



**Q3 2025  
EARNINGS PRESENTATION**

**OCTOBER 29, 2025**





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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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 expected impacts of tariff rates and ability to mitigate such impacts, our share repurchase program, expectations regarding market growth, our data center and personal mobility portfolio and pipeline, our ability to meet our mid-term targets, market trends, data center activity, our expected net leverage, our capital allocation optionality, our growth opportunities, the return potential of our investments, expectations regarding 2026 and 2027, and our outlook for the fourth 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 both our U.S. and our international operations, risks inherent to the manufacturing industry, macroeconomic factors beyond the Company's control (including material and logistics availability, tariffs, 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 28, 2024, filed with the Securities and Exchange Commission ("SEC"), as supplemented by the risks and uncertainties set forth in the Company's Quarterly Report on Form 10-Q for the quarter ended March 29, 2025, as such factors may be further updated from time to time in the Company's periodic filings with the SEC, which are accessible on the SEC's website at [www.sec.gov](http://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](http://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, and Free Cash Flow conversion for 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.



- **Delivered ~2% core growth in an uneven environment**
  - Replacement channel grew, supported by MSD growth in Automotive Replacement
  - Off-Highway grew, offset by On-Highway weakness; Personal Mobility increased 20+% YoY
- **90 bps expansion in adjusted EBITDA margin – tracking towards mid-term target**
  - Adjusted EBITDA margin of 22.9%
  - Record adjusted EBITDA dollars and margins for a Q3
- **Net leverage declined to 2.0x – progressing well towards mid-term target**
  - Reduction of 0.4x vs. Q3 2024
  - Repaid \$100 million of gross debt
- **Updating full year guidance**
  - Reiterating adjusted EBITDA midpoint; slight reduction in core sales growth and FCF conversion
  - Announcing new \$300 million share repurchase program

**DELIVERED SOLID RESULTS IN AN UNCERTAIN END MARKET ENVIRONMENT; GROWTH INITIATIVES ADDITIVE TO PERFORMANCE**



# UNDERLYING 2025 MARKET GROWTH EXPECTATIONS

## 2025 Underlying Global End Market Growth Expectations

	2024 % of Sales	'25F (Feb)	'25F (April)	'25F (July)	'25F (Oct)
Automotive Replacement	36%	+	+	+	+
Automotive OEM	9%	-	- -	- -	- -
Industrial Off-Highway	19%	- -	-	○	- -
Industrial On-Highway	8%	○	-	- -	- - -
Diversified Industrial	19%	+	○	○	○
Energy & Resources	6%	○	-	-	-
Mobility	3%	+	+	+	++

- PMIs remain in the longest contractionary period in history
- Tariff uncertainty weighing on timing of broader macro recovery
- NA and EMEA Agriculture demand weaker incrementally in Q3 2025 – lower unit production and dealer de-stock
- NA Commercial On-Road truck production continues to be revised lower
- Automotive Replacement and Mobility momentum supporting enterprise growth; Data Center liquid cooling demand momentum continues to build
- Believe key end markets are at trough or troughing

+++ HSD/DD   ++ MSD   + LSD   ○ Flat

**EXPECT MORE STABILITY IN CERTAIN END MARKETS EXITING 2025**



**\$856M**

Net Sales

**1.7% Core Sales Growth YoY**

- Outperformed the underlying end markets
- Replacement channels grew LSD
- Growth verticals additive to performance

**\$196M**

Adjusted EBITDA

**22.9% Adjusted EBITDA margin**

- Record Q3 adjusted EBITDA margin performance
- 90 bps adjusted EBITDA margin improvement YoY
- Tracking towards mid-term objectives

**\$0.39**

Adjusted Earnings per Share

**18% Growth YoY**

- Operating performance contributed \$0.02
- Lower tax rate +\$0.02; Other items \$0.02 favorable
- Effectively managing the enterprise

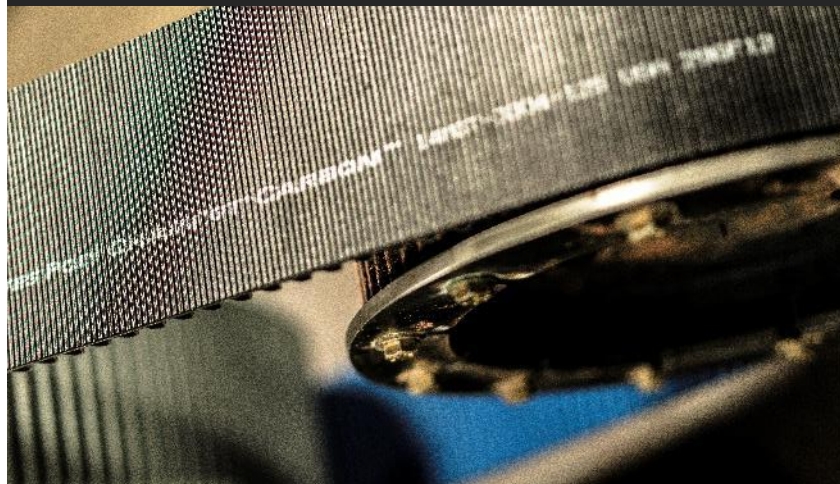
**GENERATED STRONG DOUBLE-DIGIT EARNINGS GROWTH YOY IN A MUTED MARKET ENVIRONMENT**



## PERFORMANCE

## HIGHLIGHTS

### POWER TRANSMISSION



**NET SALES**

**\$533M**  
2.3% Core YoY

**ADJUSTED EBITDA**

**\$122M**

**ADJUSTED EBITDA MARGIN**

**22.9%**  
90 bps YoY

- Growth across most Industrial end markets
- Strong double-digit growth in Personal Mobility
- Replacement channels grew low single-digits YoY, slightly offset by declines in Automotive OEM
- Mobility pipeline remains robust

### FLUID POWER



**NET SALES**

**\$322M**  
0.7% Core YoY

**ADJUSTED EBITDA**

**\$74M**

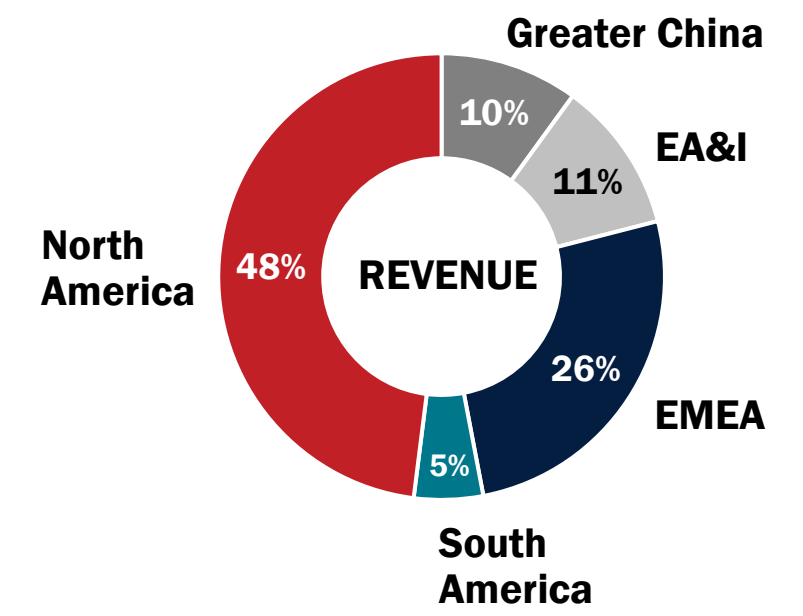
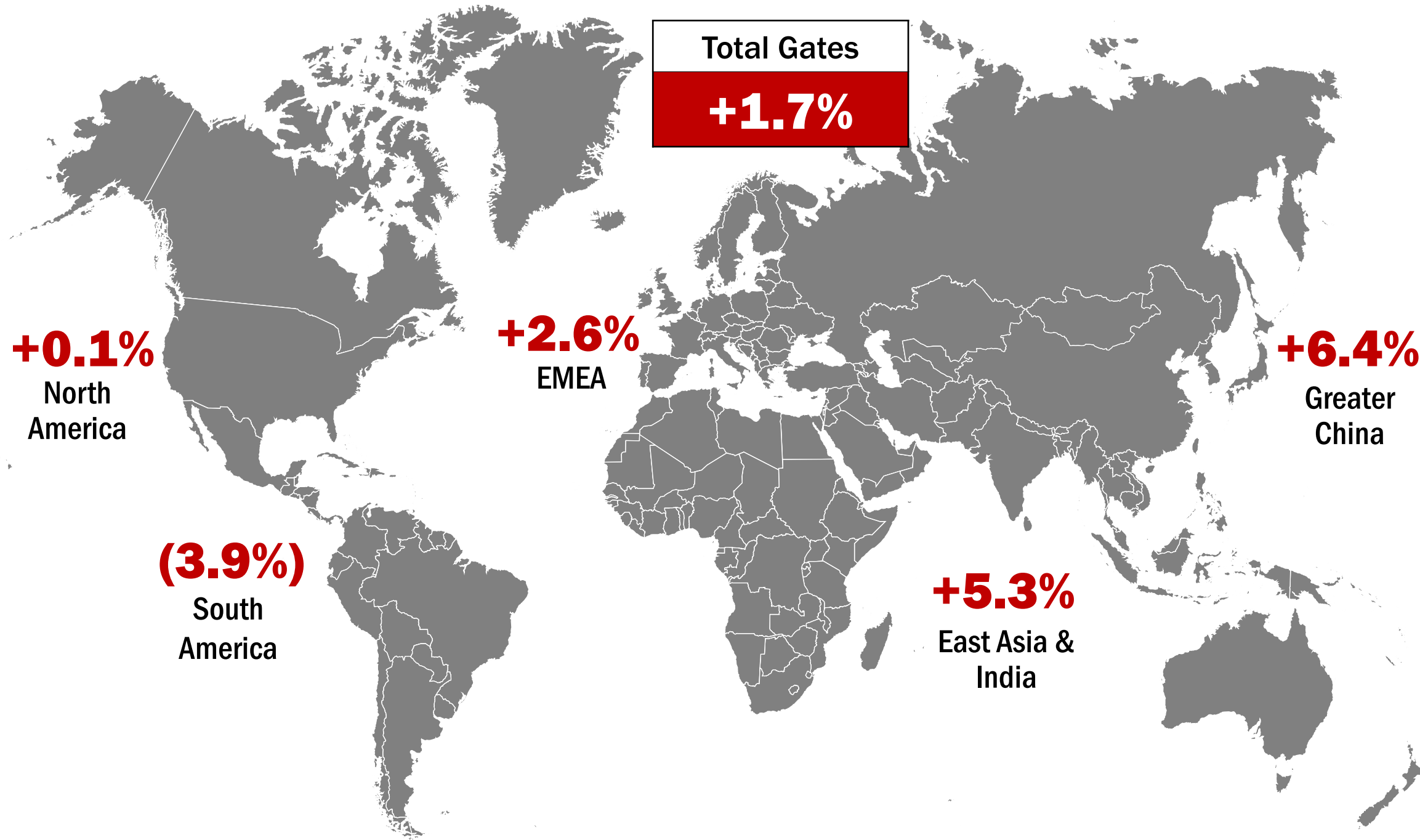
**ADJUSTED EBITDA MARGIN**

**22.9%**  
100 bps YoY

- Incremental weakness in Agriculture and On Highway partially offset by stabilization in Construction
- Industrial OEM channel demand declined mid single-digits, a slight improvement from recent quarters
- Automotive Replacement grew low-teens YoY
- Data center pipeline exceeds \$150 million; design-in activities remain robust



# Q3 2025 – REGIONAL CORE REVENUE PERFORMANCE

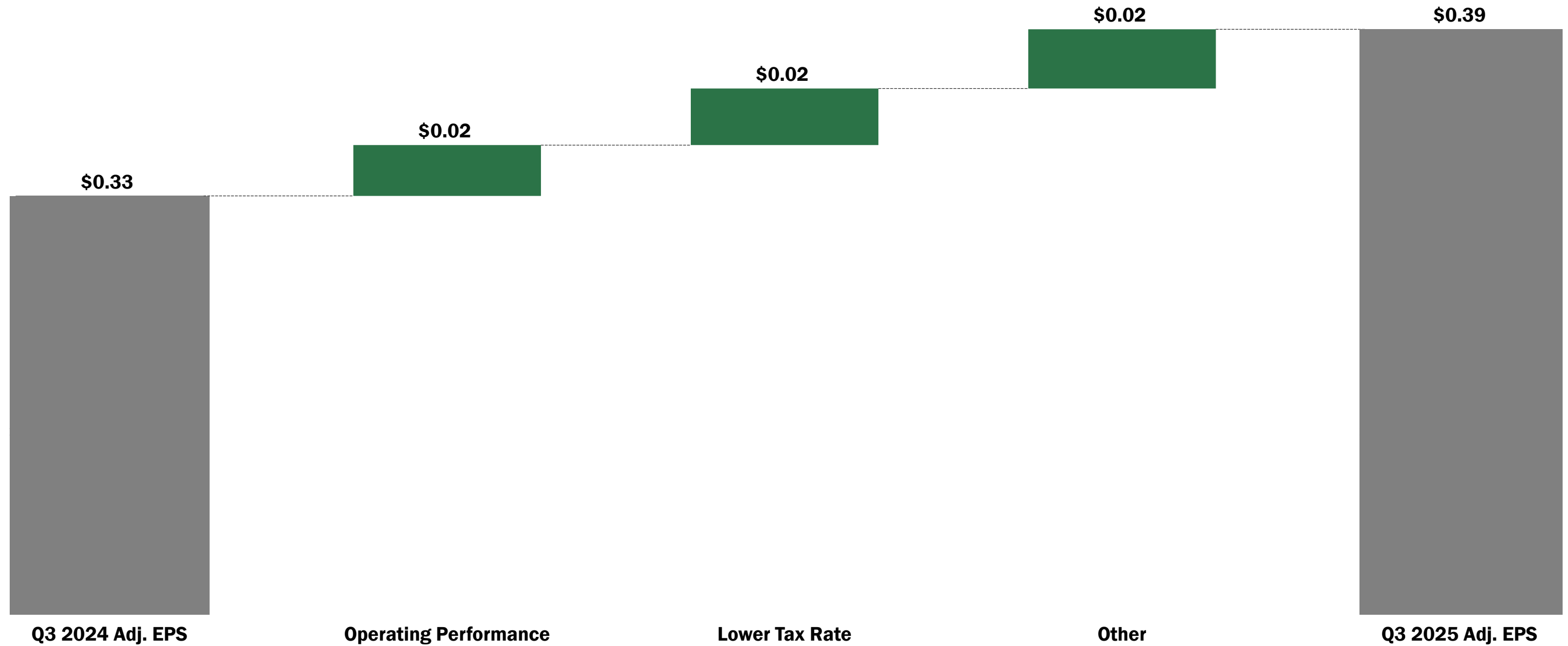


- NA growth in AR balanced by weaker Ag, On-Highway and Diversified Industrial
- EMEA and China Industrial end markets were mixed but saw positive growth
- EA&I realized strength in Auto and Industrial end markets; SA remains challenged

**SOLID EXECUTION ON CORE GROWTH – OUTPERFORMING CHALLENGING INDUSTRIAL END MARKETS AND UNCERTAIN MACRO**



# Q3 2025 ADJUSTED EPS WALK



**18% YOY ADJUSTED EPS GROWTH SUPPORTED BY SOLID UNDERLYING OPERATING EXECUTION AND PRUDENT CAPITAL ALLOCATION**



**\$73M**

Free Cash Flow

## Solid Free Cash Flow generation

- 73% free cash flow conversion for quarter
- Higher restructuring outflows YoY

**2.0x**

Net Leverage

## Improved YoY and sequentially

- Repaid \$100 million of gross debt
- On target to achieve <2x by year end

**21.6%**

ROIC

## Improved sequentially

- Improved operating performance
- Increased investments in projects with high-return potential

**BALANCE SHEET ON TRAJECTORY TOWARDS MID-TERM TARGET; CAPITAL ALLOCATION OPTIONALITY CONTINUES TO BUILD**

Notes: Free Cash Flow: Net cash provided by (used in) operating activities less capital expenditures

Free Cash Flow Conversion: LTM Free Cash Flow (Net Cash Provided by Operations minus capital expenditures) expressed as a percentage of LTM Adjusted Net Income

Net Leverage: Net Debt (defined as the principal amount of our debt less the carrying amount of cash and cash equivalents) divided by LTM Adjusted EBITDA

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



	<b>PRIOR 2025</b>	<b>CURRENT 2025</b>	<b>B/W (Midpoint)</b>
<b>CORE REVENUE GROWTH</b>	<b>0.5% to 2.5%</b>	<b>0.5% to 1.5%</b>	<b>(0.5%)</b>
<b>ADJUSTED EBITDA</b>	<b>\$765M – \$795M</b>	<b>\$770M – \$790M</b>	<b>No Change</b>
<b>ADJUSTED EPS</b>	<b>\$1.44 – \$1.52</b>	<b>\$1.48 – \$1.52</b>	<b>+\$0.02</b>
<b>CAPITAL EXPENDITURES</b>	<b>~\$120M</b>	<b>~\$120M</b>	<b>No Change</b>
<b>FREE CASH FLOW CONVERSION</b>	<b>90%+</b>	<b>80-90%</b>	<b>(5%)</b>

**DELIVERING SOLID EARNINGS GROWTH WHILE MANAGING THROUGH AN UNEVEN MACRO ENVIRONMENT**



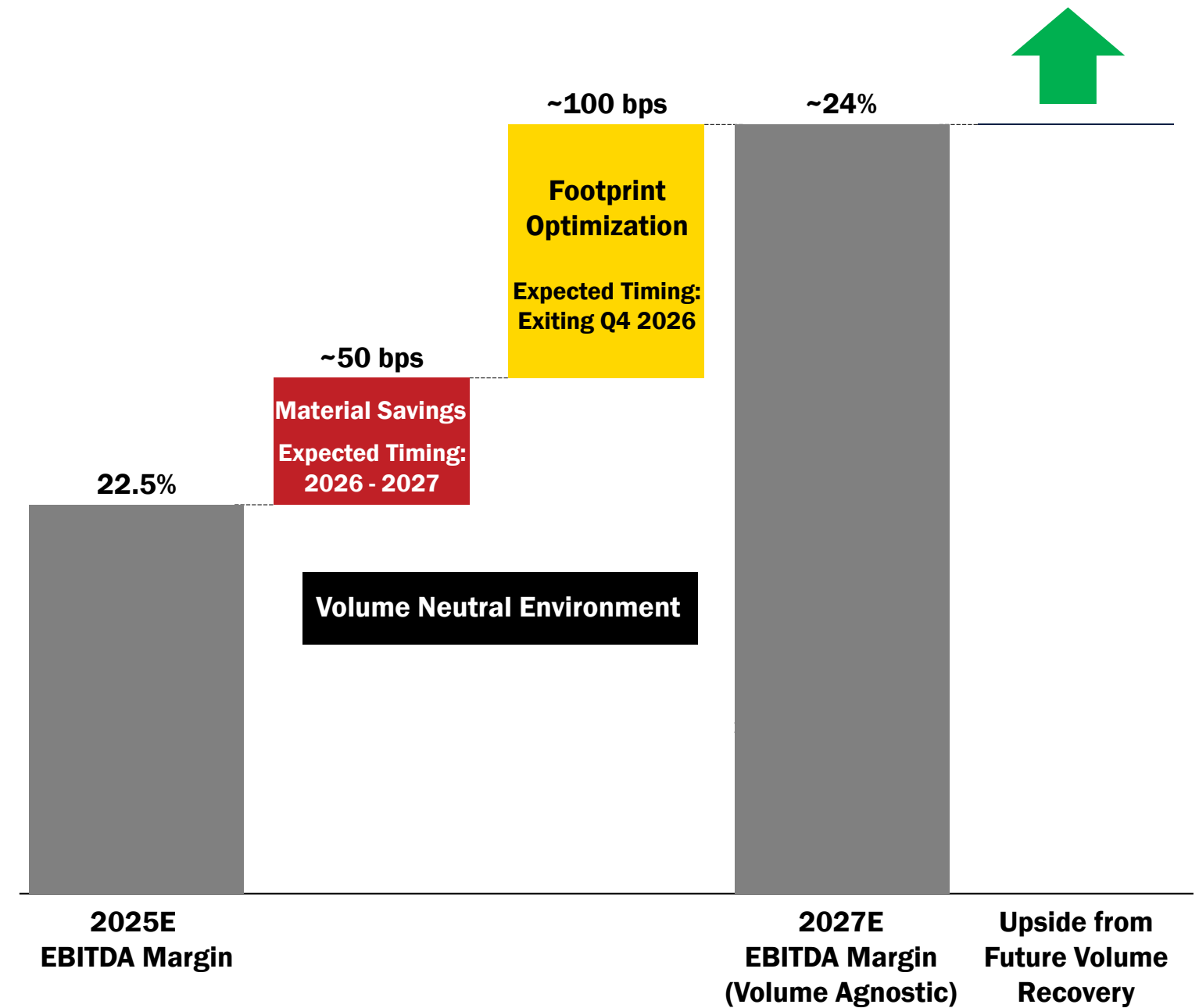
- **Executing on footprint optimization, restructuring and ERP system implementation in EMEA**
- **Costs and inefficiencies anticipated to impact profitability in 1H 2026**
  - Anticipate (100 bps) to (200 bps) YoY impact on adjusted EBITDA margin in Q1 2026
  - Estimate (25 bps) to (75 bps) YoY impact on adjusted EBITDA margin in Q2 2026
- **Cost/productivity impacts expected to dissipate by the end of Q2 2026**
- **Expect profitability improvements from actions in 2H 2026**
  - 75 bps to 125 bps YoY benefit to adjusted EBITDA margin in 2H
- **Full year profitability improvement expected**
  - Anticipate 0 bps to 25 bps YoY improvement in adjusted EBITDA margin for full year 2026

**EXPECT TO ACHIEVE ~23.5% ADJUSTED EBITDA MARGIN IN 2H 2026 IN VOLUME NEUTRAL ENVIRONMENT**



## COMPONENTS & TIMING CONSIDERATIONS

- Operating Leverage:**
  - No margin contribution from volume; negative since 2023
  - More than overcame volume headwind through enterprise initiatives
  - Anticipate moderate volume recovery between 2026-2027
- Footprint Optimization:**
  - Trade policy uncertainty delayed certain projects to beginning of 2026; re-accelerating projects starting in Q4 2025
- Material cost savings and 80/20 initiatives continue to progress towards mid-term target**



**MAINTAINING ADJ. EBITDA MARGIN TARGET OF 24.5% WITH TIMING SHIFTING TO 2027 WITHOUT TANGIBLE VOLUME CONTRIBUTION**



- **Delivering results; industrial markets beginning to firm**
  - Record Q3 adjusted EBITDA margin performance
  - On pace to deliver adjusted EBITDA margin expansion and solid earnings growth in 2025
  - Momentum continues to build in Mobility and Data Center; anticipate more favorable industrial end market backdrop in 2026
- **Executing on key enterprise initiatives**
  - 1H 2026 projects expected to drive structural margin improvement
  - Anticipate tangible savings in 2H 2026
  - Expect to achieve 24+% margin target without volume increase by 2027; volume recovery would be additive
- **Well-positioned balance sheet available to support various capital allocation alternatives**
  - New \$300 million share repurchase authorization available
  - Debt paydown continues
  - Bolt-on M&A potential increasing as leverage mid-term targets are achieved

**INTEND TO ACHIEVE HIGHER STRUCTURAL PROFITABILITY, INVEST IN ORGANIC GROWTH INITIATIVES AND DEPLOY EXCESS CAPITAL**





# Q3 2025 ADJUSTED EPS – SUMMARY WALK



<b>Q3 2024</b>	<b>\$0.33</b>	
OPERATING PERFORMANCE	0.02	Core growth and Adjusted EBITDA margin expansion vs prior year period
INCOME TAX EXPENSE	0.02	Lower effective tax rate
OTHER	0.02	Lower share count, lower interest expense, favorable other income
<b>Q3 2025</b>	<b>\$0.39</b>	



# RECONCILIATIONS – CORE SALES GROWTH

(USD In millions)

## Reconciliation of Core Sales Growth

Net sales for the quarter ended September 27, 2025

Impact on net sales of movements in currency rates

**Core sales for the quarter ended September 27, 2025**

Net sales for the quarter ended September 28, 2024

Increase in net sales

**Increase in net sales on a core basis (core sales)**

Net sales growth

Core sales growth

	Power Transmission	Fluid Power	Q3 2025
Net sales for the quarter ended September 27, 2025	\$ 533.3	\$ 322.4	\$ 855.7
Impact on net sales of movements in currency rates	(8.3)	(2.9)	(11.2)
<b>Core sales for the quarter ended September 27, 2025</b>	<b>\$ 525.0</b>	<b>\$ 319.5</b>	<b>\$ 844.5</b>
Net sales for the quarter ended September 28, 2024	513.4	317.3	830.7
Increase in net sales	19.9	5.1	25.0
<b>Increase in net sales on a core basis (core sales)</b>	<b>\$ 11.6</b>	<b>\$ 2.2</b>	<b>\$ 13.8</b>
Net sales growth	3.9%	1.6%	3.0%
Core sales growth	2.3%	0.7%	1.7%

(USD in millions)

## YTD Reconciliation of Core Sales Growth

Net sales for the nine months ended September 27, 2025

Impact on net sales of movements in currency rates

**Core sales for the nine months ended September 27, 2025**

Net sales for the nine months ended September 28, 2024

Increase (decrease) in net sales

**Increase (decrease) in net sales on a core basis (core sales)**

Net sales growth (decline)

Core sales growth (decline)

	Power Transmission	Fluid Power	FY 2025
Net sales for the nine months ended September 27, 2025	\$ 1,610.6	\$ 976.4	\$ 2,587.0
Impact on net sales of movements in currency rates	3.4	8.3	11.7
<b>Core sales for the nine months ended September 27, 2025</b>	<b>\$ 1,614.0</b>	<b>\$ 984.7</b>	<b>\$ 2,598.7</b>
Net sales for the nine months ended September 28, 2024	1,588.1	990.7	2,578.8
Increase (decrease) in net sales	22.5	(14.3)	8.2
<b>Increase (decrease) in net sales on a core basis (core sales)</b>	<b>\$ 25.9</b>	<b>\$ (6.0)</b>	<b>\$ 19.9</b>
Net sales growth (decline)	1.4%	(1.4%)	0.3%
Core sales growth (decline)	1.6%	(0.6%)	0.8%



# RECONCILIATIONS – ADJUSTED EBITDA & NET LEVERAGE

(USD in millions)

## Reconciliation to Adjusted EBITDA

### Net Income from Continuing Operations

Adjusted for:

	Q3 2025	Q3 2024	YTD 2025	YTD 2024	LTM Q3 2025	LTM Q3 2024	LTM Q2 2025
Net Income from Continuing Operations	\$ 88.7	\$ 55.2	\$ 220.7	\$ 179.3	\$ 261.9	\$ 248.5	\$ 228.4
Income tax expense	6.1	14.0	48.1	60.8	94.8	63.2	102.7
Interest expense	34.9	35.1	93.3	121.7	127.4	160.1	127.6
Other (income) expenses, excluding foreign currency transaction gain or loss and insurance recoveries <sup>(1)</sup>	(4.4)	(3.9)	2.7	(8.5)	(6.6)	1.8	(6.1)
Loss on deconsolidation of Russian subsidiary <sup>(2)</sup>	-	12.8	-	12.8	-	12.8	12.7
Depreciation and amortization	53.6	53.7	159.1	162.8	213.2	217.8	213.3
Transaction-related expenses <sup>(3)</sup>	0.1	0.5	0.5	2.1	1.7	2.2	2.1
Asset impairments	0.4	-	1.2	-	1.2	-	0.8
Restructuring expenses	6.5	2.2	21.1	5.0	22.6	6.3	18.3
Share-based compensation expense	6.7	6.4	22.4	20.2	31.0	28.0	30.7
Inventory write-offs and adjustments <sup>(4)</sup> (included in cost of sales)	2.6	4.4	5.6	21.7	6.2	22.8	8.0
Restructuring-related expenses (included in cost of sales)	2.1	0.9	4.5	0.9	5.4	0.9	4.2
Restructuring-related expenses (included in SG&A)	3.7	1.4	8.3	1.5	9.7	1.6	7.4
Credit gain related to customer bankruptcy (included in SG&A) <sup>(5)</sup>	-	(0.2)	-	(0.1)	-	(0.1)	(0.2)
Cybersecurity incident insurance recovery <sup>(6)</sup>	(5.2)	-	(5.2)	-	(5.2)	0.1	-
Other items not directly related to current operations	-	-	-	0.1	(0.2)	0.1	(0.1)
<b>Adjusted EBITDA</b>	<b>\$ 195.8</b>	<b>\$ 182.5</b>	<b>\$ 582.3</b>	<b>\$ 580.3</b>	<b>\$ 763.1</b>	<b>\$ 766.1</b>	<b>\$ 749.8</b>

## Adjusted EBITDA margin

Net Sales	\$ 855.7	\$ 830.7	\$ 2,587.0	\$ 2,578.8	\$ 3,416.4	\$ 3,442.1	\$ 3,391.4
Adjusted EBITDA	\$ 195.8	\$ 182.5	\$ 582.3	\$ 580.3	\$ 763.1	\$ 766.1	\$ 749.8
<b>Adjusted EBITDA margin</b>	<b>22.9%</b>	<b>22.0%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.3%</b>	<b>22.3%</b>	<b>22.1%</b>

## Reconciliation to Net Leverage

Total principal amount of debt					\$ 2,249.4	\$ 2,394.9	\$ 2,354.2
Less: Cash and cash equivalents					(689.4)	(574.4)	(719.7)
<b>Net Debt</b>					<b>\$ 1,560.0</b>	<b>\$ 1,820.5</b>	<b>\$ 1,634.5</b>
<b>Net Leverage (Net Debt divided by LTM Adjusted EBITDA)</b>					<b>2.0 x</b>	<b>2.4 x</b>	<b>2.2 x</b>
<b>Net Leverage Change YoY</b>					<b>(.4 x)</b>		
<b>Net Leverage Change QoQ</b>					<b>(.2 x)</b>		



# RECONCILIATIONS – ADJ. EBITDA & NET LEVERAGE (CONT.)

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- (1) Other (income) expenses excludes foreign currency transaction losses and insurance recoveries of \$9.9 million, \$7.8 million and \$1.1 million during the three, nine and twelve months ended September 27, 2025, respectively, and foreign currency transaction loss of \$2.7 million, \$3.6 million gain and \$6.3 million during the three, nine and twelve months ended September 28, 2024, respectively.
- (2) 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.
- (3) 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.
- (4) Inventory write-offs and adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis. During the three, nine and twelve months ended September 27, 2025, inventory write-offs and adjustments included \$2.6 million, \$3.0 million and \$6.2 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a LIFO basis.
- (5) 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.
- (6) In July 2025, we received insurance recoveries related to a previously disclosed cybersecurity incident that occurred in February 2023 for which we previously excluded \$5.2 million of expenses from Adjusted EBITDA.



# RECONCILIATIONS – SEGMENT ADJUSTED EBITDA

(USD in millions)

## Reconciliation to Segment Adjusted EBITDA Margin

	Q3 2025	Q3 2024	Change	YTD Q3 2025	YTD Q3 2024	Change
Power Transmission Net Sales	\$ 533.3	\$ 513.4	\$ 19.9	\$ 1,610.6	\$ 1,588.1	\$ 22.5
Power Transmission Adjusted EBITDA	\$ 122.1	\$ 113.0	\$ 9.1	\$ 361.6	\$ 355.8	\$ 5.8
Adjusted EBITDA Margin	22.9%	22.0%	90 bps	22.5%	22.4%	10 bps
Fluid Power Net Sales	\$ 322.4	\$ 317.3	\$ 5.1	\$ 976.4	\$ 990.7	\$ (14.3)
Fluid Power Adjusted EBITDA	\$ 73.7	\$ 69.5	\$ 4.2	\$ 220.7	\$ 224.5	\$ (3.8)
Adjusted EBITDA Margin	22.9%	21.9%	100 bps	22.6%	22.7%	-10 bps
Total Net Sales	\$ 855.7	\$ 830.7	\$ 25.0	\$ 2,587.0	\$ 2,578.8	\$ 8.2
Total Adjusted EBITDA	\$ 195.8	\$ 182.5	\$ 13.3	\$ 582.3	\$ 580.3	\$ 2.0
Adjusted EBITDA Margin	22.9%	22.0%	90 bps	22.5%	22.5%	0 bps
Net Income From Continuing Operations	\$ 88.7	\$ 55.2	\$ 33.5	\$ 220.7	\$ 179.3	\$ 41.4
Net Income From Continuing Operations Margin	10.4%	6.6%	380 bps	8.5%	7.0%	150 bps



# RECONCILIATIONS – ADJUSTED NET INCOME

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

## Reconciliation to Adjusted Net Income

### Net Income Attributable to Shareholders

Adjusted for:

	Q3 2025	Q3 2024	YTD 2025	YTD 2024	LTM Q3 2025	LTM Q3 2024
Net Income Attributable to Shareholders	\$ 81.6	\$ 47.6	\$ 200.1	\$ 158.3	\$ 236.7	\$ 221.2
Loss on the disposal of discontinued operations	0.1	0.1	0.7	0.5	0.8	0.6
Loss on deconsolidation of Russian subsidiary <sup>(1)</sup>	-	12.8	-	12.8	(0.1)	12.8
Amortization of intangible assets arising from the 2014 acquisition of Gates	29.2	28.8	86.5	86.8	115.2	115.7
Transaction-related expenses <sup>(2)</sup>	0.1	0.5	0.5	2.1	1.7	2.2
Asset impairments	0.4	-	1.2	-	1.2	-
Restructuring expenses	6.5	2.2	21.1	5.0	22.6	6.3
Restructuring related expenses (included in cost of sales)	2.1	0.9	4.5	0.9	5.4	0.9
Restructuring related expenses (included in SG&A)	3.7	1.4	8.3	1.5	9.7	1.4
Share-based compensation expense	6.7	6.4	22.4	20.2	31.0	28.0
Inventory write-offs and adjustments <sup>(3)</sup> (included in cost of sales)	2.6	4.4	5.6	21.7	6.2	22.8
Adjustments relating to post-retirement benefits	0.4	(0.6)	1.3	(1.9)	0.6	(2.7)
Financing and other FX related (gains) losses	(2.7)	0.6	8.3	(0.9)	2.2	15.8
Cybersecurity incident insurance recovery <sup>(4)</sup>	(5.2)	-	(5.2)	-	(5.2)	-
Loss on extinguishment of debt <sup>(5)</sup>	-	-	-	14.8	-	14.8
Credit gain related to customer bankruptcy (included in SG&A)	-	(0.2)	-	(0.1)	-	(0.1)
Discrete tax items <sup>(6)</sup>	(13.5)	(7.8)	(20.6)	(8.3)	11.1	(14.4)
Other adjustments	(1.8)	(1.2)	(4.6)	(4.7)	(6.9)	(4.7)
Estimated tax effect of the above adjustments	(9.5)	(9.0)	(34.4)	(34.5)	(43.0)	(47.8)
<b>Adjusted Net Income</b>	<b>\$ 100.7</b>	<b>\$ 86.9</b>	<b>\$ 295.7</b>	<b>\$ 274.2</b>	<b>\$ 389.2</b>	<b>\$ 372.8</b>
Diluted weighted average number of shares outstanding	261,555,255	263,441,572	261,084,177	265,855,068		
<b>GAAP Net Income per diluted share</b>	<b>\$ 0.31</b>	<b>\$ 0.18</b>	<b>\$ 0.77</b>	<b>\$ 0.60</b>		
<b>Adjusted Net Income per diluted share</b>	<b>\$ 0.39</b>	<b>\$ 0.33</b>	<b>\$ 1.13</b>	<b>\$ 1.03</b>		
<b>YoY Adjusted Net Income per diluted share</b>	<b>18.2%</b>		<b>9.7%</b>			



# RECONCILIATIONS – ADJUSTED NET INCOME (CONT.)

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- (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) 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.
  - (3) Inventory write-offs and adjustments include the reversal of the adjustment to remeasure certain inventories on a Last-in-First-out ("LIFO") basis. During the three, nine and twelve months ended September 27, 2025, inventory write-offs and adjustments included \$2.6 million, \$3.0 million and \$6.2 million, respectively, for the reversal of the adjustment to remeasure certain inventories on a LIFO basis.
  - (4) In July 2025, we received insurance recoveries related to a previously disclosed cybersecurity incident that occurred in February 2023 for which we previously excluded \$5.2 million of expenses from Adjusted Net Income.
  - (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) Discrete tax items include changes in uncertain tax positions relating to prior years, changes in tax laws or rates, changes in valuation allowances, excess tax benefits on stock option exercises, and prior year adjustments in various foreign jurisdictions in which returns were filed.



# RECONCILIATIONS – FREE CASH FLOW & FREE CASH FLOW CONVERSION

(USD In millions)

## Reconciliation of Free Cash Flow

Net Cash Provided By Operating Activities  
Capital Expenditures <sup>(1)</sup>

**Free Cash Flow**

**YoY Free Cash Flow Change**

	Q3 2025	Q3 2024	YTD Q3 2025	YTD Q3 2024	LTM Q3 2025	LTM Q3 2024
\$	98.0	\$ 115.9	\$ 208.3	\$ 188.7	\$ 399.2	\$ 378.0
	(24.8)	(28.0)	(80.4)	(73.3)	(113.8)	(97.5)
<b>\$</b>	<b>73.2</b>	<b>\$ 87.9</b>	<b>\$ 127.9</b>	<b>\$ 115.4</b>	<b>\$ 285.4</b>	<b>\$ 280.5</b>
	-17%					

(USD in millions)

## Reconciliation of Free Cash Flow Conversion

Free Cash Flow  
Adjusted Net Income

**Free Cash Flow Conversion**

	Q3 2025	Q3 2024	YTD Q3 2025	YTD Q3 2024	LTM Q3 2025	LTM Q3 2024
\$	73.2	\$ 87.9	\$ 127.9	\$ 115.4	\$ 285.4	\$ 280.5
\$	100.7	\$ 86.9	\$ 295.7	\$ 274.2	\$ 389.2	\$ 372.8
	<b>72.7%</b>	<b>101.2%</b>	<b>43.3%</b>	<b>42.1%</b>	<b>73.3%</b>	<b>75.3%</b>



# RECONCILIATIONS – RETURN ON INVESTED CAPITAL (ROIC)

(USD in millions)

## Return On Invested Capital (ROIC)

### LTM Adjusted EBITDA

LTM Total depreciation and amortization

LTM Amortization of intangible assets arising from the 2014 acquisition of Gates

### LTM Adjusted EBIT

Notional tax at 25%

### LTM Tax-effected Adjusted EBIT

Total Assets

Adjusted for:

Cash

Taxes receivable

Deferred tax assets

Prepaid taxes

Accounts payable

Intangibles arising from the acquisition of Gates

### Invested Capital

### Return On Invested Capital

Change YoY

Change QoQ

	LTM Q3 2025	LTM Q3 2024	LTM Q2 2025
<b>LTM Adjusted EBITDA</b>	\$ 763.1	\$ 766.1	\$ 749.8
LTM Total depreciation and amortization	(213.2)	(217.8)	(213.3)
LTM Amortization of intangible assets arising from the 2014 acquisition of Gates	115.2	115.7	114.8
<b>LTM Adjusted EBIT</b>	<b>665.1</b>	<b>664.0</b>	<b>651.3</b>
Notional tax at 25%	(166.3)	(166.0)	(162.8)
<b>LTM Tax-effected Adjusted EBIT</b>	<b>\$ 498.8</b>	<b>\$ 498.0</b>	<b>\$ 488.5</b>
Total Assets	\$ 7,149.7	\$ 7,121.5	\$ 7,217.8
Adjusted for:			
Cash	(689.4)	(574.4)	(719.7)
Taxes receivable	(62.9)	(81.5)	(59.7)
Deferred tax assets	(627.1)	(643.5)	(628.6)
Prepaid taxes	(15.5)	(14.0)	(15.5)
Accounts payable	(385.3)	(427.5)	(411.3)
Intangibles arising from the acquisition of Gates	(3,057.9)	(3,148.6)	(3,089.1)
<b>Invested Capital</b>	<b>\$ 2,311.6</b>	<b>\$ 2,232.0</b>	<b>\$ 2,293.9</b>
<b>Return On Invested Capital</b>	<b>21.6%</b>	<b>22.3%</b>	<b>21.3%</b>
<b>Change YoY</b>	<b>-70 bps</b>		
<b>Change QoQ</b>	<b>30 bps</b>		