

Q4 2024 EARNINGS PRESENTATION

FEBRUARY 6, 2025

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This presentation contains, and management may make on our call today, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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. These statements include, but are not limited to, statements related to expectations regarding the performance of the Company's business and financial results, our ability to expand our margins, the impact of our footprint optimization activities, statements related to our debt, our capital deployment opportunities and related drivers, market demand, volume recovery, our enterprise initiatives, our ability to generate free cash flow, and our outlook for the first quarter and full year 2025 (including the related assumptions). Such forward-looking statements are subject to various risks and uncertainties, including, among others, economic, political and other risks associated with international operations (including the imposition of tariffs), risks inherent to the manufacturing industry, macroeconomic factors beyond the Company's control (including material and logistics availability, inflation, supply chain and labor challenges and end-market recovery), risks related to catastrophic events, continued operation of our manufacturing facilities, including as a result of cybersecurity attacks, our ability to forecast and meet demand and market acceptance of new products. Additional factors that could cause the Company's results to differ materially from those described in the forward-looking statements can be found under the section entitled "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023, filed with the Securities and Exchange Commission ("SEC"), as such factors may be updated from time to time in the Company's periodic filings with the SEC, including the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2024, which is expected to be filed with the SEC on or about the date of this presentation, which are accessible on the SEC's website at www.sec.gov. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Company's filings with the SEC. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

NON-GAAP FINANCIAL INFORMATION

This presentation includes certain non-GAAP financial measures, which management believes are useful to investors. Non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation and our earnings release filed with the SEC and posted on our website at investors.gates.com for a reconciliation of historical non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP.

Because GAAP financial measures on a forward-looking basis are not accessible, and reconciling information is not available without unreasonable effort, we have not provided reconciliations for forward-looking non-GAAP measures, including expected Core Revenue Growth, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Earnings per Share, Net Leverage and Free Cash Flow conversion for 2025 and/or the first quarter of 2025. For the same reasons, we are unable to address the probable significance of the unavailable information, which could be material to future results.

ROUNDING ADJUSTMENTS

Certain monetary amounts, percentages and other figures included in this presentation 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.

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FULL YEAR 2024 REVIEW

STRONG EXECUTION

- Generated record adjusted EBITDA dollars; sizable adjusted EBITDA margin improvement YoY while encountering mid-single digit volume decline
- Adjusted EPS up modestly YoY more than offsetting softer demand environment and a higher tax rate (~$0.10 adj. EPS impact)
- Net leverage ratio declined by 0.1x; executed highly successful refinancing of company's debt stack
- $175 million returned to shareholders via share repurchases
- Blackstone fully exited ownership position
- Company is well positioned to capitalize on a potential industrial demand recovery in 2025

	2024A	YoY Change
Revenue	$3.41B	*(4.5%)*
Adjusted EBITDA	$761M	*2%*
Gross Margin	39.9%	*180 bps*
Adjusted EBITDA Margin	22.3%	*140 bps*
Adjusted EPS	$1.39	*4%*
Free Cash Flow Conversion	74.2%	*(37 pp)*
Net Leverage Ratio	2.2x	*(0.1x)*

	Original Guidance	2024A	
Adjusted EBITDA	*$725M - $785M*	$761M	✓
Adjusted EPS	*$1.28 - $1.43*	$1.39	✓
Free Cash Flow Conversion	*90%+*	74.2%	✗
Core Revenue Growth	*(3%) to +1%*	(3.5%)	✗

DELIVERED SOLID RESULTS AND MADE MEANINGFUL PROGRESS TOWARDS ACHIEVING MID-TERM MARGIN TARGETS

Notes: Core Revenue Growth: Represents net sales for the period excluding impacts from changes in foreign currency and acquisitions and/or dispositions
Adjusted Earnings Per Shares: Adjusted Net Income per diluted share
Free Cash Flow Conversion: Free Cash Flow (Net Cash Provided by Operations minus capital expenditures) expressed as a percentage of Adjusted Net Income
Net Leverage Ratio: Net Debt (defined as the principal amount of our debt less the carrying amount of cash and cash equivalents) divided by LTM Adjusted EBITDA

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2024 ADJUSTED EPS WALK



OPERATING PERFORMANCE AND CAPITAL DEPLOYMENT SUPPORTED 2024 EARNINGS GROWTH

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Q4 2024 KEY HIGHLIGHTS

- **Core revenue performance in line with expectations**
  - Replacement increased; Auto Replacement grew mid-single digits
  - OEM channel declined impacted by weak Agriculture and Construction; Personal Mobility grew 20%
- **Adjusted EBITDA margin increased modestly**
  - Adjusted EBITDA margin of 21.8%; +30 bps YoY
  - Gross margin exceeded 40% and grew +130 bps YoY
- **Free cash flow conversion of 168%**
  - Inventory levels right-sized prior to anticipated cycle inflection
  - Capex investment and inventory positioning aligned with enterprise initiatives
- **Net leverage of 2.2x at year-end**
  - 0.1x reduction YoY
  - Returned $175 million to shareholders through share repurchases

EXECUTED WELL AND DROVE CONSISTENT IMPROVEMENTS TO BUSINESS IN SOFT DEMAND ENVIRONMENT

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Q4 2024 – FINANCIAL PERFORMANCE

$829M

Net Sales

Core Revenue Performance Consistent with Expectations

- Automotive growth; Industrial decreased
- Modest growth in Replacement channels

$181M

Adjusted EBITDA

21.8% Adjusted EBITDA margin

- Gross margin leading profitability improvement
- Enterprise initiatives more than offset the Adjusted EBITDA decrease driven by the core sales decline

$0.36

Adjusted Earnings per Share

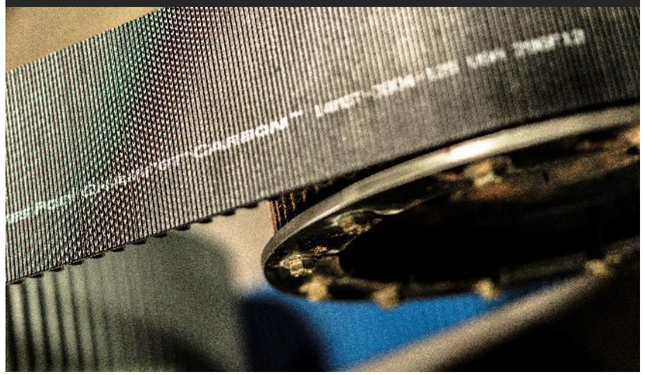
Down slightly YoY

- Operating income ($0.02); initiatives lessened volume impact
- Interest & tax offset; $0.01 benefit from lower share count

TRACTION WITH ENTERPRISE INITIATIVES MITIGATED THE IMPACT OF SOFT DEMAND

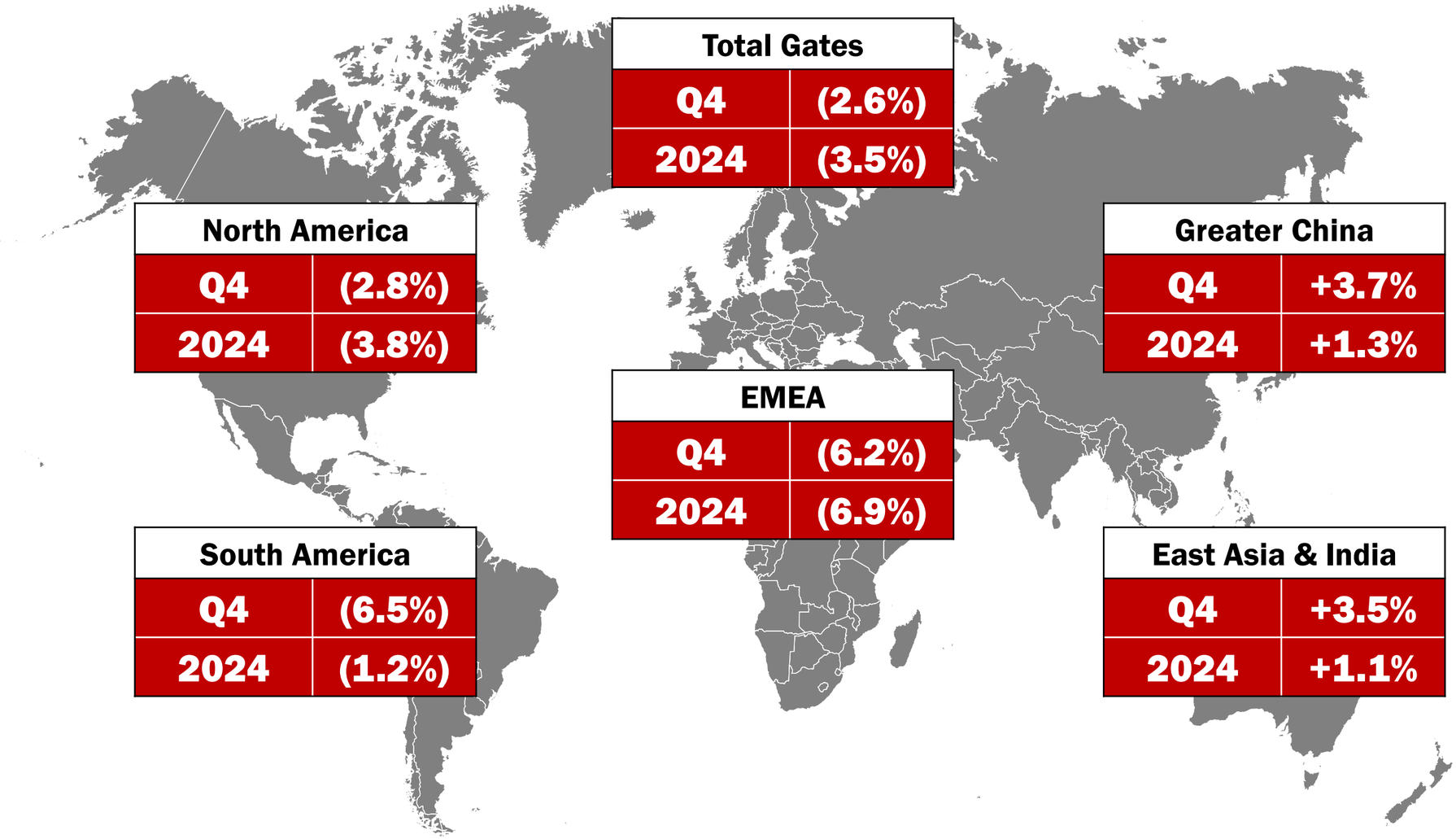
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SEGMENT HIGHLIGHTS

	NET SALES	ADJ. EBITDA MARGIN	QUARTER HIGHLIGHTS
POWER TRANSMISSION 	**Q4 2024** **$520.0M** **(0.9%)** *Core Growth* **2024** **$2.11B** **(2.3%)** *Core Growth*	**Q4 2024** **21.7%** **(30) bps** *Δ EBITDA Margin* **2024** **22.2%** **120 bps** *Δ EBITDA Margin*	▪ Personal Mobility recovery underway (up ~20% YoY); soft agriculture and commercial on-road demand ▪ Auto replacement increased low single digits; Auto and Industrial OEM sales decreased ▪ Higher gross margin fueled by enterprise initiatives
FLUID POWER 	**Q4 2024** **$309.4M** **(5.3%)** *Core Growth* **2024** **$1.30B** **(5.4%)** *Core Growth*	**Q4 2024** **21.9%** **120 bps** *Δ EBITDA Margin* **2024** **22.5%** **170 bps** *Δ EBITDA Margin*	▪ Agriculture, energy and construction markets experienced languishing demand ▪ Auto replacement expanded high single digits YoY ▪ Margin improvement supported by favorable channel mix and improved operating efficiencies from enterprise initiatives

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REGIONAL CORE REVENUE PERFORMANCE



Total Gates	
Q4	(2.6%)
2024	(3.5%)

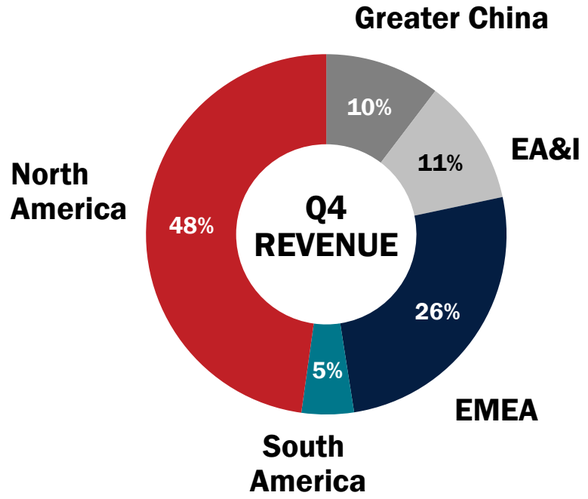
North America	
Q4	(2.8%)
2024	(3.8%)

Greater China	
Q4	+3.7%
2024	+1.3%

EMEA	
Q4	(6.2%)
2024	(6.9%)

South America	
Q4	(6.5%)
2024	(1.2%)

East Asia & India	
Q4	+3.5%
2024	+1.1%

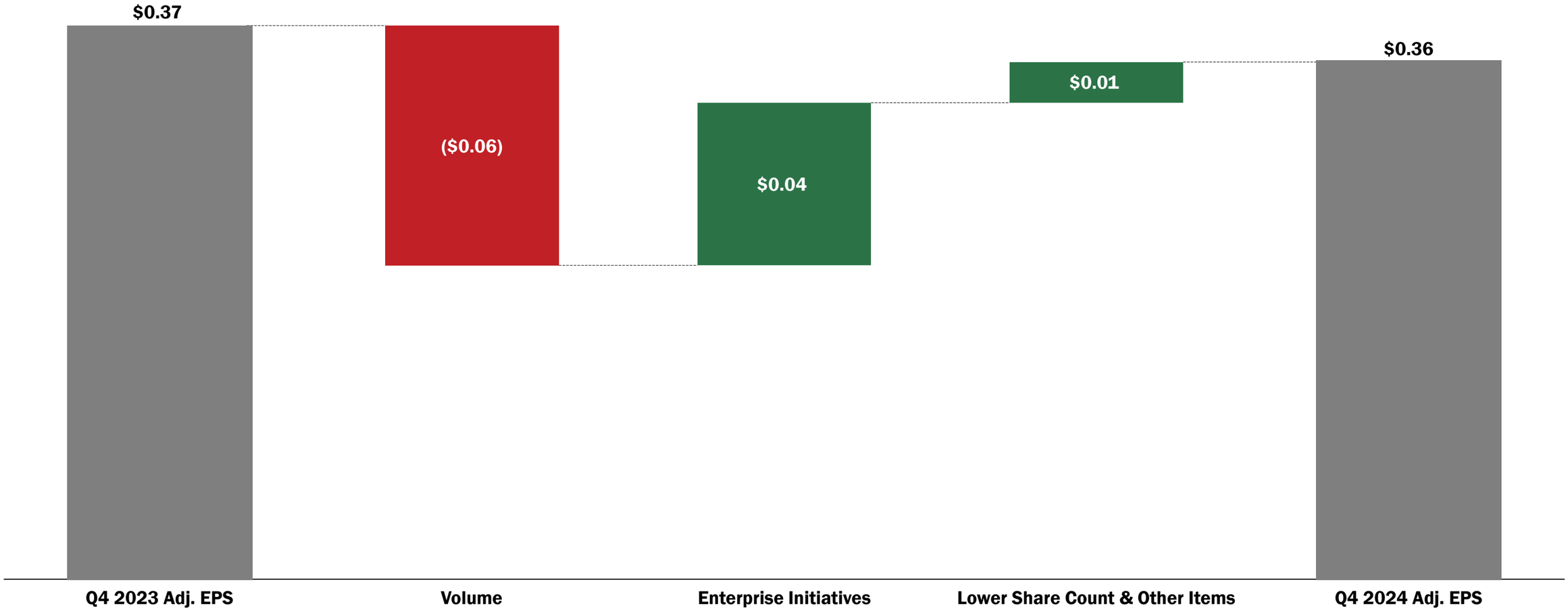


- NA: Industrial OEM demand challenges more than offset high single digit growth in Auto Replacement
- EMEA: Weak Industrial and Auto OEM outweighed growth in Auto Replacement
- China: High single digit growth in Replacement; tepid OEM demand

PROTRACTED WEAK INDUSTRIAL ACTIVITY IMPACTING DEMAND IN EMEA AND NORTH AMERICA

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Q4 2024 ADJUSTED EPS WALK



OPERATIONAL FOCUS LESSENED PROFIT IMPACT FROM CORE SALES DECLINE; CAPITAL ALLOCATION SUPPORTED EARNINGS

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Q4 2024 – CAPITAL EFFICIENCY & CASH FLOW

$158M
Free Cash Flow

168% conversion

- Optimizing inventory for return to growth
- Incremental capex deployed to footprint optimization projects and systems enhancements

2.2x
Net Leverage Ratio

Improved YoY and sequentially

- Gross debt decreased YoY
- Achieved 50 bps reduction on term loans interest rate during Q4

24.0%
ROIC

Increased 100 basis points YoY

- Solid profit margin improvement
- Deploying capital to high-return projects

IMPROVING PROFITABILITY SUPPORTED HIGHER ROIC; BALANCE SHEET IN SOLID POSITION

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Notes: Free Cash Flow: Net cash provided by (used in) operating activities less capital expenditures
ROIC: Tax-effected LTM Adjusted EBIT divided by total assets minus cash, accounts payable, income tax-related assets and intangibles related to 2014 acquisition of Gates

2025 OUTLOOK

FULL YEAR 2025				
CORE REVENUE GROWTH	ADJUSTED EBITDA	ADJUSTED EPS	CAPITAL EXPENDITURES	FREE CASH FLOW CONVERSION
(0.5%) to 3.5%	$735M – $795M	$1.36 – $1.52	~$120M	90%+

KEY ASSUMPTIONS/CONSIDERATIONS

- **Core growth improves as year progresses, but no industrial demand inflection assumed**
- **Adjusted EBITDA reflects:**
  - Meaningful profit headwind from unfavorable foreign currency
  - Above-average incremental margin on core growth
- **~90% FCF Conversion; higher capex led by footprint initiatives & other investments**

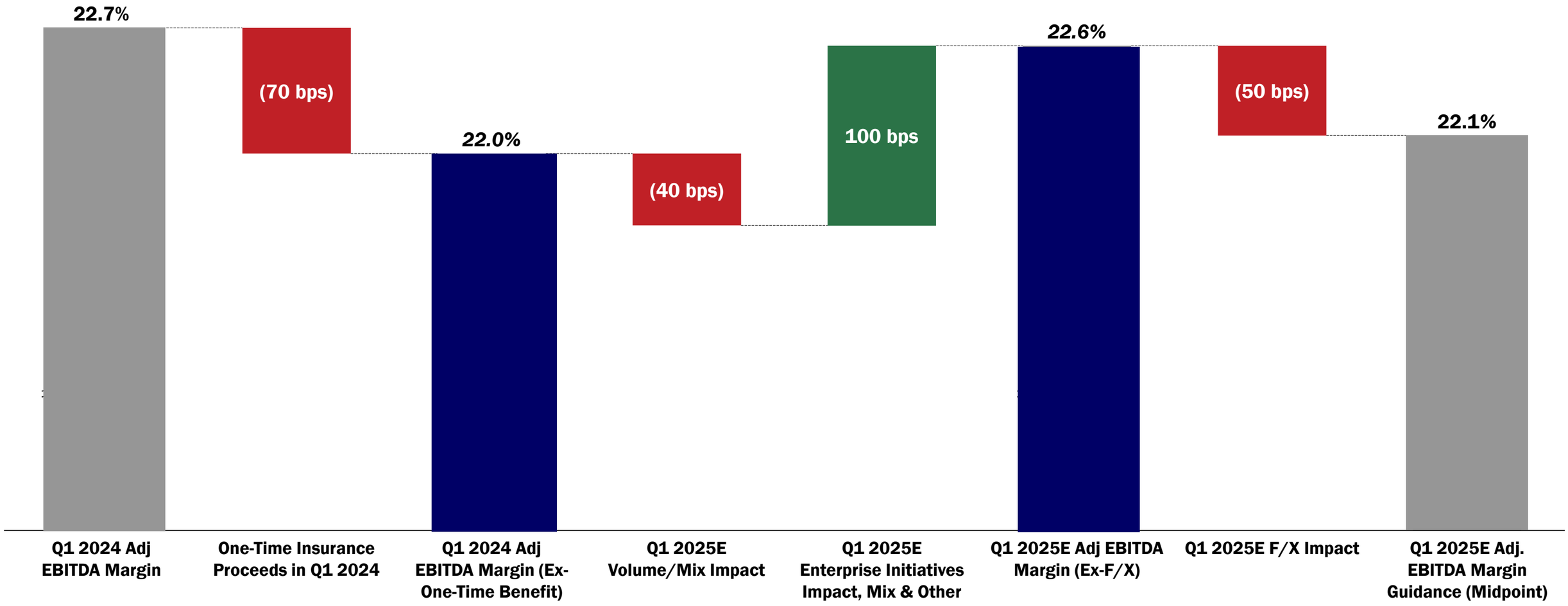
Q1 ESTIMATES

- **Revenues: $805M - $835M**
  - Core (1%) YoY at midpoint
- **Adjusted EBITDA margin**
  - (40 bps) to (80 bps) YoY

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Notes: Incremental/Decremental Margin: The year-over-year change in the Adjusted EBITDA divided by the year-over-year change in net sales

Q1 2025 ADJUSTED EBITDA MARGIN WALK

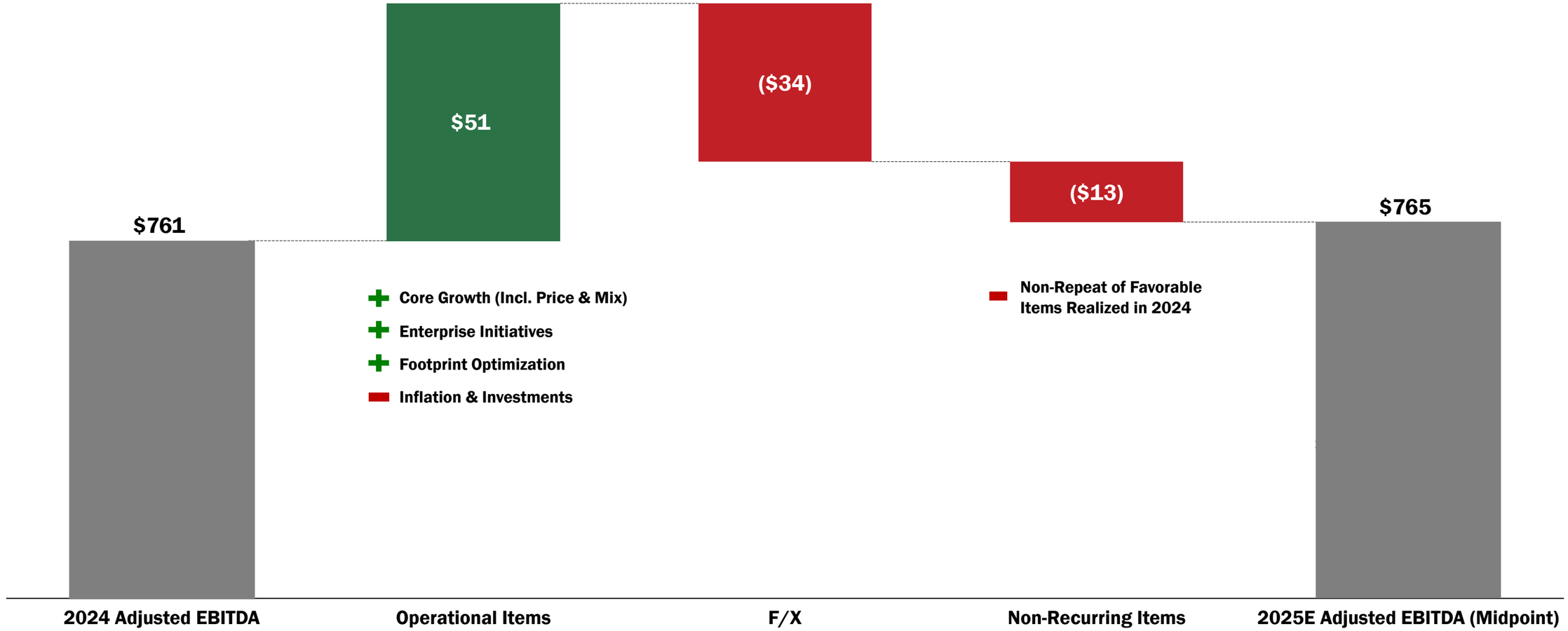


UNDERLYING MARGIN IMPROVEMENT EXPECTED TO CONTINUE IN Q1 2025

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2025 ADJUSTED EBITDA WALK

$ in MM



MEANINGFUL PROFIT IMPACT FROM F/X; ABOVE-AVERAGE OPERATING LEVERAGE ON CORE SALES

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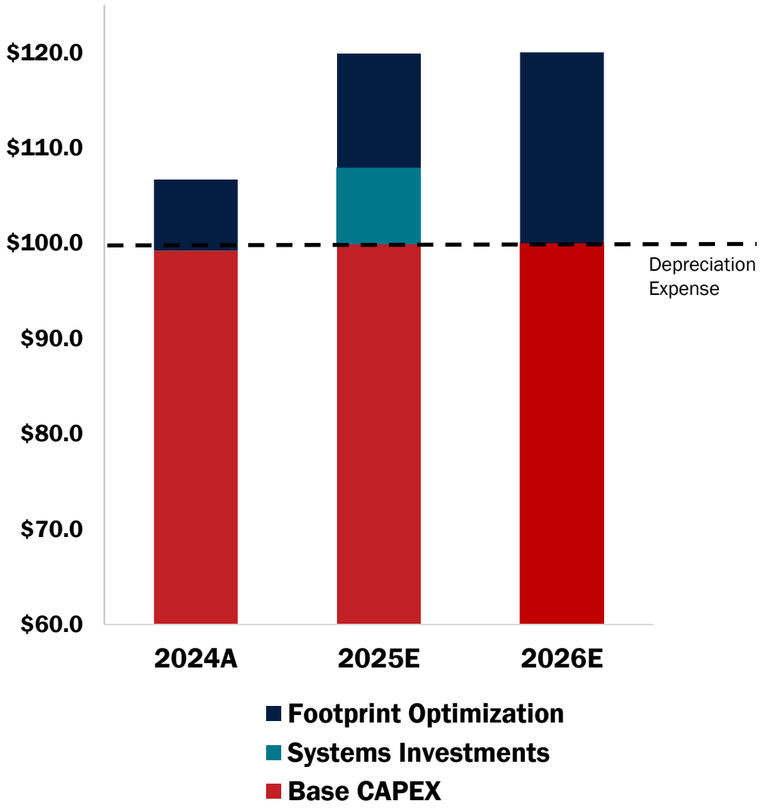
2025 ADJUSTED EPS WALK



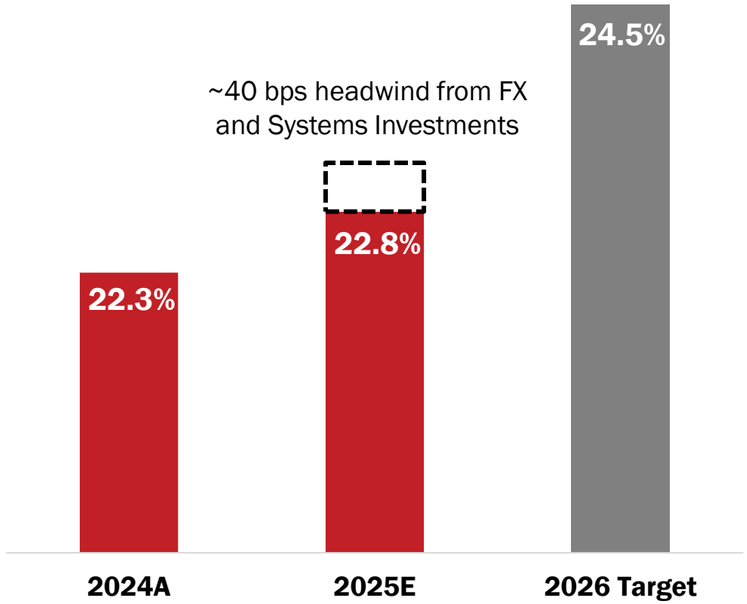
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INVESTING FOR THE FUTURE

CAPITAL EXPENDITURES



ADJ. EBITDA MARGIN



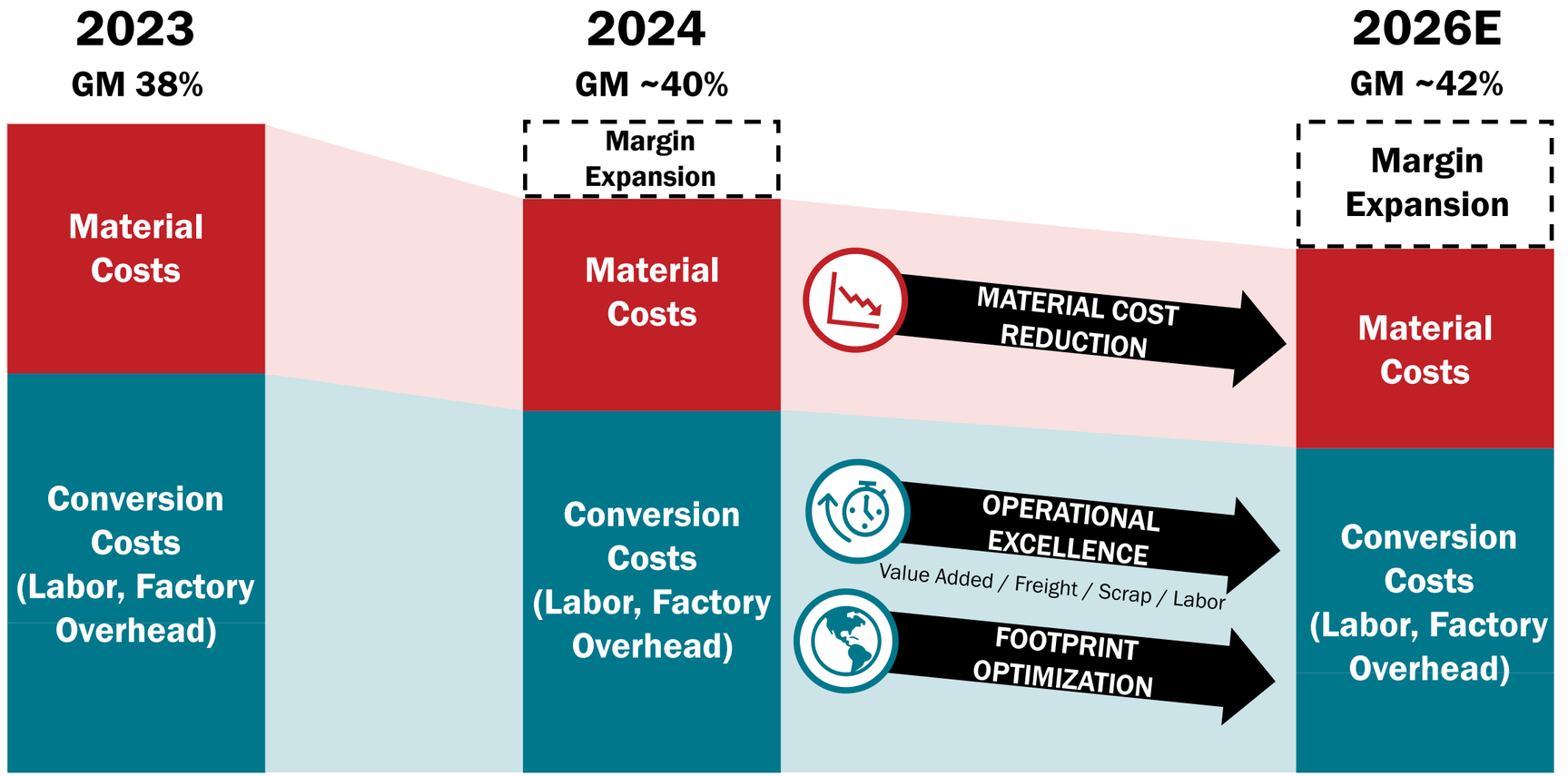
INVESTING IN OPERATIONAL CAPABILITIES

- Footprint optimization
- IT systems infrastructure and systems upgrades
- New product innovation
- Commercial resources

MAKING INVESTMENTS IN PROJECTS WITH ATTRACTIVE PAYBACKS OVER THE MID-TERM

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EXPANDING MARGINS: 2024 – SOLID PROGRESS OPERATIONAL EXECUTION DRIVING MARGIN EXPANSION



Material Cost Reduction

- Favorable impact in 2024
- More savings opportunities in expected in 2025 and 2026

Operational Excellence

- Contribution anticipated to build as volumes rebound

Footprint Optimization

- Savings expected to build in 2025
- 100+ basis points of anticipated savings at maturity

GROSS PROFIT MARGIN EXPANSION IS THE KEY LEVER IN DRIVING PROFITABILITY IMPROVEMENT
CONVERSION COST EXPECTED TO BENEFIT ONCE VOLUMES RECOVER

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SECULAR GROWTH OPPORTUNITIES

MOBILITY

- Strong design win activity in 2024
- New Product Introductions (NPI) increased; new applications for e-mountain bikes
- Market conditions have stabilized; early stages of recovery



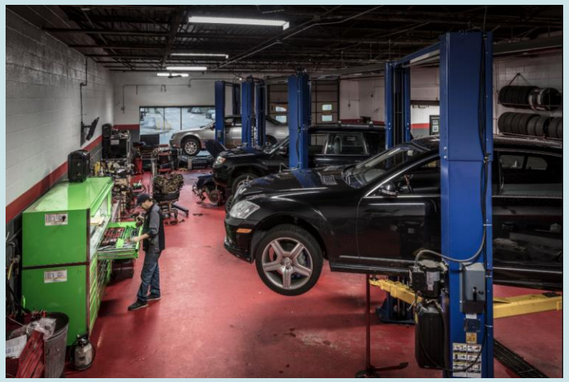
DATA CENTERS

- Engaged in specification process with variety of customers
- Product coverage for major liquid cooling systems – direct–to-chip, immersion, and rear-door heat exchangers
- Expanding organizational and manufacturing capabilities



AUTO REPLACEMENT

- Major new channel partner added in North America; share gains in EMEA as well
- Significant opportunity to grow with new and existing channel partners
- Product coverage increasing in emerging markets



SOLID PIPELINE OF NEAR AND MID-TERM OPPORTUNITIES

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SUMMARY THOUGHTS

- **Executed well in a soft demand environment**
  - Solid operational execution drove significant profit margin improvement in 2024
  - Unwavering focus on customer needs
    - Service levels increased
    - Design wins grew
    - Expanding end market exposure to capitalize on secular trends
- **Well positioned for future**
  - Margin expansion is ahead of schedule as enterprise initiatives build momentum
  - Making investments to improve the business long-term
  - Capital deployment optionality continuing to expand

POSITIONED WELL TO DRIVE ABOVE-AVERAGE INCREMENTAL MARGIN ONCE ANTICIPATED DEMAND RECOVERY EMERGES

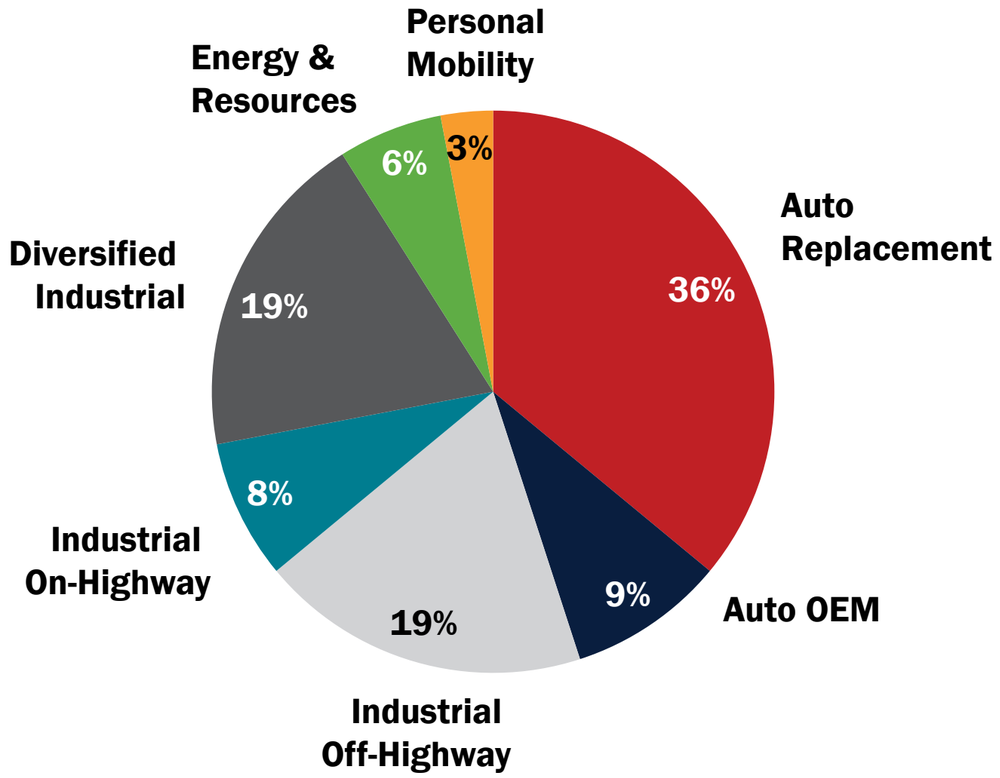
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APPENDIX

UNDERLYING 2025 MARKET GROWTH EXPECTATIONS

FY 2024 SALES SPLITS



2025 Underlying Global Market Growth Expectations		Current Trend vs PY
Automotive Replacement	+	↗
Automotive OEM	−	↘
Industrial Off-Highway	−−	→
Industrial On-Highway	o	→
Diversified Industrial	+	↗
Energy & Resources	o	↘
Personal Mobility	+	↑

+++ HSD/DD ++ MSD + LSD o Flat

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Q4 2024 ADJUSTED EPS – SUMMARY WALK

Q4 2023	**$0.37**	
OPERATING PERFORMANCE	(0.02)	Core sales decline vs. prior year period
NET INTEREST EXPENSE	0.01	Lower interest rate
INCOME TAX EXPENSE	(0.01)	Higher effective tax rate
LOWER SHARE COUNT AND OTHER	0.01	Lower share count and non-controlling interest
Q4 2024	**$0.36**	

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2024 ADJUSTED FULL YEAR EPS – SUMMARY WALK

2023	**$1.34**	
OPERATING PERFORMANCE	0.08	Enterprise initiative benefits
NET INTEREST EXPENSE	0.06	Lower rates and reduced debt balance
LOWER SHARE COUNT	0.06	Repurchased $175 million of shares in 2024
TAX	(0.10)	Higher effective tax rate
OTHER ITEMS	(0.05)	Non-repeat of certain items from 2023
2024	**$1.39**	

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RECONCILIATIONS – CORE REVENUE GROWTH

(USD in millions)

Reconciliation of Core Revenue Growth

	Power Transmission	Fluid Power	Q4 2024
Net sales for the quarter ended December 28, 2024 [1]	**$ 520.0**	**$ 309.4**	**$ 829.4**
Impact on net sales of movements in currency rates	8.2	3.5	11.7
Core revenue for the quarter ended December 28, 2024	**$ 528.2**	**$ 312.9**	**$ 841.1**
Net sales for the quarter ended December 30, 2023	532.8	330.5	863.3
Decrease in net sales	(12.8)	(21.1)	(33.9)
Decrease in net sales on a core basis (core revenue)	**$ (4.6)**	**$ (17.6)**	**$ (22.2)**
Total revenue decline	**(2.4%)**	**(6.4%)**	**(3.9%)**
Core revenue decline	**(0.9%)**	**(5.3%)**	**(2.6%)**

(USD in millions)

YTD Reconciliation of Core Revenue Growth

	Power Transmission	Fluid Power	FY 2024
Net sales for the year ended December 28, 2024 [1]	**$ 2,108.1**	**$ 1,300.1**	**$ 3,408.2**
Impact on net sales of movements in currency rates	31.7	4.7	36.4
Core revenue for the year ended December 28, 2024	**$ 2,139.8**	**$ 1,304.8**	**$ 3,444.6**
Net sales for the year ended December 30, 2023	2,191.2	1,379.0	3,570.2
Decrease in net sales	(83.1)	(78.9)	(162.0)
Decrease in net sales on a core basis (core revenue)	**$ (51.4)**	**$ (74.2)**	**$ (125.6)**
Total revenue decline	**(3.8%)**	**(5.7%)**	**(4.5%)**
Core revenue decline	**(2.3%)**	**(5.4%)**	**(3.5%)**

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(1) Throughout this document the terms "net sales" and "revenue" are used interchangeably in reference to the GAAP measure "net sales."

RECONCILIATIONS – ADJUSTED EBITDA AND NET LEVERAGE

(USD in millions)	Q4 2024	Q4 2023	FY 2024	FY 2023
Reconciliation to Adjusted EBITDA				
Net Income from Continuing Operations	**$ 41.2**	**$ 69.2**	**$ 220.5**	**$ 257.0**
Adjusted for:				
Income tax expense	46.7	2.4	107.5	28.3
Net interest and other expenses	24.8	48.7	138.0	177.3
Loss on deconsolidation of Russian subsidiary (1)	-	-	12.7	-
Depreciation and amortization	54.1	55.0	216.9	217.5
Transaction-related expenses	1.2	0.1	3.3	2.2
Asset impairments	-	-	-	0.1
Restructuring expenses	1.5	1.3	6.5	11.6
Share-based compensation expense	8.6	7.8	28.8	27.4
Inventory impairments and adjustments (2) (included in cost of sales)	0.6	1.1	22.3	7.4
Severance expenses (included in cost of sales)	0.9	-	1.8	0.4
Severance expenses (included in SG&A)	1.4	0.1	2.9	1.0
Credit (gain) loss related to customer bankruptcty (included in SG&A) (3)	-	-	(0.1)	11.4
Cybersecurity incident expenses (4)	-	0.1	-	5.2
Other items not directly related to current operations (5)	(0.2)	-	-	0.2
Adjusted EBITDA	**$ 180.8**	**$ 185.8**	**$ 761.1**	**$ 747.0**
	-	-	-	-
Adjusted EBITDA margin				
Net Sales	$ 829.4	$ 863.3	$ 3,408.2	$ 3,570.2
Adjusted EBITDA	$ 180.8	$ 185.8	$ 761.1	$ 747.0
Adjusted EBITDA margin	**21.8%**	**21.5%**	**22.3%**	**20.9%**
Reconciliation to Net Leverage				
Total principal amount of debt			$ 2,363.5	$ 2,471.9
Less: Cash and cash equivalents			(682.0)	(720.6)
Net Debt			**$ 1,681.5**	**$ 1,751.3**
Net Leverage (Net Debt divided by LTM Adjusted EBITDA)			**2.2 x**	**2.3 x**

(1) In July 2022, Gates suspended our operations in Russia. In September, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.

(2) During the three and twelve months ended December 28, 2024, inventory impairments and adjustments included $0.6 million and $22.3 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis.

(3) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we preliminarily evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded the pre-tax charge to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate if necessary.

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

(5) Other items not directly related to current operations include asset impairment and other charges.

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RECONCILIATIONS – INCREMENTAL/DECREMENTAL MARGIN

(USD in millions)

	Q4 2024	Q4 2023	Change	Incremental / Decremental Margin	FY 2024	FY 2023	Change	Incremental / Decremental Margin
Reconciliation to Adjusted EBITDA Margin and Incremental / Decremental Margin								
Power Transmission Net Sales	$ 520.0	$ 532.8	$ (12.8)		$ 2,108.1	$ 2,191.2	$ (83.1)	
Power Transmission Adjusted EBITDA	$ 112.9	$ 117.4	$ (4.5)		$ 468.7	$ 460.6	$ 8.1	
Adjusted EBITDA Margin	**21.7%**	**22.0%**	**-30 bps**	**(35.2%)**	**22.2%**	**21.0%**	**120 bps**	**9.7%**
Fluid Power Net Sales	$ 309.4	$ 330.5	$ (21.1)		$ 1,300.1	$ 1,379.0	$ (78.9)	
Fluid Power Adjusted EBITDA	$ 67.9	$ 68.4	$ (0.5)		$ 292.4	$ 286.4	$ 6.0	
Adjusted EBITDA Margin	**21.9%**	**20.7%**	**120 bps**	**(2.4%)**	**22.5%**	**20.8%**	**170 bps**	**7.6%**
Total Net Sales	$ 829.4	$ 863.3	$ (33.9)		$ 3,408.2	$ 3,570.2	$ (162.0)	
Total Adjusted EBITDA	$ 180.8	$ 185.8	$ (5.0)		$ 761.1	$ 747.0	$ 14.1	
Adjusted EBITDA Margin	**21.8%**	**21.5%**	**30 bps**	**(14.7%)**	**22.3%**	**20.9%**	**140 bps**	**8.7%**
Net Income From Continuing Operations	$ 41.2	$ 69.2	$ (28.0)		$ 220.5	$ 257.0	$ (36.5)	
Net Income From Continuing Operations Margin	**5.0%**	**8.0%**	**-300 bps**	**(82.6%)**	**6.5%**	**7.2%**	**-70 bps**	**(22.5%)**

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RECONCILIATIONS – Q1 2024 ADJUSTED EBITDA

(USD in millions)		Q1 2024
Reconciliation to Adjusted EBITDA		
Net Income from Continuing Operations	**$**	**46.2**
Adjusted for:		
Income tax expense		34.5
Net interest and other expenses		36.0
Depreciation and amortization		54.6
Transaction-related expenses		0.4
Asset impairments		-
Restructuring expenses		1.2
Share-based compensation expense		8.6
Inventory impairments and adjustments [(1)] (included in cost of sales)		13.9
Severance expenses (included in cost of sales)		-
Severance expenses (included in SG&A)		0.1
Credit loss related to customer bankruptcty (included in SG&A) [(2)]		0.1
Cybersecurity incident expenses [(3)]		-
Other items not directly related to current operations		-
Adjusted EBITDA	**$**	**195.6**
		-
Adjusted EBITDA margin		
Net Sales	$	862.6
Adjusted EBITDA	$	195.6
Adjusted EBITDA margin		**22.7%**
Reconciliation to Q1 2024 Adjusted EBITDA Margin (Excluding One-Time Insurance Proceeds)		
Q1 2024 Adjusted EBITDA	$	195.6
Less: One-Time Insurance Proceeds in Q1 2024	$	6.2
Q1 2024 Adjusted EBITDA Excluding Insurance Proceeds	$	189.4
Q1 2024 Adjusted EBITDA Margin Excluding Insurance Proceeds		**22.0%**
Net Income from Continuning Operations		
Q1 2024 Net Income from Continuing Operations	$	46.2
Q1 2024 Net Income from Continuing Operations Margin		**5.4%**

(1) During the three and twelve months ended March 30, 2024, inventory impairments and adjustments included $13.9 million and $20.2 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out (“LIFO”) basis.

(2) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded the pre-tax charge to reflect our estimated recovery. Based on further developments in the bankruptcy proceedings, we recorded an additional $0.1 million pre-tax charge during the three months ended March 30, 2024. We will continue to monitor the circumstances surrounding the bankruptcy in determining whether adjustments to this recovery estimate are necessary.

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

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RECONCILIATIONS – ADJUSTED NET INCOME

(USD in millions, except share numbers and per share amounts)	Q4 2024	Q4 2023	FY 2024	FY 2023
Reconciliation to Adjusted Net Income				
Net Income Attributable to Shareholders	**$ 36.6**	**$ 62.9**	**$ 194.9**	**$ 232.9**
Adjusted for:				
Loss on the disposal of discontinued operations	0.1	0.1	0.6	0.6
Loss on deconsolidation of Russian subsidiary [1]	(0.1)	-	12.7	-
Amortization of intangible assets arising from the 2014 acquisition of Gates	28.7	28.9	115.5	116.2
Transaction-related expenses	1.2	0.1	3.3	2.2
Asset impairments	-	-	-	0.1
Restructuring expenses	1.5	1.3	6.5	11.6
Restructuring related expenses (included in cost of sales)	0.9	-	1.8	0.4
Restructuring related expenses (included in SG&A)	1.4	0.1	2.9	1.0
Share-based compensation expense	8.6	7.8	28.8	27.4
Inventory impairments and adjustments [2] (included in cost of sales)	0.6	1.1	22.3	7.4
Adjustments relating to post-retirement benefits	(0.7)	(0.8)	(2.6)	(3.0)
Financing and other FX related (gains) losses	(6.1)	16.7	(7.0)	26.8
Credit (gain) loss related to customer bankruptcy (included in SG&A) [3]	-	-	(0.1)	11.4
Cybersecurity incident expenses [4]	-	0.1	-	5.2
Loss on extinguishment of debt [5]	-	-	14.8	-
Discrete Tax Items [6]	31.7	(6.1)	23.4	(17.1)
Other adjustments	(2.3)	(0.3)	(7.0)	(6.1)
Estimated tax effect of the above adjustments	(8.6)	(13.3)	(43.1)	(48.1)
Adjusted Net Income	**$ 93.5**	**$ 98.6**	**$ 367.7**	**$ 368.9**
Diluted weighted average number of shares outstanding	261,090,036	267,523,754	264,675,566	275,648,328
GAAP Net Income per diluted share	**$ 0.14**	**$ 0.24**	**$ 0.74**	**$ 0.84**
Adjusted Net Income per diluted share	**$ 0.36**	**$ 0.37**	**$ 1.39**	**$ 1.34**

Note: Referenced footnotes continue on the following page

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RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

(1) In July 2022, Gates suspended our operations in Russia. During the three months ended September 28, 2024, we deconsolidated the Russian subsidiary upon loss of control and recognized a deconsolidation loss.

(2) During the three and twelve months ended December 28, 2024, inventory impairments and adjustments included $0.6 million and $22.3 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis.

(3) On January 31, 2023, one of our customers filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In connection with the bankruptcy proceedings, we preliminarily evaluated our potential risk and exposure relating to our outstanding pre-petition accounts receivable balance from the customer and recorded the pre-tax charge to reflect our estimated recovery. We continue to monitor the circumstances surrounding the bankruptcy and adjust our estimate if necessary.

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

(5) On June 4, 2024, Gates extinguished the 2021 Dollar Term Loans and the asset-backed credit facility in connection with our debt refinancing. As a result, we accelerated $14.8 million in deferred issuance costs during the year ended December 28, 2024.

(6) For the three months ended December 28, 2024, the effective tax rate was primarily driven by net discrete tax expenses of $31.7 million, of which $25.8 million related to changes in tax rates and law changes, primarily due to the corporate tax rate change in Luxembourg, and the dividend withholding tax rate change in Turkey, $3.5 million related to changes in the realizability of certain deferred tax assets, primarily related to losses in Turkey, and $2.4 million of other net discrete tax expenses. For the twelve months ended December 28, 2024, the effective tax rate was primarily driven by discrete tax expenses of $23.4 million, of which $25.8 million related to changes in tax rates and law changes, primarily due to the corporate tax rate change in Luxembourg, and the dividend withholding tax rate change in Turkey, $7.7 million related to changes in the realizability of certain deferred tax assets and $0.2 million of other discrete expenses: offset by net discrete benefits of $9.9 million primarily related to unrecognized tax benefits due to audit closures.

For the three months ended December 30, 2023, the effective tax rate was primarily driven by net discrete tax benefits of $6.1 million, of which $7.9 million related to foreign derived intangible income deductions accelerated from an intercompany royalty prepayment, and $1.8 million of other net discrete tax expenses. For the twelve months ended December 30, 2023, the effective tax rate was primarily driven by net tax benefits of $17.1 million, of which $15.1 million primarily related to unrecognized tax benefits due to audit closures, $7.9 million related to foreign derived intangible income deductions accelerated from an intercompany royalty prepayment; offset by $6.5 million of net discrete tax expenses primarily related to adjustments in various foreign jurisdictions in which returns were filed.

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RECONCILIATIONS – FREE CASH FLOW & FREE CASH FLOW CONVERSION

(USD in millions)

Reconciliation of Free Cash Flow	Q4 2024	Q4 2023	FY 2024	FY 2023
Net Cash Provided By Operating Activities	$ 190.9	$ 189.3	$ 379.6	$ 481.0
Capital Expenditures [1]	(33.4)	(24.2)	(106.7)	(71.4)
Free Cash Flow	**$ 157.5**	**$ 165.1**	**$ 272.9**	**$ 409.6**

(USD in millions)

Reconciliation of Free Cash Flow Conversion	Q4 2024	Q4 2023	FY 2024	FY 2023
Free Cash Flow	$ 157.5	$ 165.1	$ 272.9	$ 409.6
Adjusted Net Income	$ 93.5	$ 98.6	$ 367.7	$ 368.9
Free Cash Flow Conversion	**168.4%**	**167.4%**	**74.2%**	**111.0%**

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

RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)	FY 2024	FY 2023
Return On Invested Capital (ROIC)		
LTM Adjusted EBITDA	**$ 761.1**	**$ 747.0**
LTM Total depreciation and amortization	(216.9)	(217.5)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	115.5	116.2
LTM Adjusted EBIT	**659.7**	**645.7**
Notional tax at 25%	(164.9)	(161.4)
LTM Tax-effected Adjusted EBIT	**$ 494.8**	**$ 484.3**
Total Assets	$ 6,786.3	$ 7,254.5
Adjusted for:		
Cash	(682.0)	(720.6)
Taxes receivable	(49.3)	(48.9)
Deferred tax assets	(553.5)	(622.4)
Prepaid taxes	(15.5)	(14.0)
Accounts payable	(408.2)	(457.7)
Intangibles arising from the acquisition of Gates	(3,014.2)	(3,289.2)
Invested Capital	**$ 2,063.6**	**$ 2,101.7**
Return On Invested Capital	**24.0%**	**23.0%**

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