On January 21, 2025, we amended our credit agreement to lower the margin with respect to the revolving loans by 50 basis points compared to the previous term. The revolving loans bear interest at our option either Term SOFR (subject to a floor of 0%) plus a margin of 1.75% per annum or the base rate plus 0.75% per annum. The applicable margin for the revolving credit facility borrowings will be subject to one 25 basis step down determined in accordance with Gates Industrial Holdco Limited achieving a certain consolidated first lien net leverage level.

In March 2025, the Company repurchased 672,911 shares under the existing share repurchase program in the open market at a total cost of approximately \$12.9 million, plus costs paid directly related to the transaction of \$0.1 million. All shares repurchased were pending cancellation and approximately \$112.1 million remained available under the share repurchase program as of March 29, 2025.

## **Gates Industrial Corporation plc**

## **Parent Company Balance Sheets**

(dollars in millions)	Notes	As of December 28, 2024		As of December 30, 2023	
Non-current assets					
Investments in subsidiaries	3	\$	6,771.2	\$	2,637.2
Trade and other receivables	4		0.4		4,007.5
			6,771.6		6,644.7
Current assets					
Cash and cash equivalents			10.6		3.5
			10.6		3.5
Total assets			6,782.2		6,648.2
Non-current liabilities					
Amounts due to subsidiaries	5		(258.7)		(334.0)
			(258.7)		(334.0)
Current liabilities					
Income tax liabilities			(1.8)		(23.7)
Trade and other payables	5		(0.4)		(0.7)
Total liabilities			(260.9)		(358.4)
Net assets		\$	6,521.3	\$	6,289.8
Capital and reserves					
Ordinary share capital	7		2.6		2.6
Share premium	7		57.3		42.5
Accumulated surplus	8		6,461.4		6,244.7
Shareholders' equity		\$	6,521.3	\$	6,289.8

Gates Industrial Corporation plc reported a profit for the year ended December 28, 2024 of \$364.0 million, compared to a profit of \$297.6 million for the year ended December 30, 2023.

The accompanying notes form an integral part of these financial statements.

The financial statements of Gates Industrial Corporation plc (registered number 10980824) were approved by the board of directors and authorized for issue on May 2, 2025. They were signed on its behalf by:

Ivo Jurek

Director and Chief Executive Officer

# **Gates Industrial Corporation plc**

# Parent Company Statement of Changes in Equity

(dollars in millions)	Notes	Share capital		Share premium	Accumulated surplus	Total
Balance as of December 31, 2022	•	\$ 2.	8	\$ 23.8	\$ 6,171.4	\$ 6,198.0
Shares issued on exercise of share options	7	_	_	18.7	_	18.7
Profit for the year attributable to equity shareholders		_	_		297.6	297.6
Capital contribution to subsidiaries		_	_		26.5	26.5
Repurchase of shares	7,8	(0.	2)	_	(251.7)	(251.9)
Credit to equity for share-based compensation, including tax benefit		_	_	_	0.9	0.9
Balance as of December 30, 2023	•	2.	6	42.5	6,244.7	6,289.8
Shares issued on exercise of share options	7	0.	1	14.8	_	14.9
Profit for the year attributable to equity shareholders		_	_		364.0	364.0
Capital contribution to subsidiaries		_	_		27.7	27.7
Repurchase of shares	7,8	(0.	1)		(176.1)	(176.2)
Credit to equity for share-based compensation, including tax benefit		_		_	1.1	1.1
Balance as of December 28, 2024		\$ 2.	6	\$ 57.3	\$ 6,461.4	\$ 6,521.3

## **Gates Industrial Corporation plc**

## **Notes to the Parent Company Financial Statements**

## 1. Background

Gates Industrial Corporation plc (the "Parent Company") is a public company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006. It is registered in England and Wales and is listed on the New York Stock Exchange. The Parent Company was incorporated on September 25, 2017 and its registered office is The Pavilions, Bridgwater Road, Bristol, England, BS13 8FD. Its registered number is 10980824.

In these financial statements and related notes, all references to the "Company", "Gates", "we", "us", "our" refer, unless the context requires otherwise, to the Parent Company and its subsidiaries.

The nature of the operations and principal activities of Gates are set out in the Strategic Report accompanying these financial statements. The Parent Company's principal activity is to act as a holding company.

These financial statements are presented in U.S. dollars which is the currency of the primary economic environment in which the Parent Company operates.

#### 2. Principal accounting policies

## A. Basis of presentation

The Parent Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100 "Application of Financial Reporting Requirements" issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with FRS 101 "Reduced Disclosure Framework".

As permitted by FRS 101, the Parent Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets and share capital, presentation of a cash flow statement, standards not yet effective, the requirements of paragraphs 91 - 99 of IFRS 13 "Fair Value Measurement", the requirements of paragraphs 10(d), 10(f) and 134 -136 of IAS 1 "Presentation of Financial Statements", impairment of assets and certain related party transactions, including compensation of key management personnel.

Where relevant, equivalent disclosures have been given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

There were no critical accounting judgments that would have a significant effect on the amounts recognized in these financial statements or key sources of estimation uncertainty as of the balance sheet date that would have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Parent Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of International Financial Reporting Standard 2 "Share-based payment."

As permitted by s408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Parent Company. The profit attributable to the Parent Company is disclosed in the footnote to the Parent Company's balance sheet. There were no other gains or losses in the period in other comprehensive income.

#### **B.** Accounting periods

The Parent Company prepares its annual financial statements as of the Saturday nearest December 31. Accordingly, the Parent Company balance sheet is presented as of December 28, 2024 and December 30, 2023 and the related statement of changes in equity is presented for the year ended December 28, 2024 and the year ended December 30, 2023.

## C. Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report. The Strategic Report also describes the financial position of the Company, its cash-flows, liquidity position and borrowing facilities, the Company's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Parent Company meets its day to day working capital requirements through access to funds from its subsidiaries. The Parent Company's forecasts and projections, including those of its subsidiaries on a consolidated basis, show that it should be able to operate within the level of support available to it. The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### D. Investments in subsidiaries

Investments in subsidiaries represent interests in the Parent Company's subsidiaries that are owned directly by it and are stated at cost less any provision for impairment.

## E. Share-based compensation

Share-based compensation has been provided to certain of our employees under share option, bonus and other share award plans. All share-award plans are equity settled.

We recognize compensation expense based on the fair value of the awards, measured using either the share price on the date of grant, a Black-Scholes option-pricing model or a Monte-Carlo valuation model, depending on the nature of the award. Fair value is determined at the date of grant and reflects market and performance conditions and all non-vesting conditions.

Generally, the compensation expense for each separately vesting portion of the award is recognized on a straight-line basis over the vesting period for that portion of the award based on the Parent Company's estimate of equity instruments that will eventually vest. Compensation expense is recognized for awards containing performance conditions only to the extent that it is probable that those performance conditions will be met.

Fair value is not subsequently remeasured unless the conditions on which the award was granted are modified. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service conditions or performance conditions. The impact of revisions to the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The fair value of the compensation given to employees of subsidiaries in the form of awards over the Parent Company's equity instruments is recognized as a capital contribution to those subsidiaries over the vesting period. The capital contribution is reduced by any payments received from the subsidiaries in respect of these share-based payments.

## F. Income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted by the balance sheet date.

#### G. Financial instruments

Financial assets and financial liabilities are recognized in the Parent Company's balance sheet when it becomes a party to the contractual provisions of the instrument.

Equity instruments issued by the Parent Company are recorded at the proceeds received net of direct issue costs.

#### Financial assets

Financial assets are initially recorded at fair value net of transaction costs. The Parent Company classifies its financial assets as loans and receivables, except for derivative financial instruments which are accounted for at fair value through profit or loss.

Loans and receivables, which comprise trade receivables and other receivables which have fixed or determinable payments, are measured at amortized cost, using the effective interest method, less impairment.

Trade and other receivables are short-term in nature and hence the recognition of interest would be immaterial.

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### Financial liabilities

All the Parent Company's financial liabilities are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis, except where such liabilities are short-term in nature and the recognition of interest would be immaterial.

## Interest income and finance costs

Interest income and expense are credited or charged to the profit and loss account, using the effective interest method, during the year in which they are earned or incurred.

## 3. Investments in subsidiaries

(dollars in millions)	Decei	As of December 28, 2024		As of December 30, 2023	
Cost and net book value					
Balance at beginning of the period	\$	2,637.2	\$	2,352.2	
—Additions		4,134.0		285.0	
Balance at the end of the period	\$	6,771.2	\$	2,637.2	

During Fiscal 2024, the Parent Company has significant additions to its investment in subsidiaries due to a settlement of its receivables due from its subsidiary, Gates Industrial Holdco Limited. A complete list of the Parent Company's direct and indirect subsidiaries is set out in Note 9.

#### 4. Trade and other receivables

(dollars in millions)	As of December 28, 2024	As of December 30, 2023
Non-current assets		
Receivables due from subsidiaries	0.4	4,007.5
	\$ 0.4	\$ 4,007.5

#### Receivables due from subsidiaries

As of December 30, 2023, the amounts owed by subsidiaries were classified as non-current assets and related to loan notes that were issued in January 2018. Early in Fiscal 2023, these loan notes were refinanced on similar terms, with a maturity date of February 2026. The refinanced loans bear interest at LIBOR plus 3.75%, subject to a 1% LIBOR floor. In May 2024, the Parent Company contributed additional capital with its subsidiary, Gates Industrial Holdco Limited, who then settled the intercompany loan balance of approximately \$4,131.7 million.

## 5. Trade and other payables

(dollars in millions)	Dece	As of mber 28, 2024	As of December 30, 2023		
Non-current liabilities					
Payables due to subsidiaries	\$	(258.7)	\$	(334.0)	
Current liabilities					
Accruals and other payables		(0.4)		(0.7)	
	\$	(259.1)	\$	(334.7)	

In August 2024, the Parent Company borrowed \$51.3 million from one of its subsidiaries to fund the share repurchase transaction as discussed in Note 7. As of December 28, 2024, the intercompany loan payables of \$258.7 million bear interest at Term SOFR plus 2.50%, with a maturity date of March 31, 2027.

In May 2023, the Parent Company borrowed \$155.0 million from two of its subsidiaries to fund the share repurchase transactions as discussed in Note 7. As of December 30, 2023, the payables due to subsidiaries of \$334.0 million comprised of \$172.1 million of intercompany loans which bear interest at LIBOR plus 2.50%, with a maturity date of March 31, 2027, \$121.9 million of intercompany loans which bear interest of 1.08%, with a maturity date of March 31, 2027 and \$40.0 million of intercompany loans which bear interest at Term SOFR plus 1.25%, with a maturity date of November 18, 2026.

## 6. Share-based compensation

The Parent Company operates stock-based incentive plans over its shares to provide incentives to Gates' senior executives and other eligible employees. During Fiscal 2024, the total compensation cost for share-based arrangements recognized by the Parent Company was \$1.1 million, compared with \$0.9 million during the prior period.

# Awards issued under the 2014 Omaha Topco Ltd. Stock Incentive Plan (the "2014 Plan")

Gates has a number of awards issued under the 2014 Plan, which was assumed by the Parent Company and renamed the Gates Industrial Corporation plc Stock Incentive Plan in connection with our initial public offering in January 2018. No new awards have been granted under this plan since 2017. The options are split equally into four tiers, each with specific vesting conditions. The Parent Company's non-executive directors were issued only Tier I options, which vest evenly over 5 years from the grant date, subject to the participant continuing to provide service to Gates on the vesting date. No Tier II, III or IV awards were issued to or are held by the Parent Company's employees or directors in their capacity as directors. All the options granted under this plan expire ten years after the date of grant.

As of December 28, 2024, no options granted under this plan were outstanding. Details of options granted under this plan to the non-executive directors are set out in the table below.

## Summary of movements in options outstanding

	For the year ended	December 28, 2024	For the year ended December 30, 20			
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$		
Outstanding at the beginning of the period	<u> </u>	\$	76,293	\$ 6.56		
Exercised during the period	<u> </u>	\$	(76,293)	\$ 6.56		
Outstanding at the end of the period		<u> </u>		<u> </u>		
·						

## Awards issued under the Gates Industrial Corporation plc 2018 Omnibus Incentive Plan (the "2018 Plan")

In conjunction with the initial public offering in January 2018, Gates adopted an equity-based compensation plan, which is a market-based long-term incentive program that allows for the issue of a variety of equity-based and cash-based awards, including stock options, performance awards and restricted stock units ("RSUs").

The RSUs issued under this plan to the Parent Company's non-executive directors vest one year from the date of grant, subject to the participant continuing to serve in their position through to the applicable vesting date. RSUs are valued at the share price on the date of grant.

New awards and movements in existing awards granted under the 2018 Plan to the Parent Company's non-executive directors are summarized in the table below.

## Summary of movements in RSUs outstanding

	For the year ended December 28, 2024			For the period ended December 30, 2023			
	Number of awards	Weighted average grant date fair value		Number of awards		ighted average t date fair value	
Outstanding at the beginning of the period	57,312	\$	14.11	51,128	\$	14.64	
Granted during the period	76,999	\$	14.87	57,402	\$	14.11	
Vested during the period	(38,268)	\$	14.11	(51,218)	\$	14.64	
Outstanding at the end of the period	96,043	\$	14.72	57,312	\$	14.11	

As of December 28, 2024, the unrecognized compensation relating to nonvested RSUs was \$0.2 million, which is expected to be recognized over a weighted average period of 0.2 years. The total fair value of RSUs vested during Fiscal 2024 was \$0.5 million, compared to \$0.7 million during Fiscal 2023.

## 7. Equity

The Parent Company has one class of authorized and issued shares, with a par value of \$0.01 and each share has equal voting rights but carries no right to fixed income. Total authorized share capital as of December 28, 2024 was 3,000,000,000 with a nominal value of \$30,000,000.

In February 2024, the Company's Board approved a share repurchase program for up to \$100.0 million in authorized share repurchases, with an expiration date of October 6, 2024. On February 12, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 20,125,000 ordinary shares of the Company at a price of \$12.045 per ordinary share (the "February 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the February 2024 Offering, which closed on February 16, 2024. In connection with the February 2024 Offering, the Company repurchased 4,151,100 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$12.045 per ordinary share for an aggregate consideration of approximately \$50.0 million (the "February 2024 Repurchase"), plus costs paid directly related to the

transaction of \$0.3 million. This repurchase was funded by cash on hand. All shares repurchased pursuant to the February 2024 Repurchase have been cancelled.

In July 2024, the Company's Board cancelled the then existing share repurchase program and approved a new share repurchase program, providing for up to \$250.0 million in share repurchases, which expires on December 31, 2025. On August 16, 2024, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders sold to the underwriters 23,000,000 ordinary shares of the Company at a price of \$16.58 per ordinary share (the "August 2024 Offering"). The Company did not receive any proceeds from the sale of ordinary shares in the August 2024 Offering, which closed on August 21, 2024. In connection with the August 2024 Offering, the Company repurchased 7,539,203 ordinary shares through Citigroup Global Markets Inc. from the same selling shareholders at a price of \$16.58 per ordinary share for an aggregate consideration of approximately \$125.0 million (the "August 2024 Repurchase"), plus costs paid directly related to the transaction of \$0.8 million. This repurchase was funded by cash on hand and a borrowing of \$40.0 million under Gates' secured revolving credit facility. All shares repurchased pursuant to the August 2024 Repurchase were cancelled, and \$125.0 million remained available under the share repurchase program as of December 28, 2024.

In April 2023, the Company's Board of Directors approved a share repurchase program for up to \$250 million in authorized share repurchases. On May 17, 2023, the Company, certain selling shareholders affiliated with Blackstone, and the representatives of the several underwriters entered into an underwriting agreement pursuant to which the selling shareholders agreed to sell to the underwriters 22,500,000 ordinary shares of the Company at a price of \$11.3975 per ordinary share (the "May 2023 Offering"). The selling shareholders also granted the underwriters an option to purchase up to 3,375,000 additional ordinary shares of the Company; this option was exercised in full on May 18, 2023. The Company did not receive any proceeds from the sale of ordinary shares in the May 2023 Offering, which closed on May 23, 2023. In connection with the May 2023 Offering, the Company repurchased 21,934,634 ordinary shares through Citigroup from the same selling shareholders at a price of \$11.3975 per ordinary share for an aggregate consideration of approximately \$250.0 million (the "2023 Repurchase"), plus costs paid directly related to the transaction of \$1.7 million. This repurchase was funded by cash on hand and a borrowing of \$100.0 million under Gates' former asset-backed revolving credit facility. All shares repurchased pursuant to the 2023 Repurchase have been cancelled.

Movements in the Parent Company's number of fully paid shares outstanding, share capital and share premium were as follows:

Number of ordinary shares	Ordinary share capital	Share premium	Total
282,578,917	\$ 2.8	\$ 23.8	\$ 26.6
2,258,344	_	18.7	18.7
1,357,161			_
(21,934,634)	(0.2)	<u> </u>	(0.2)
264,259,788	2.6	42.5	45.1
1,376,987	0.1	14.8	14.9
1,257,515			_
(11,690,303)	(0.1)	<u> </u>	(0.1)
255,203,987	\$ 2.6	\$ 57.3	\$ 59.9
	ordinary shares  282,578,917  2,258,344  1,357,161  (21,934,634)  264,259,788  1,376,987  1,257,515  (11,690,303)	ordinary shares         capital           282,578,917         \$ 2.8           2,258,344         —           1,357,161         —           (21,934,634)         (0.2)           264,259,788         2.6           1,376,987         0.1           1,257,515         —           (11,690,303)         (0.1)	ordinary shares         capital         Share premium           282,578,917         \$         2.8         \$         23.8           2,258,344         —         18.7           1,357,161         —         —           (21,934,634)         (0.2)         —           264,259,788         2.6         42.5           1,376,987         0.1         14.8           1,257,515         —         —           (11,690,303)         (0.1)         —

Share capital represents the nominal value of the shares issued. The Parent Company has one class of authorized and issued shares, with a par value of \$0.01, and each share has equal voting rights. Share premium represents proceeds received in excess of the nominal value of shares issued, net of any share issue costs.

Accumulated surplus represents all other net gains, losses, and transactions with owners not recognized elsewhere.

## 8. Other reserves

(dollars in millions)	Accumulated surplus		
Balance as of December 31, 2022	\$	6,171.4	
Profit for the year attributable to equity shareholders		297.6	
Capital contribution to subsidiaries		26.5	
Repurchase of shares		(251.7)	
Credit to equity for share-based compensation, including tax benefit		0.9	
Balance as of December 30, 2023		6,244.7	
Profit for the year attributable to equity shareholders		364.0	
Capital contribution to subsidiaries		27.7	
Repurchase of shares		(176.1)	
Credit to equity for share-based compensation, including tax benefit		1.1	
Balance as of December 28, 2024	\$	6,461.4	

# 9. Listing of subsidiaries and associates

The following entities are included in the consolidated financial statements of the Company as of December 28, 2024. There are no subsidiaries excluded from consolidation. All entities listed below are indirectly held, with the exception of Gates Industrial Holdco Limited.

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Gates Argentina S.A.	100%	Argentina	Sales office and warehouse	Cecilia Grierson 255, Floor 6 City of Buenos Aires Argentina, C1107CPE
Gates Australia Pty, Limited	100%	Australia	Wholesaler of industrial and automotive hose, belts and fittings	1-15 Hydrive Close Dandenong South Victoria 3175
Gates E&S Bahrain WLL	49% *	Bahrain	Repair and sale of machinery, equipment and parts	Flat 1, Street 1638, Building 2141, Block 116, Hidd, Bahrain
Gates Distribution Centre N.V.	100%	Belgium	Distribution center	Korte Mate 1 9042 Desteldonk, Belgium
Gates do Brasil Industria e Commercio Ltda	100%	Brazil	Manufacturer and distributor of Power Transmission and Fluid Power products	1703, Florida Street - 11th Floor Sao Paolo Brazil 04565-909
Gates Fleximak Ltd	100%	British Virgin Islands	Holding company	Luna Tower, 6th Floor, Waterfront Drive Road Town, Tortola, British Virgin Islands, VG1110
Atlas Hydraulics Inc.	100%	Canada	Design, manufacture and supply of hydraulic tube and hose assemblies	66 Wellington Street W., Suite 5300, Toronto, ON M5K 1E6
Gates Canada Inc.	100%	Canada	Power Transmission product manufacturing and distribution	4000-421 7th Avenue SW Calgary Alberta T2P4K9 Canada
Gates Industrial Canada Ltd	100%	Canada	Corporate functions	66 Wellington Street W., Suite 5300, Toronto, ON M5K 1E6
Gates Auto Parts (Suzhou) Co., Ltd	100%	China	Power Transmission product manufacturing and distribution	No. 155 Qian Ren Street, Weiting Town, Suzhou Industrial Park Suzhou, China
Gates Fluid Power Technologies (Changzhou) Co., Ltd	100%	China	Manufacturer and distributor of Power Transmission and Fluid Power products	#11 Kohler Road Changzhou JiangSu 213022 China
Gates Trading (Shanghai) Co., Ltd.	100%	China	Corporate offices and distribution	1346 No. 55 Xili Road, China (Shanghai) Pilot Free Trade Zone.
Gates Unitta Power Transmission (Shanghai) Limited	51%	China	Power Transmission product manufacturing	No. 122, Fute East 1st Road, China (Shanghai) Pilot Free Trade Zone.
Gates Unitta Power Transmission (Suzhou) Limited	51%	China	Corporate functions and Power Transmission product manufacturing and distribution	No. 15 Hai Tang Street Suzhou Industrial Park Suzhou 215021 China
Gates Winhere Automotive Pump Products (Yantai) Co. Ltd	60%	China	Manufacture of automotive water pumps and accessories	51 Jialingjiang Road Yantai ETDZ, 264006 Shandong
Gates Hydraulics s.r.o	100%	Czech Republic	Manufacture and supply of couplings, hose and tube assemblies	Detmarovicka 409/1 Karvina 733 01 Czech Republic
Gates France S.a.r.l.	100%	France	Sales/service center	12 Rue de la Briqueterie Zone Industrielle Louvres F-95380 Louvres, France
Gates S.A.S.	100%	France	Manufacture of belts	12 Rue de la Briqueterie Zone Industrielle Louvres F-95380 Louvres, France

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Gates Service Center S.A.S.	100%	France	Distribution of belts and metal parts	12 Rue de la Briqueterie Zone Industrielle Louvres F-95380 Louvres, France
Gates Gmbh	100%	Germany	Sales office and technical center	Eisenbahnweg 50 D-52068 Aachen
Gates Holding GmbH	100%	Germany	Holding company	Kolumbusstrasse 54 Euskirchen NRW D-53881
Gates TPU GmbH	100%	Germany	Manufacture of polyurethane belts	Werner von Siemens Strasse 2 Pfungstadt, Germany 64319
Gates Tube Fittings GmbH	100%	Germany	Manufacture of hydraulic fittings	Kolumbusstrasse 54 Euskirchen NRW D-53881
Gates India Private Limited	100%	India	Manufacture and assembly of industrial and hydraulic hose and assembly	Village Sarsani Lalru Ambala-Chandigarh Highway Lalru District Patiala (Punjab) 140501
Gates Unitta India Company Private Limited	51%	India	Manufacture and distribution of Power Transmission products	F-19, Sipcot Industrial Park Sriperumbudur Chennai, India 602105
PT Gates Industrial Indonesia	100%	Indonesia	Dormant company	Jl. T.B. Simatupang Kav 23-24, Alamanda Tower PT Karya Central Bisnis, M15, Floor 25, Jakarta, Indonesia 12430
Tomkins Insurance Limited	100%	Isle of Man	Captive insurance company	1st Floor, Goldie House, 1-4 Goldie Terrace, Upper Church Street, Douglas, Isle of Man, IM1 1EB
Gates S.r.l.	100%	Italy	Sales office	Via Benigno Crespi 19, MAC4, Milano, Italy 20159
Gates Japan KK	100%	Japan	Sales office	20-9, Akatsukashinmachi 3-chome Itabashi-ku Tokyo
Gates Unitta Asia Company (aka Gates Unitta Asia Kabushikikaisha)	51%	Japan	Manufacture of belts, tensioners and associated products	4-26 Sakuragawa 4-chome Naniwa-ku Osaka, Japan 556-002
Gates Unitta Korea Co., Ltd.	51%	Korea	Sales office	24, Beoman-ro 16-gi, Geumcheon-gu Seoul, Republic of Korea, 08602
Gates Holding Luxembourg SARL	100%	Luxembourg	Holding company	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Industrial Europe SARL	100%	Luxembourg	Holding company and European corporate center	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Investments SARL	100%	Luxembourg	Holding company	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Luxembourg SARL	100%	Luxembourg	Treasury company	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Worldwide Holdings SARL	100%	Luxembourg	Holding company	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Worldwide SARL	100%	Luxembourg	Holding company	33, Rue de Gasperich Hesperange, Luxembourg 5826
Gates Industrial & Automotive (Malaysia) SDN. BHD.	100%	Malaysia	Distribution center	Level 13A-6, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara, Wilayah Persekutuan Kuala Lumpur, Malaysia 50490

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Gates de Mexico Services, S. de R.L. de C.V.	100%	Mexico	Manufacture and sale of hoses, connectors and other industrial and automotive products	Av. Vasco de Quiroga No. 3200, Piso 1. Centro Ciudad Santa Fe, Mexico, D.F. 01210 Mexico
Gates de Mexico, S. de R.L. de C.V.	100%	Mexico	Marketing shared service center	Av. Vasco de Quiroga No. 3200, Piso 1. Centro Ciudad Santa Fe, Mexico, D.F. 01210 Mexico
Gates E&S Mexico, S.A. de C.V.	100%	Mexico	Sale of oil & gas products and engineering services	Carretera Reforma Dos Bocas KM 17+920, Circuito Tabasco Sur M2, L4, 5, 6, Tabasco, Mexico, Mexico
Industrias Atlas Hydraulics S de RL de CV	100%	Mexico	Design, manufacture and supply of hydraulic tube and hose assemblies	Blvd. Plan de Guadalupe No. 1700 Molinos del Rey Ramos Arizpe, Coahuila, 25900, Mexico
Lerma Hose Plant S.A. de C.V.	100%	Mexico	Manufacture and sale of industrial hoses	Blvd. Aeropuerto Miguel Aleman Nro. 164 Zona Industrial Lerma 50200 Mexico D.F.
Servicios IAHS S de RL de CV	100%	Mexico	Design, manufacture and supply of hydraulic tube and hose assemblies	Paseo de Tamarindos 150-PB Bosques de las Lomas Cuajimalpa de Morelos México, D.F. 05120 Mexico
Gates Engineering & Services (Muscat) LLC	70%	Oman	Sale and maintenance of hose and accessory products	P.O. Box 68 Madinat Sultan Qaboos Postal Code 115 Muscat Sultanate of Oman
Gates Business Services Europe sp. z o.o.	100%	Poland	Corporate functions	Business Garden Wroclaw, ul. Legnicka 48E, floor 5 Wroclaw, Poland 54-202
Gates Polska Sp. z o.o.	100%	Poland	Manufacture of hose products	ul. Jaworzynska 301 59-220 Legnica, Poland
Gates CIS LLC	100%	Russian Federation	Wholesale and distribution	Riverside Towers Business Center Kosmodamianskaya nab., 52, bld. 4, 6th floor Moscow 115054
Gates Engineering & Services Co. Closed Joint Stock Company	75%	Saudi Arabia	Manufacture of tensioners and other Power Transmission products	CR No. 2051043879 PO Box 4258, Al Khobar Kingdom of Saudi Arabia
Gates Engineering & Services PTE Limited	100%	Singapore	Oil & Gas Engineering & Services	One Marina Boulevard, #28-00, Singapore, 018989
Gates Industrial Singapore PTE. LTD.	100%	Singapore	Holding company and corporate offices	One Marina Boulevard, #28-00, Singapore, 018989
Gates Rubber Company (S) Pte Limited	100%	Singapore	Distribution center	One Marina Boulevard, #28-00, Singapore, 018989
Gates Unitta Asia Trading Company Pte Ltd	51%	Singapore	Marketing and sales support for other Gates entities	One Marina Boulevard, #28-00, Singapore, 018989
Gates Industrial Africa (Pty) Ltd	100%	South Africa	Sales and distribution center	The Interchange 22 Skeen Boulevard, Fifth Floor Office 9, Bedfordview Germiston Gauteng, 2007 South Africa
Gates PT Spain, S.L.	100%	Spain	Manufacture of Power Transmission products	Pol.Ind. les Malloles, s/n Balsareny Barcelona, Spain
Gates (Thailand) Co., Ltd.	100%	Thailand	Corporate functions	64/86 Moo 4 Eastern Seaboard Industrial Estate (Rayong), Pluakdaeng, Rayong, 21140 Thailand

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Gates Unitta (Thailand) Co., Ltd	51%	Thailand	Manufacture of industrial and automotive Power Transmission belts	64/86 Moo 4 Eastern Seaboard Industrial Estate (Rayong), Pluakdaeng, Rayong, 21140 Thailand
Gates Endüstriyel Metal Kauçuk Sanayi ve Ticaret Anonim Şirketi	100%	Turkey	Manufacture of tensioners and other Power Transmission products	Ege Serbest Bölgesi Zafer SB Mah. Yalçın Yolu No:21 35410 Gaziemir-İZMİR TURKEY
Gates Güç Aktarim Sistemleri Dagitim Sanayi Ve Ticaret Limited Şirketi	100%	Turkey	Sales office and technical center	Kuehne Nagel Nakliyat Ltd. Logipark H2 Blok, Orta Mah.Atayolu Cad. Öztaş Sok. No:8 Tuzla Istanbul, Turkey 34000
Gates Hortum Sanayi ve Ticaret Limited Şirketi	100%	Turkey	Manufacture of Fluid Power products	Kemalpaşa OSB Mahallesi Kuyucak Yolu Sok., No:226 Kemalpaşa İzmir, Turkey
Rapro Kauçuk ve Plastik Ürünleri İthalat Ihracat Mümessillik Pazarlama Ticaret Limited Şirketi	100%	Turkey	Sales of molded and branched hoses and other Fluid Power products	Ankara Asfalti 26. Km Kuyucak Yolu Kumeevler No. 226 Kemalpasa O.S.B. Kemalpasa, Izmir, Turkey
Rapro Kimya Turizm Bilişim Sanayi ve Ticaret Anonim Şirketi	100%	Turkey	Manufacture and sales of molded and branched hoses and other Fluid Power products	Kemalpaþa OSB Mahallesi Kuyucak Yolu, Dýþ Kapý No:226 Kemalpaþa,Izmir, Izmir, Turkey
Gates Engineering & Services FZCO	100%	UAE	Manufacture and support for oil & gas field equipment, and hose assembly	MENA Headquarters Jebel Ali Free Zone (South) P.O. Box 61046 Dubai, Jebel Ali Free Zone Authority, UAE
Gates Fleximak Oilfield Services Est.	0% *	UAE	Oil & gas field services, and sale of hoses and related accessories	Mussafah Industrial Area 20 P.O. Box 8543 Abu Dhabi, UAE
Gates Tubes Mfg Co LLC	49%	UAE	Tube and fitting Manufacturing	Gates Tubes Manufacturing L.L.C PO Box # 749 Abu Dhabi Industrial City, Plot#9, C101, Business Park, ICAD III
Finco Omaha Ltd	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates (U.K.) Limited	100%	UK	Research, development, manufacture and sales of synchronous timing belts and assembly of hydraulic hose fitments.	Tinwald Downs Road Heathhall Dumfries DG1 1TS Scotland
Gates Acquisitions Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Auto Parts Holdings China Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates EMEA Holdings Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Engineering & Services Global Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Engineering & Services UK Holdings Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Engineering & Services UK Limited	100%	UK	Design, manufacture and assembly of rubber hose products for use in the oil & gas industry	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Finance Limited	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Fluid Power Technologies Investments Ltd	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Holdings Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Industrial Holdco Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Gates Treasury (Brazilian Real) Limited	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Treasury (Canadian Dollar) Company	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Treasury (Dollar) Company	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Treasury (Euro) Company	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Treasury (TRY) Limited	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates UK Finance Limited	100%	UK	Treasury company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates Worldwide Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Tomkins BP UK Holdings Limited (Registration Number 08241004) ‡	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Tomkins Engineering Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Tomkins Investments Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Tomkins Overseas Investments Limited	100%	UK	Holding company	The Pavillions, Bridgwater Road, Bristol, England, BS13 8FD
Gates International Holdings LLC	100%	Colorado, U.S.	Holding company	7700 East Arapahoe Rd, Suite 220 Centennial, CO 80112
Gates Nitta Belt Company, LLC	51%	Colorado, U.S.	Holding company	7700 East Arapahoe Rd Suite 220 Centennial, CO 80112
CoLinx, LLC ** †	20%	Delaware, U.S.	Provider of e-commerce and logistics services	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Administration Corp.	100%	Delaware, U.S.	Corporate functions	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Corporation	100%	Delaware, U.S.	Corporate offices, and research, development, manufacture, distribution and sale of Power Transmission and Fluid Power products	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates E&S North America, Inc.	100%	Delaware, U.S.	Sale of Fluid Power products	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Global LLC	100%	Delaware, U.S.	Holding company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Holdings 1 LLC	100%	Delaware, U.S.	Treasury company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Investments, LLC	100%	Delaware, U.S.	Treasury company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates TPU, Inc.	100%	Delaware, U.S.	Manufacture and sale of thermoplastic polyurethane belt products	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Gates Winhere LLC	60%	Delaware, U.S.	Manufacture and sale of water pumps	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Omaha Acquisition Inc.	100%	Delaware, U.S.	Holding company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801

Name	Ownership Interest	Jurisdiction of Organization or Incorporation	Nature of Business	Registered Address
Omaha Holdings LLC	100%	Delaware, U.S.	Holding company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Philips Holding Corporation	100%	Delaware, U.S.	Holding company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Tomkins BP US Holding Corp.	100%	Delaware, U.S.	Holding company	1209 Orange Street Corporation Trust Center Wilmington, DE 19801
Atlas Hydraulics LLC	100%	Delaware, U.S.	Design, manufacture and supply of hydraulic tube and hose assemblies	1209 Orange Street Corporation Trust Center Wilmington, DE 19801

<sup>\*</sup> These entities are subsidiary undertakings and are consolidated by the Company on the basis that it has the right to exercise a dominant influence over the undertaking by virtue of a control contract whereby it has exercises control over it

## 10. Subsequent events

In March 2025, the Company repurchased 672,911 shares under the existing share repurchase program in the open market at a total cost of approximately \$12.9 million, plus costs paid directly related to the transaction of \$0.1 million. All shares repurchased were pending cancellation and approximately \$112.1 million remained available under the share repurchase program as of March 29, 2025.

<sup>\*\*</sup> Associate.

<sup>†</sup> CoLinx, LLC owns 100% of CoLinx Holding Company, a corporation registered in Delaware, U.S., which in turn owns 100% of CoLinx Canada Unlimited Liability Company, a company registered in Canada.

<sup>‡</sup> These are dormant U.K. companies whose financial statements are not required to be audited