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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from ______ to ______

Commission File Number: 001-41710

Atmus Filtration Technologies Inc.

(Exact name of registrant as specified in its charter)

Delaware	**88-1611079**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
26 Century Boulevard Nashville , Tennessee	**37214**
(Address of principal executive offices)	(Zip Code)

(615) 514-7339
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	ATMU	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the

registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

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

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	o
		Emerging growth company	o

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

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

At October 31, 2024, there were 83,096,053 shares of the registrant’s Common Stock outstanding.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

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In this report, for all periods presented, “we,” “us,” “our,” the “Company” and “Atmus” refer to Atmus Filtration Technologies Inc. and its subsidiaries.

Part I - Financial Information

Item 1. Financial Statements

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME

(in millions of U.S. dollars, except per share data)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
NET SALES[(a)]	**$ 403.7**	$ 396.2	**$ 1,262.9**	$ 1,228.4
Cost of sales	**292.4**	293.3	**907.9**	901.3
GROSS MARGIN	**111.3**	102.9	**355.0**	327.1
OPERATING EXPENSES AND INCOME				
Selling, general and administrative expenses	**46.4**	41.3	**138.8**	126.4
Research, development and engineering expenses	**9.7**	11.1	**30.2**	33.2
Equity, royalty and interest income from investees	**8.1**	8.1	**26.7**	24.8
Other operating expense (income), net	**0.1**	(0.2)	**1.1**	0.1
OPERATING INCOME	**63.2**	58.8	**211.6**	192.2
Interest expense	**10.4**	11.0	**31.4**	15.2
Other income, net	**0.9**	1.1	**3.7**	2.2
INCOME BEFORE INCOME TAXES	**53.7**	48.9	**183.9**	179.2
Income tax expense	**9.9**	11.3	**38.4**	42.7
NET INCOME	**$ 43.8**	$ 37.6	**$ 145.5**	$ 136.5
PER SHARE DATA:				
Weighted-average shares for basic EPS	**83.2**	83.3	**83.3**	83.3
Weighted-average shares for diluted EPS	**83.6**	83.4	**83.6**	83.4
Basic earnings per share	**$ 0.53**	$ 0.45	**$ 1.75**	$ 1.64
Diluted earnings per share	**$ 0.52**	$ 0.45	**$ 1.74**	$ 1.64

(a) Includes sales to related parties of $ 12.5 million and $ 112.2 million for the three and nine months ended September 30, 2024, respectively, compared with $ 86.9 million and $ 263.2 million for the three and nine months ended September 30, 2023, respectively.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of U.S. dollars)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
NET INCOME	**$ 43.8**	$ 37.6	**$ 145.5**	$ 136.5
Other comprehensive income (loss), net of tax				
Change in pension and other postretirement defined benefit plans	**—**	0.8	**—**	0.8
Foreign currency translation adjustments	**10.2**	(6.9)	**(0.6)**	(9.0)
Total other comprehensive income (loss), net of tax	**10.2**	(6.1)	**(0.6)**	(8.2)
COMPREHENSIVE INCOME	**$ 54.0**	$ 31.5	**$ 144.9**	$ 128.3

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars, except share data)

(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Cash and cash equivalents	$ 196.8	$ 168.0
Accounts and notes receivable, net	257.8	246.8
Inventories	282.1	250.0
Prepaid expenses and other current assets	42.1	28.2
Total current assets	778.8	693.0
Property, plant and equipment, net	191.9	174.6
Investments and advances related to equity method investees	84.1	84.8
Goodwill	84.7	84.7
Other assets	78.6	51.5
TOTAL ASSETS	$ 1,218.1	$ 1,088.6
LIABILITIES		
Accounts payable	$ 228.7	$ 236.6
Accrued compensation, benefits and retirement costs	37.7	41.8
Current portion of accrued product warranty	4.9	5.4
Current maturities of long-term debt	18.8	7.5
Other accrued expenses	78.2	83.7
Total current liabilities	368.3	375.0
Long-term debt	577.5	592.5
Accrued product warranty	7.8	8.6
Other liabilities	43.3	31.8
TOTAL LIABILITIES	996.9	1,007.9
Commitments and contingencies (Note 10)		
EQUITY		
Common stock, $ 0.0001 par value (2,000,000,000 shares authorized, 83,384,194 and 83,297,796 shares issued at September 30, 2024 and December 31, 2023, respectively)	—	—
Additional paid-in capital	59.5	49.7
Retained earnings	228.5	87.2
Accumulated other comprehensive loss	(56.8)	(56.2)
Treasury stock, at cost (307,591 shares at September 30, 2024 and no shares at December 31, 2023)	(10.0)	—
TOTAL EQUITY	221.2	80.7
TOTAL LIABILITIES AND EQUITY	$ 1,218.1	$ 1,088.6

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of U.S. dollars)

(Unaudited)

	For the Nine Months Ended September 30,	
	2024	**2023**
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income	**$ 145.5**	$ 136.5
Adjustments to reconcile net income to operating cash flows:		
Depreciation and amortization	**17.8**	16.1
Deferred income taxes	**(6.5)**	1.6
Equity in income of investees, net of dividends	**0.6**	(3.0)
Foreign currency remeasurement and transaction exposure	**(2.0)**	(4.7)
Changes in current assets and liabilities:		
Trade and other receivables	**(10.7)**	(5.1)
Inventories	**(32.3)**	(1.0)
Prepaid expenses and other current assets	**(13.9)**	(15.2)
Accounts payable	**(11.7)**	(3.8)
Other accrued expenses	**(13.3)**	27.1
Changes in other liabilities	**6.9**	(0.5)
Other, net	**5.0**	(0.7)
Net cash provided by operating activities	**85.4**	147.3
CASH USED IN INVESTING ACTIVITIES		
Capital expenditures	**(38.6)**	(29.6)
Net cash used in investing activities	**(38.6)**	(29.6)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long-term debt proceeds	**—**	650.0
Payments on long-term debt	**(3.8)**	(50.0)
Repurchases of Common stock	**(10.0)**	—
Dividends paid	**(4.2)**	—
Net transfers to Parent	**—**	(580.3)
Other, net	**—**	1.4
Net cash (used in) provided by financing activities	**(18.0)**	21.1
Net increase in cash and cash equivalents	**28.8**	138.8
Cash and cash equivalents at beginning of period	**168.0**	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 196.8**	$ 138.8
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash investing and financing activities:		
Non-cash Other accrued expenses[(a)]	**$ (2.8)**	$ —
Non-cash Changes in other liabilities[(a)]	**(4.0)**	—
Non-cash Other, net[(a)]	**6.8**	—
Non-cash settlements with Parent	**—**	29.4

(a) Includes non-cash adjustments associated with the assumption of leases related to our production facility in Mexico.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of U.S. dollars)

(Unaudited)

	Common Stock	Net Parent Investment	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Equity
Three Months Ended September 30, 2024							
Balances at July 01, 2024	**$ —**	**$ —**	**$ 56.2**	**$ 188.9**	**$ (67.0)**	**$ —**	**$ 178.1**
Net income	**—**	**—**	**—**	**43.8**	**—**	**—**	**43.8**
Other comprehensive income, net of tax	**—**	**—**	**—**	**—**	**10.2**	**—**	**10.2**
Share-based awards	**—**	**—**	**3.3**	**—**	**—**	**—**	**3.3**
Common stock repurchased	**—**	**—**	**—**	**—**	**—**	**(10.0)**	**(10.0)**
Cash dividends declared ($ 0.05 per share)	**—**	**—**	**—**	**(4.2)**	**—**	**—**	**(4.2)**
Balances at September 30, 2024	**$ —**	**$ —**	**$ 59.5**	**$ 228.5**	**$ (56.8)**	**$ (10.0)**	**$ 221.2**
Nine Months Ended September 30, 2024							
Balances at January 01, 2024	**$ —**	**$ —**	**$ 49.7**	**$ 87.2**	**$ (56.2)**	**$ —**	**$ 80.7**
Net income	**—**	**—**	**—**	**145.5**	**—**	**—**	**145.5**
Other comprehensive loss, net of tax	**—**	**—**	**—**	**—**	**(0.6)**	**—**	**(0.6)**
Share-based awards	**—**	**—**	**9.8**	**—**	**—**	**—**	**9.8**
Common stock repurchased	**—**	**—**	**—**	**—**	**—**	**(10.0)**	**(10.0)**
Cash dividends declared ($ 0.05 per share)	**—**	**—**	**—**	**(4.2)**	**—**	**—**	**(4.2)**
Balances at September 30, 2024	**$ —**	**$ —**	**$ 59.5**	**$ 228.5**	**$ (56.8)**	**$ (10.0)**	**$ 221.2**
Three Months Ended September 30, 2023							
Balances at July 01, 2023	$ —	$ —	$ 44.6	$ 14.8	$ (57.9)	$ —	$ 1.5
Net income	—	—	—	37.6	—	—	37.6
Other comprehensive loss, net of tax	—	—	—	—	(6.1)	—	(6.1)
Share-based awards	—	—	1.4	—	—	—	1.4
Balances at September 30, 2023	$ —	$ —	$ 46.0	$ 52.4	$ (64.0)	$ —	$ 34.4
Nine Months Ended September 30, 2023							
Balances at January 01, 2023	$ —	$ 511.4	$ —	$ —	$ (55.8)	$ —	$ 455.6
Net income	—	84.1	—	52.4	—	—	136.5
Other comprehensive loss, net of tax	—	—	—	—	(8.2)	—	(8.2)
Share-based awards	—	—	1.4	—	—	—	1.4
Net transfers (to) from Parent	—	(595.5)	44.6	—	—	—	(550.9)
Balances at September 30, 2023	$ —	$ —	$ 46.0	$ 52.4	$ (64.0)	$ —	$ 34.4

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ATMUS FILTRATION TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1. DESCRIPTION OF THE BUSINESS

Atmus Filtration Technologies Inc. (“Atmus” or the “Company”) is one of the global leaders of filtration products for on-highway commercial vehicles and off-highway agriculture, construction, mining and power generation vehicles and equipment. Atmus designs and manufactures advanced filtration products, principally under the Fleetguard brand, that provide superior asset protection and enable lower emissions. Approximately 19 % of Atmus’ net sales in 2023 were generated through first-fit sales to OEMs, where its products are installed as components for new vehicles and equipment. Approximately 81 % of Atmus’ net sales in 2023 were generated in the aftermarket, where its products are installed as replacement or repair parts, leading to a strong recurring revenue base. Building on its more than 65-year history, Atmus continues to grow and differentiate itself through its global footprint, comprehensive offering of premium products, technology leadership and multi-channel path to market.

In April 2022, Cummins Inc. (“Cummins”) announced its intention to separate its filtration business (the “Filtration Business”) into a standalone publicly traded company (the “Separation”). In preparation for the Separation from Cummins, Atmus, as its predecessor in interest, was incorporated as a wholly-owned subsidiary of Cummins in Delaware on April 1, 2022 in connection with the planned Separation. Prior to the completion of Atmus’ initial public offering (the “IPO”), Cummins completed, in all material respects, the transfer of the assets and liabilities of the Filtration Business to Atmus and its subsidiaries as detailed in the separation agreement Atmus entered into with Cummins.

On September 30, 2022, and as amended on February 15, 2023, Atmus entered into a $ 1.0 billion credit agreement (“Credit Agreement”) with a syndicate of banks, providing for a $ 600 million term loan facility (the “term loan”) and a $ 400 million revolving credit facility (the “revolving credit facility”), in anticipation of the Separation. Borrowings under the Credit Agreement did not become available until the IPO occurred. The facilities covered by the Credit Agreement will mature on September 30, 2027.

Atmus’ Registration Statement on Form S-1, as amended, filed with the Securities and Exchange Commission (“Commission”) on May 16, 2023, was declared effective on May 25, 2023, and Atmus’ common shares began trading on the New York Stock Exchange under the symbol “ATMU” on May 26, 2023. On May 30, 2023, the IPO was completed through the sale on behalf of certain commercial paper holders of Cummins of 16,243,070 shares of common stock, including the underwriters’ full exercise of their 30-day option to purchase an additional 2,118,661 shares to cover over-allotments. None of the proceeds of the IPO were for the benefit of Atmus. As of the closing of the IPO, Cummins owned approximately 80.5 % of the outstanding shares of Atmus common stock.

Upon completion of the IPO, Atmus borrowed $ 650 million, consisting of proceeds of the term loan and amounts drawn under the revolving credit facility, and paid such amounts to Cummins in partial consideration for the Separation.

On February 14, 2024, Cummins announced an exchange offer whereby Cummins shareholders could exchange all or a portion of Cummins common stock for shares of Atmus common stock owned by Cummins. The divestiture of Atmus shares by Cummins was completed on March 18, 2024 and resulted in the full separation of Atmus and divestiture of Cummins’ entire ownership and voting interest in Atmus (“Full Separation”).

NOTE 2. BASIS OF PRESENTATION

As Atmus became a publicly traded company upon the IPO, its financial statements are now presented on a consolidated basis. In preparation for the IPO, the Company’s historical combined financial statements were prepared on a standalone basis, which reflected a combination of entities under common control that had been “carved out” of and derived from the historical consolidated financial statements and accounting records of Cummins.

The unaudited financial statements for all periods presented, including the historical results of the Company prior to May 26, 2023, are now referred to as “Condensed Consolidated Financial Statements”, and have been prepared pursuant to the rules and regulations of the Commission for interim financial information. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) have been omitted. It is management’s opinion that these financial statements include all normal and recurring adjustments necessary for a fair statement of Atmus’ results of operations, financial position and cash flows. Results of operations for any interim period are not necessarily indicative of future or annual results. These interim statements should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2023.

Periods Prior to the IPO

Prior to the IPO, Atmus, previously the Filtration Business of Cummins, functioned as part of the larger group of businesses controlled by Cummins and accordingly, utilized centralized functions of Cummins, such as facilities and information technology, to support its operations. A portion of the shared service costs were historically allocated to the Filtration Business. Cummins also performed certain corporate functions for the Filtration Business. The corporate expenses related to the Filtration Business were allocated from Cummins. These allocated costs primarily related to certain governance and corporate functions, including finance, human resources, investor relations, legal, tax, treasury and certain other costs. Where it was possible to specifically attribute such expenses to activities of the Filtration Business, these amounts were charged or credited directly to the Filtration Business without allocation or apportionment. Allocation of other such expenses was based on a reasonable reflection of the utilization of the service provided or benefit received by the Filtration Business for the periods presented prior to the Separation, on a consistent basis, such as a relative percentage of headcount and third-party sales. The aggregate costs allocated for these functions to the Filtration Business are included within the unaudited Condensed Consolidated Statements of Net Income for the periods presented prior to the Separation.

Management believes these cost allocations were a reasonable reflection of the utilization of services provided to, or the benefit derived by, the Filtration Business during the period prior to the IPO, though the allocations may not be indicative of the actual costs that would have been incurred had the Filtration Business operated as a standalone public company. Actual costs that may have been incurred if the Filtration Business had been a standalone company would depend on a number of factors, including the chosen organizational structure, whether functions were outsourced or performed by the Filtration Business employees, and strategic decisions made in areas such as manufacturing, selling and marketing, research and development, information technology and infrastructure.

Historically, Atmus’ cash was transferred to Cummins on a daily basis. This arrangement was not reflective of the manner in which Atmus would have been able to finance its operations had it been a standalone business separate from Cummins during each of the periods presented.

Cummins’ debt and related interest expense were not allocated to Atmus for any of the periods presented since Atmus was not the legal obligor of the debt and Cummins’ borrowings were not directly attributable to Atmus.

As the separate legal entities that made up the Filtration Business were not historically held by a single legal entity, Cummins’ net investment in this business (“Net Parent Investment”) was presented in lieu of a controlling interest’s equity in the Condensed Consolidated Financial Statements.

For the Filtration Business, transactions with Cummins affiliates were included in the Condensed Consolidated Statements of Net Income and related balances were reflected as related party receivables and related party payables. Other balances between the Filtration Business and Cummins were considered to be effectively settled in the Condensed Consolidated Financial Statements at the time the transactions were recorded.

As of the IPO Date

In connection with the Separation, Atmus entered into various agreements with Cummins, including a separation agreement. In the separation agreement, there were certain assets and liabilities identified in the schedules, including leases and unrecognized tax liabilities, which were retained by Cummins and were reflected as Net Parent Investment in the Company’s Condensed Consolidated Financial Statements, and those that were transferred to the Company, including additional pension assets, other compensation obligations and certain other assets and liabilities, which were transferred to the Company through Net Parent Investment in the Company’s Condensed Consolidated Financial Statements. These various agreements comprehensively provide a framework for our relationship with Cummins and govern various interim and ongoing relationships between us and Cummins post IPO.

As part of the Separation, Net Parent Investment was reclassified as Additional Paid-in Capital.

Periods Post IPO

Following the IPO, certain services continue to be provided by Cummins under the transition services agreement. The Company incurred certain costs in its establishment as a standalone public company and expects to incur ongoing additional costs associated with operating as an independent, publicly traded company.

Post IPO, Atmus filed a consolidated Federal income tax return and returns in certain other jurisdictions with Cummins.

Post IPO, Retained earnings began to accumulate and the balance reflected on the Condensed Consolidated Balance Sheets reflects earnings for the period May 26, 2023 through September 30, 2024.

Periods Post Full Separation

Following Full Separation, Cummins will continue to provide certain services to Atmus under the transition services agreement. The transition services agreement relates primarily to administrative services, which are generally to be provided through May 2025. Atmus will continue to pay Cummins mutually agreed upon fees for these services.

Post Full Separation, Cummins is no longer considered a related party and activity post March 18, 2024, between Atmus and Cummins has been treated as arm’s-length transactions.

Atmus files tax returns in all jurisdictions on its own behalf post Full Separation, and tax balances and effective income tax rates may differ from the amounts reported in the historical periods .

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Estimates and Judgments

Preparation of financial statements requires management to make estimates and assumptions that affect reported amounts presented and disclosed in our interim Condensed Consolidated Financial Statements. Significant estimates and assumptions in these interim Condensed Consolidated Financial Statements require the exercise of judgment. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

Recent Accounting Pronouncements Not Yet Adopted

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (ASU) No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires a public entity to disclose significant segment expenses and other segment items on an annual and interim basis and provide in interim periods all disclosures about a reportable segment’s profit or loss and assets that are currently required annually. Additionally, it requires a public entity to disclose the title and position of the Chief Operating Decision Maker. The ASU does not change how a public entity identifies its operating segments, aggregates them, or applies the quantitative thresholds to determine its reportable segments. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. A public entity should apply the amendments in this ASU retrospectively to all prior periods presented in the financial statements. We expect this ASU to impact our disclosures with no impact to our results of operations, cash flows or financial condition.

Income Taxes (Topic 740): Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09: Income Taxes (Topic 740): Improvements to Income Tax Disclosures that requires entities to disclose additional information about federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. The new standard also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The guidance is effective for our fiscal year ending December 31, 2025, with early adoption permitted. The guidance does not affect recognition or measurement in our consolidated financial statements. We expect this ASU to impact our disclosures with no impact to our results of operations, cash flows or financial condition.

NOTE 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Revenue by Geographic Area

The table below presents Atmus' combined sales by geographic area. Net sales attributed to geographic areas were based on the location of the customer.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
	(in millions)			
United States	**$ 190.9**	$ 180.2	**$ 592.5**	$ 567.2
Other international	**212.8**	216.0	**670.4**	661.2
Total net sales	**$ 403.7**	$ 396.2	**$ 1,262.9**	$ 1,228.4

Revenue by Product Category

The table below presents Atmus' combined sales by product category:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
	(in millions)			
Fuel	**$ 173.3**	$ 167.8	**$ 546.0**	$ 536.1
Lube	**78.4**	76.8	**242.4**	228.5
Air	**70.9**	69.7	**217.4**	214.6
Other	**81.1**	81.9	**257.1**	249.2
Total net sales	**$ 403.7**	$ 396.2	**$ 1,262.9**	$ 1,228.4

NOTE 5. EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES

Equity, royalty and interest income from investees, net of applicable taxes, was as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Fleetguard Filters Pvt. Ltd.	**$ 5.3**	$ 5.5	**$ 17.5**	$ 16.3
Shanghai Fleetguard Filter Co. Ltd	**1.2**	1.2	**4.2**	3.8
Filtrum Fibretechnologies Pvt. Ltd	**0.1**	—	**0.3**	0.2
Atmus share of net income	**6.6**	6.7	**22.0**	20.3
Royalty and interest income	**1.5**	1.4	**4.7**	4.5
Equity, royalty and interest income from investees	**$ 8.1**	$ 8.1	**$ 26.7**	$ 24.8

NOTE 6. INCOME TAXES

In connection with the Separation, the Company entered into a tax matters agreement with Cummins that, among other things, formalized our agreement related to the responsibility for historical tax positions for the period prior to the IPO for jurisdictions where our business was included in the consolidated or combined tax returns of Cummins.

Atmus' effective tax rate for the three and nine months ended September 30, 2024, was 18.4 % and 20.9 %, respectively. Atmus' effective tax rate for the three and nine months ended September 30, 2023, was 23.1 % and 23.8 %, respectively. The decrease in the effective tax rate was driven by a change in the mix of earnings among tax jurisdictions and discrete tax items. The Company's effective tax rate differs from the U.S. statutory rate primarily due to differences in rates applicable to foreign subsidiaries, withholding taxes and state income taxes.

The Organization for Economic Co-operation and Development introduced a framework to impose a global minimum tax rate of 15% for certain companies, referred to as Pillar 2, with certain aspects of Pillar 2 effective as of January 1, 2024. During 2023, numerous countries enacted legislation to incorporate Pillar 2 model rule concepts into their domestic laws and other countries are in the process of introducing legislation to implement Pillar 2. Based on our evaluation of the impact of this legislation, based on Atmus' current global landscape, Pillar 2 has not yet had, nor do we expect it to have, a material impact on our effective tax rate or our business, financial condition, results of operations or cash flows. We will continue to update our analysis and monitor the ongoing legislation.

NOTE 7. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Inventories included the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Finished products	**$ 220.7**	$ 179.2
Work-in-process and raw materials	**98.0**	101.1
Inventories at FIFO cost	**318.7**	280.3
Excess of FIFO over LIFO	**(36.6)**	(30.3)
Total inventories	**$ 282.1**	$ 250.0

NOTE 8. PRODUCT WARRANTY LIABILITY

A tabular reconciliation of the product warranty liability, including accrued product campaigns, was as follows:

	For the Nine Months Ended September 30,	
	2024	2023
	(in millions)	
Balance, beginning of year	$ 14.0	$ 15.5
Provision for base warranties issued	4.5	6.8
Payments made during period	(4.3)	(5.4)
Changes in estimates for pre-existing product warranties	(1.6)	(4.8)
Foreign currency translation and other	0.1	(0.2)
Balance, end of period	$ 12.7	$ 11.9

Warranty liabilities included in Atmus' Condensed Consolidated Balance Sheets were as follows:

	September 30, 2024	December 31, 2023
	(in millions)	
Current portion	$ 4.9	$ 5.4
Long-term portion	7.8	8.6
Total	$ 12.7	$ 14.0

NOTE 9. DEBT AND BORROWING ARRANGEMENTS

Atmus entered into the Credit Agreement with a syndicate of banks, providing for a term loan and a revolving credit facility, in anticipation of the Separation. Borrowings under the Credit Agreement did not become available under the Credit Agreement until the IPO occurred. The facilities covered by the Credit Agreement will mature on September 30, 2027.

Upon completion of the IPO, we borrowed $ 650 million under the Credit Agreement, consisting of proceeds of the term loan and amounts drawn under the revolving credit facility, and paid such amounts to Cummins in partial consideration for the Separation.

Borrowings under the Credit Agreement bear interest at varying rates, depending on the type of loan and, in some cases, the rates of designated benchmarks and the applicable election made. Generally, U.S. dollar-denominated loans bear interest at an adjusted term Secured Overnight Financing Rate ("SOFR") (which includes a 0.1 percent credit spread adjustment to SOFR) for the applicable interest period plus a rate ranging from 1.125 percent to 1.75 percent depending on Atmus' net leverage ratio. As of September 30, 2024, $ 596.2 million has been drawn on the term loan and no amount was drawn on the revolving credit facility. These amounts are included within Long-term debt and Current maturities of long-term debt on the Balance Sheet. As of September 30, 2024, Atmus' fair value of Long-term debt was approximately $ 596.2 million, which was derived from Level 2 input measures.

Our credit lines available as of September 30, 2024 and December 31, 2023 include:

	As of September 30, 2024		As of December 31, 2023	
	Facility Amount	Borrowed Amount	Facility Amount	Borrowed Amount
	(in millions)			
Credit facilities:				
Term loan September 30, 2027 (1)	$ 600.0	$ 596.2	$ 600.0	$ 600.0
Revolving credit facility September 30, 2027 (1)	400.0	—	400.0	—

(1) Atmus maintains a term loan facility and a revolving credit facility as part of the Credit Agreement. The Credit Agreement includes financial covenants that Atmus maintain certain net leverage, secured net leverage and interest coverage ratios. At September 30, 2024, Atmus was in compliance with all financial covenants under the Credit Agreement. The Credit Agreement also contains customary representations, events of default and covenants, including restrictions on the level of borrowing.

Over the next five years, aggregate principal maturities of our long-term debt are (in millions):

2024	2025	2026	2027	2028	Thereafter	Total
$ 3.8	$ 22.4	$ 30.0	$ 540.0	$ —	$ —	$ 596.2

NOTE 10. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is subject to lawsuits and claims arising out of the ordinary course of its business. The Company does not have any currently pending claims or litigation that the Company believes, individually or in the aggregate, will have a material adverse effect on its financial position, results of operations, cash flows, liquidity or capital resources. Atmus carries various forms of commercial, property and casualty, product liability and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against Atmus with respect to these lawsuits, claims and proceedings. While the Company believes it has established adequate accruals for our expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based upon presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on Atmus' business, results of operations, financial condition or cash flows.

Indemnifications

Periodically, Atmus enters various contractual arrangements where it agrees to indemnify a third-party against certain types of losses. Atmus regularly evaluates the probability of having to incur costs associated with these indemnities and accrue for expected losses that are probable. Because the indemnifications are not related to specified known liabilities, and due to their uncertain nature, Atmus is unable to estimate the maximum amount of the potential loss associated with these indemnifications.

NOTE 11. ACCUMULATED OTHER COMPREHENSIVE LOSS

Following are the changes in Accumulated other comprehensive (loss) income by component for the three and nine months ended September 30, 2024 and September 30, 2023:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
	(in millions)			
Currency translation adjustments:				
Balance at beginning of period	**$ (66.9)**	$ (58.8)	**$ (56.1)**	$ (56.7)
Currency translation adjustments	**10.2**	(6.9)	**(0.6)**	(9.0)
Other comprehensive income (loss), net	**10.2**	(6.9)	**(0.6)**	(9.0)
Balance at end of period	**(56.7)**	(65.7)	**(56.7)**	(65.7)
Pensions and other benefit plans:				
Balance at beginning of period	**$ (0.1)**	$ 0.9	**$ (0.1)**	$ 0.9
Other comprehensive income (loss), net	**—**	0.8	**—**	0.8
Balance at end of period	**(0.1)**	1.7	**(0.1)**	1.7
Accumulated other comprehensive loss:				
Balance at beginning of period	**$ (67.0)**	$ (57.9)	**$ (56.2)**	$ (55.8)
Total other comprehensive income (loss), net	**10.2**	(6.1)	**(0.6)**	(8.2)
Balance at end of period	**$ (56.8)**	$ (64.0)	**$ (56.8)**	$ (64.0)

NOTE 12. SHARE REPURCHASE PROGRAM

Effective July 17, 2024, Atmus' Board of Directors authorized a $ 150 million share repurchase program. The program does not have an expiration date and may be suspended or discontinued at any time. Repurchases under the program are determined by management and are wholly discretionary.

Since inception of the program, the Company repurchased approximately 0.3 million shares of Common stock at an average cost of $ 32.53 per share, or an aggregate cost of approximately $ 10.0 million, all of which was paid during the period. All share repurchases were funded through available cash on hand. As of September 30, 2024, the Company had approximately $ 140 million in remaining share repurchase capacity.

NOTE 13. RELATIONSHIP WITH RELATED PARTIES

As described in Note 1, *Description of the Business*, prior to the IPO, Atmus had been managed and operated in the normal course of business with other subsidiaries of Cummins until March 18, 2024, when the Full Separation was completed. Accordingly, certain shared costs prior to the IPO have been allocated to Atmus and reflected as expenses in the Condensed Consolidated Financial Statements. Management of Cummins and Atmus consider the allocation methodologies used to be reasonable and appropriate reflections of historical expenses of Cummins attributable to Atmus for purposes of the Condensed Consolidated Financial Statements; however, the expenses reflected in the Condensed Consolidated Financial Statements may not be indicative of the actual expenses that would have been incurred during the periods presented if Atmus historically operated as a separate, stand-alone entity. In addition, the expenses reflected in the Condensed Consolidated Financial Statements may not be indicative of expenses that will be incurred in the future by Atmus.

The Company entered into the separation agreement and transition services agreement with Cummins, among other transaction agreements, all of which govern the parties' relationship following the IPO and Full Separation. This relationship includes services provided by Cummins to the Company for a fixed term on a service-by-service basis. We pay Cummins mutually agreed-upon fees for the services provided under the transition services agreement. The fees paid to Cummins may not be indicative of costs for the same services provided by another provider.

Corporate Costs/Allocations

The Condensed Consolidated Financial Statements include corporate costs incurred by Cummins for services that were provided to or on behalf of Atmus for the period prior to IPO. Such costs represent shared services and infrastructure provided by Cummins, including administrative, finance, human resources, information technology, legal, and other corporate and infrastructure services.

The corporate costs reflected in the Condensed Consolidated Financial Statements consist of direct charges to the business and indirect allocations to Atmus. The costs that were directly charged to Atmus, such as the shared services for finance provided by Cummins Business Services, were primarily determined based on actual usage.

Indirect allocations are related to shared services and infrastructure provided by Cummins that would benefit Atmus but were not directly charged to Atmus in a manner discussed above. These corporate costs were allocated to Atmus using methods management believes are consistent and reasonable. The primary allocation factor was third-party revenue; however, other relevant metrics were also utilized based on the nature of the underlying activities. For example, headcount was used as the allocation driver to allocate the human resource departmental costs.

The expenses allocated and directly charged reflect all expenses that Cummins incurred on behalf of the Company. The expenses reflected in the Condensed Consolidated Financial Statements prior to the IPO may not be indicative of the actual expenses that would have been incurred during the period presented if Atmus historically operated as a separate, stand-alone entity. All corporate charges and allocations have been deemed paid by Atmus to Cummins in the period in which the cost was recognized in the Condensed Consolidated Statements of Income.

Total corporate costs allocated to Atmus were zero for the three and nine months ended September 30, 2024 compared with zero and $ 13.7 million for the three and nine months ended September 30, 2023, respectively. Allocated corporate costs are included in Net sales, Cost of sales, Selling, general and administrative expenses, Research, development and engineering expenses and Other income, net. Post-IPO, Atmus has and will continue to incur its own corporate costs associated with being a standalone publicly traded company.

Related Party Balances

Following the Full Separation, Cummins is no longer considered a related party. Atmus had trade receivables of $ 37.9 million for products sold to, and accounts payable of $ 54.8 million for products and services purchased in the ordinary course from Cummins as of December 31, 2023. Atmus' sales to Cummins from January 1, 2024 through the date of Full Separation, March 18, 2024, were $ 65.4 million compared to $ 71.7 million and $ 221.1 million for the three and nine months ended September 30, 2023, respectively.

NOTE 14. EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") were calculated as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions, except per share data)			
Net income	**$ 43.8**	$ 37.6	**$ 145.5**	$ 136.5
Weighted-average shares for basic EPS	**83.2**	83.3	**83.3**	83.3
Plus incremental shares from assumed conversions of long-term incentive plan shares	**0.4**	0.1	**0.3**	0.1
Weighted-average shares for diluted EPS	**83.6**	83.4	**83.6**	83.4
Basic earnings per share	**$ 0.53**	$ 0.45	**$ 1.75**	$ 1.64
Diluted earnings per share	**$ 0.52**	$ 0.45	**$ 1.74**	$ 1.64

Basic and diluted earnings per share for the three and nine months ended September 30, 2024 was calculated using the shares of common stock that were issued and outstanding as of the completion of the IPO. For the periods prior to the IPO, it is assumed that there were no dilutive equity instruments as there were no equity awards of Atmus outstanding prior to the IPO. Post-IPO, there were no anti-dilutive shares.

NOTE 15. SUPPLEMENTAL BALANCE SHEET DATA

Other assets included the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Operating lease assets	**$ 39.1**	$ 24.8
Deferred income taxes	**21.2**	14.2
Long-term receivables	**3.1**	3.1
Other	**15.2**	9.4
Other assets	**$ 78.6**	$ 51.5

Other accrued expenses included the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Marketing accruals	**$ 40.7**	$ 42.6
Other taxes payables	**11.7**	12.7
Current portion of operating lease liabilities	**11.6**	7.1
Income taxes payable	**7.1**	10.3
Current portion of finance lease liabilities	**0.5**	0.3
Other	**6.6**	10.7
Other accrued expenses	**$ 78.2**	$ 83.7

Other liabilities included the following:

	September 30, 2024	December 31, 2023
	(in millions)	
Long-term portion of operating lease liabilities	**$ 28.3**	$ 18.5
Deferred income taxes	**2.0**	1.4
Long-term income taxes	**0.2**	0.2
Other long-term liabilities	**12.8**	11.7
Other liabilities	**$ 43.3**	$ 31.8

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis presented below refers to and should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes included elsewhere in this Quarterly Report on Form 10-Q.

The following is our discussion and analysis of changes in our financial condition and results of operations for the three and nine months ended September 30, 2024 compared to the three and nine months ended September 30, 2023.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995, including, without limitation, those that are based on current expectations, estimates and projections about the industries in which we operate and management's views, plans, objectives, projections, beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "anticipates," "expects," "forecasts," "intends," "plans," "believes," "seeks," "estimates," "could," "should," "may" or words of similar meaning. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance, discussions of future operations, impact of planned acquisitions and dispositions, our strategy for growth, product development activities, regulatory approvals, market position, expenditures and the effects of the Full Separation, Separation and IPO (each as defined in Note 1, *Description of the Business*, to our Condensed Consolidated Financial Statements included herein). These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which we refer to as "future factors," which are difficult to predict. If the underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, our actual outcomes, results and financial condition may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Future factors and uncertainties include, but are not limited to:

- Significant customer concentration among Cummins, PACCAR, and the Traton Group;
- The loss of a top OEM relationship, or changes in the preferences of Atmus' aftermarket end-users;
- Atmus deriving significant earnings from investees that Atmus does not directly control;
- Significant competition in the markets Atmus serves;
- Evolving customer needs and developing technologies;
- Reliance on Atmus' executive leadership and other key personnel;
- Strategic transactions, such as acquisitions, divestitures, and joint ventures;
- Management of productivity improvements;
- Work stoppages and other labor matters;
- Variability in material and commodity costs;
- Raw material, transportation and labor price increases and supply shortages;
- Complexity of supply chain and manufacturing;
- Atmus' customers operating in cyclical industries and the current economic conditions in these industries;
- Exposure to potential claims related to warranties and claims for support outside of standard warranty obligations;
- Products being subject to recall for performance or safety-related issues;

- Inability or failure to adequately protect and enforce Atmus’ intellectual property rights and the cost of protecting or enforcing Atmus' intellectual property rights;
- Ineffective internal control over financial reporting;
- Unexpected events, including natural disasters;
- Sales of counterfeit versions of products, as well as unauthorized sales of products;
- Statutory and regulatory requirements that can significantly increase costs;
- Changes in international, national and regional trade laws, regulations and policies affecting international trade;
- Unanticipated changes in Atmus’ effective tax rate, the adoption of new tax legislation or exposure to additional income tax liabilities, as well as audits by tax authorities resulting in additional tax payments for prior periods;
- Changes in tax law relating to multinational corporations;
- Significant compliance costs and reputational and legal risks imposed by Atmus’ global operations and the laws and regulations to which these are subject;
- Effects of climate change may cause Atmus to incur increased costs;
- Operations being subject to increasingly stringent environmental laws and regulations as well as to laws requiring cleanup of contaminated property;
- Potential system or data security breaches or other disruptions;
- Dependence on information technology infrastructure and assets that are increasing in complexity;
- Foreign currency exchange rate;
- Potential economic downturns that could cause the impairment of recorded goodwill;
- Political, economic, and social uncertainty in geographies where Atmus has significant operations or large offerings of products;
- Uncertain worldwide and regional market and economic conditions;
- The loss of Cummins’ reputation, economies of scale, capital base and other resources as a result of the Separation from Cummins;
- Potential failure of performance by Atmus or Cummins under transaction agreements executed as part of the Separation;
- Actual or potential conflicts of interests for certain of Atmus’ executive officers and directors because of their equity interests in Cummins;
- Limited liability to Atmus from Cummins and its directors for breach of fiduciary duty;
- Potential indemnification liabilities to Cummins pursuant to the separation agreement;
- Potential liability for responsibilities that Cummins agreed to indemnify Atmus for pursuant to the separation agreement;
- Agreements with Cummins that do not reflect terms from arm’s-lengths negotiations between unaffiliated third parties;
- Changes in capital and credit markets;

- Substantial indebtedness from Atmus' term loan, which may impact Atmus' ability to service all its indebtedness and react to changes in the industry;
- Substantially all of Atmus' assets being pledged as security for its term loan and revolving credit facility;
- The price of Atmus' common stock may fluctuate substantially;
- The extent to which Atmus will pay dividends or the timing or amount of such dividends;
- Applicable laws and regulations, provisions of Atmus' amended and restated certificate of incorporation and bylaws and certain contractual rights granted to Cummins that may discourage takeover attempts;
- The designation of the Court of Chancery in the State of Delaware and the federal district courts for the District of Delaware as the exclusive forums for certain types of lawsuits;
- Atmus' historical consolidated financial statements are not necessarily representative of the results Atmus would have achieved as a standalone company; and
- The obligations associated with being an independent, publicly traded company will require significant resources and management attention.

Additional information about these future factors and the material factors or assumptions underlying such forward-looking statements may be found under the section entitled *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2023 and the section entitled *Risk Factors* in this Quarterly Report on Form 10-Q. It is not possible to predict or identify all such factors, and the risks described above should not be considered a complete statement of all potential risks and uncertainties.

Readers are urged to consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements made herein are made only as of the date hereof and we undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

General Overview

Company Overview

We are one of the global leaders of filtration products for on-highway commercial vehicles and off-highway agriculture, construction, mining and power generation vehicles and equipment. We design and manufacture advanced filtration products, principally under the Fleetguard brand, that provide superior asset protection and enable lower emissions. We estimate that approximately 19% of our net sales in 2023 were generated through first-fit sales to OEMs, where our products are installed as components for new vehicles and equipment. We estimate that approximately 81% of our net sales in 2023 were generated in the aftermarket, where our products are installed as replacement or repair parts, leading to a strong recurring revenue base. Building on our more than 65-year history, we continue to grow and differentiate ourselves through our global footprint, comprehensive offering of premium products, technology leadership and multi-channel path to market.

Separation from Cummins

In April 2022, Cummins Inc. ("Cummins") announced its intention to separate its filtration business (the "Filtration Business") into a standalone publicly traded company (the "Separation"). We were incorporated in Delaware on April 1, 2022, as a wholly-owned subsidiary of Cummins, in anticipation of the Separation, and prior to the completion of our initial public offering (the "IPO"), Cummins completed, in all material respects, the transfer of the assets and liabilities of the Filtration Business to us and our subsidiaries.

Our Registration Statement on Form S-1, as amended, filed on May 16, 2023, was declared effective on May 25, 2023, and our common shares began trading on the New York Stock Exchange under the symbol "ATMU" on May 26, 2023. On May 30, 2023, the IPO was completed through Cummins' exchange of 16,243,070 shares of our common stock, including the underwriters' full exercise of their option to purchase an additional 2,118,661 shares to cover over-allotments. None of the proceeds of the IPO were for the benefit of

Atmus. As of the closing of the IPO, Cummins owned approximately 80.5% of the outstanding shares of our common stock.

On September 30, 2022, and as amended on February 15, 2023, Atmus entered into a $1.0 billion credit agreement ("Credit Agreement") with a syndicate of banks, providing for a $600 million term loan facility (the "term loan") and a $400 million revolving credit facility (the "revolving credit facility"), in anticipation of the Separation. Borrowings under the Credit Agreement did not become available until the IPO occurred. Upon completion of the IPO, we borrowed $650 million, consisting of proceeds of the term loan and amounts drawn under the revolving credit facility, and paid such amounts to Cummins in partial consideration for the Separation.

In connection with the Separation, we entered into various agreements with Cummins, including a separation agreement. In the separation agreement, there were certain assets and liabilities identified in the schedules which were retained by Cummins, and those that were transferred to the Company. These agreements comprehensively provide a framework for our relationship with Cummins and govern various interim and ongoing relationships between us and Cummins post IPO.

On February 14, 2024, Cummins announced an exchange offer whereby Cummins shareholders could exchange all or a portion of Cummins common stock for shares of Atmus common stock owned by Cummins. The divestiture of Atmus shares by Cummins was completed on March 18, 2024 and resulted in the full separation of Atmus and divestiture of Cummins' entire ownership and voting interest in Atmus ("Full Separation").

Basis of Presentation

For the periods prior to the IPO, the discussion below relates to the financial position and results of operations of a combination of entities under common control that have been "carved out" of Cummins' historical combined financial statements and accounting records. The historical combined financial statements reflect our historical financial position, results of operations and cash flows, in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Refer to Note 2, *Basis of Presentation*, to the Condensed Consolidated Financial Statements included elsewhere in this report for additional information.

For the period subsequent to our IPO on May 26, 2023, as a standalone public company, we present our financial statements on a consolidated basis. The condensed consolidated financial statements have been prepared in conformity with U.S. GAAP.

Factors Affecting Our Performance

Our financial performance depends, in large part, on varying conditions in the markets we serve. Demand in these markets tends to fluctuate in response to overall economic conditions. Our revenues may also be impacted by OEM inventory levels, production schedules, commodity prices, work stoppages and supply chain challenges. Economic downturns in markets we serve generally result in reduced sales of our products and can result in price reductions in certain products and/or markets. As a worldwide business, our operations are also affected by currency exchange rate changes, political and economic uncertainty, public health crises (epidemics or pandemics) and regulatory matters, including adoption and enforcement of environmental and emission standards in the countries we serve. Some of the more important factors affecting our performance are briefly discussed below.

Market demand

Aftermarket demand remained depressed in the first nine months of 2024 reflecting soft market conditions. It is uncertain when a recovery can be expected. First-fit demand softened across many of our key markets during the third quarter of 2024 which we expect to continue into the fourth quarter of 2024.

Global supply chain

While overall supply chain conditions continue to affect inventory and backlog levels, they have largely stabilized from a year ago with minimal disruptions now being experienced and backorders largely recovered. Our management team continues to monitor and evaluate all of these factors and the related impacts on our business and operations, and we are diligently working to continue to minimize any supply chain impacts to our business and to our customers.

Commodity prices, labor, inflation and foreign currency exchange rates

We have seen inflationary impacts largely subside in the third quarter. Direct material cost pressures, driven largely by steel, resin and other petrochemical products, have stabilized, but we continue to see impacts from labor.

During the first nine months of 2024, our Selling, general and administrative expenses increased as a result of increased people-related and consulting expenses.

Additionally, the appreciation of the U.S. dollar against foreign currencies had a slightly unfavorable impact on our condensed consolidated results of operations in the first nine months of 2024 due to translation impacts; there can be no assurances that this trend will continue the remainder of 2024.

Standalone costs

We have incurred, and expect to continue to incur, additional costs associated with becoming a standalone public company. During the three months ended September 30, 2024, we incurred approximately $8.9 million of one-time expenses including $5.0 million within Cost of sales and $3.9 million within Selling, general and administrative expenses. During the nine months ended September 30, 2024, we incurred approximately $18.7 million of one-time expenses including $8.0 million within Cost of sales and $10.7 million within Selling, general and administrative expenses. We expect to incur one-time expenses of approximately $20 million to $25 million in 2024 in connection with becoming a standalone public company. In addition, we expect to incur capital expenditures in connection with the Separation of approximately $13 million to $18 million in 2024. These expenses and capital expenditures primarily relate to the establishment of functions previously co-mingled with Cummins, such as information technologies, distribution centers, manufacturing and human resources. These expenses and capital expenditures are expected to be substantially complete by the end of 2024 but some expenses and capital expenditures will be incurred in 2025. The actual amount of the expenses and capital expenditures we will incur as a stand-alone public company may be higher, perhaps significantly, from our current estimates for a number of reasons, including, among others, the final terms we are able to negotiate with service providers, as well as additional costs we may incur that we have not currently anticipated. Additionally, the actual timing of when we incur these incremental expenses may be different, perhaps significantly, from our current estimates for a number of reasons, including, among others, unforeseen events that may cause delays or interruptions in our plans or our service providers’ ability to provide their services.

Results of Operations

Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023

	For the Three Months Ended September 30,		Favorable (Unfavorable)	
	2024	2023	Amount	%
	(in millions)			
NET SALES	**$ 403.7**	**$ 396.2**	**$ 7.5**	**1.9 %**
Cost of sales	292.4	293.3	0.9	0.3 %
GROSS MARGIN	**111.3**	**102.9**	**8.4**	**8.2 %**
OPERATING EXPENSES AND INCOME				
Selling, general and administrative expenses	46.4	41.3	(5.1)	(12.3)%
Research, development and engineering expenses	9.7	11.1	1.4	12.6 %
Equity, royalty and interest income from investees	8.1	8.1	—	— %
Other operating expense (income), net	0.1	(0.2)	(0.3)	150.0 %
OPERATING INCOME	**63.2**	**58.8**	**4.4**	**7.5 %**
Interest expense	10.4	11.0	0.6	5.5 %
Other income, net	0.9	1.1	(0.2)	(18.2)%
INCOME BEFORE INCOME TAXES	**53.7**	**48.9**	**4.8**	**9.8 %**
Income tax expense	9.9	11.3	1.4	12.4 %
NET INCOME	**$ 43.8**	**$ 37.6**	**$ 6.2**	**16.5 %**
PER SHARE DATA:				
Basic earnings per share	**$ 0.53**	**$ 0.45**	**$ 0.08**	**16.6 %**
Diluted earnings per share	**$ 0.52**	**$ 0.45**	**$ 0.07**	**16.2 %**

	For the Three Months Ended September 30,		Favorable (Unfavorable)
Percent of Net sales	**2024**	**2023**	**Percentage Points**
Gross margin	27.6%	26.0%	1.6
Selling, general and administrative expenses	11.5%	10.4%	(1.1)
Research, development and engineering expenses	2.4%	2.8%	0.4

Net Sales

Net sales were $403.7 million for the three months ended September 30, 2024, an increase of $7.5 million compared to $396.2 million for the three months ended September 30, 2023. The increase in Net sales was mainly due to higher volumes of approximately $7.5 million and $5.2 million of favorable pricing impacts, partially offset by the unfavorable impacts of currency of $5.2 million.

Gross Margin

Gross margin was $111.3 million for the three months ended September 30, 2024, an increase of $8.4 million compared to $102.9 million for the three months ended September 30, 2023. The increase in Gross margin was mainly due to approximately $5.2 million of favorable pricing impacts as described above, $4.1 million of favorable commodities costs and higher volumes of approximately $2.6 million, partially offset by $1.4 million in unfavorable currency impacts, higher one-time separation costs of $1.2 million and a $0.9 million increase in manufacturing and other costs. Gross margin as a percentage of Net sales was 27.6% for the three months ended September 30, 2024, an increase of 1.6 percentage points compared to 26.0% for the three months ended September 30, 2023. The increase in Gross margin as a percentage of Net sales was primarily due to the items noted above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $46.4 million for the three months ended September 30, 2024, an increase of $5.1 million compared to $41.3 million for the three months ended September 30, 2023. The increase was primarily driven by increased people-related and consulting expenses and higher one-time separation costs of $0.4 million, partially offset by lower variable compensation costs. Selling, general and administrative expenses as a percentage of Net sales were 11.5% for the three months ended September 30, 2024, an increase of 1.1 percentage points compared to 10.4% for the three months ended September 30, 2023. The increase in Selling, general and administrative expenses as a percentage of Net sales was primarily driven by the items noted above increasing at a higher rate in relation to the increase in Net sales.

Research, Development and Engineering Expenses

Research, development and engineering expenses were $9.7 million for the three months ended September 30, 2024, a decrease of $1.4 million compared to $11.1 million for the three months ended September 30, 2023. The decrease was primarily due to the timing of design projects and lower variable compensation costs. Research, development and engineering expenses as a percentage of Net sales were 2.4% for the three months ended September 30, 2024, a decrease of 0.4 percentage points compared to 2.8% for the three months ended September 30, 2023. The decrease in Research, development and engineering expenses as a percentage of Net sales was mainly due to the item noted above.

Income Tax Expense

In connection with the Separation, we entered into a tax matters agreement with Cummins that, among other things, formalized our agreement related to the responsibility for historical tax positions for the period prior to the IPO for jurisdictions where our business was included in the consolidated or combined tax returns of Cummins.

Our effective tax rate for the three months ended September 30, 2024 was 18.4%, a decrease of 4.7 percentage points compared to 23.1% for the three months ended September 30, 2023. The decrease in the effective tax rate was driven by a change in the mix of earnings among tax jurisdictions and discrete tax items. Our effective tax rate differs from the U.S. statutory rate primarily due to differences in rates applicable to foreign subsidiaries, withholding taxes and state income taxes.

Nine Months Ended September 30, 2024 Compared to the Nine Months Ended September 30, 2023

	For the Nine Months Ended September 30,		Favorable (Unfavorable)	
	2024	2023	Amount	%
	(in millions)			
NET SALES	**$ 1,262.9**	**$ 1,228.4**	**$ 34.5**	**2.8 %**
Cost of sales	907.9	901.3	(6.6)	(0.7)%
GROSS MARGIN	**355.0**	**327.1**	**27.9**	**8.5 %**
OPERATING EXPENSES AND INCOME				
Selling, general and administrative expenses	138.8	126.4	(12.4)	(9.8)%
Research, development and engineering expenses	30.2	33.2	3.0	9.0 %
Equity, royalty and interest income from investees	26.7	24.8	1.9	7.7 %
Other operating expense, net	1.1	0.1	1.0	1,000.0 %
OPERATING INCOME	**211.6**	**192.2**	**19.4**	**10.1 %**
Interest expense	31.4	15.2	(16.2)	(106.6)%
Other income, net	3.7	2.2	1.5	68.2 %
INCOME BEFORE INCOME TAXES	**183.9**	**179.2**	**4.7**	**2.6 %**
Income tax expense	38.4	42.7	4.3	10.1 %
NET INCOME	**$ 145.5**	**$ 136.5**	**$ 9.0**	**6.6 %**
PER SHARE DATA:				
Basic earnings per share	**$ 1.75**	**$ 1.64**	**$ 0.11**	**6.6 %**
Diluted earnings per share	**$ 1.74**	**$ 1.64**	**$ 0.10**	**6.3 %**

	For the Nine Months Ended September 30,		Favorable (Unfavorable)
Percent of Net sales	**2024**	**2023**	**Percentage Points**
Gross margin	28.1%	26.6%	1.5
Selling, general and administrative expenses	11.0%	10.3%	(0.7)
Research, development and engineering expenses	2.4%	2.7%	0.3

Net Sales

Net sales were $1,262.9 million for the nine months ended September 30, 2024, an increase of $34.5 million compared to $1,228.4 million for the nine months ended September 30, 2023. The increase in Net sales was mainly due to $21.9 million of favorable pricing impacts and higher volumes of $17.1 million, partially offset by the unfavorable impacts of currency of $4.5 million.

Gross Margin

Gross margin was $355.0 million for the nine months ended September 30, 2024, an increase of $27.9 million compared to $327.1 million for the nine months ended September 30, 2023. The increase in Gross margin was mainly due to approximately $21.9 million of favorable pricing impacts as described above, $6.9 million of favorable commodities and freight costs and higher volumes of approximately $5.9 million, partially offset by higher manufacturing and other costs of $4.7 million, $1.6 million in unfavorable currency impacts and $0.5 million of higher one-time separation costs. Gross margin as a percentage of Net sales was 28.1% for the nine months ended September 30, 2024, an increase of 1.5 percentage points compared to 26.6% for the nine months ended September 30, 2023. The increase in Gross margin as a percentage of Net sales was primarily due to the items noted above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were $138.8 million for the nine months ended September 30, 2024, an increase of $12.4 million compared to $126.4 million for the nine months ended September 30, 2023. The increase was primarily driven by increased people-related and consulting expenses, partially offset by lower one-time separation costs of $2.0 million and lower variable compensation costs. Selling, general and administrative expenses as a percentage of Net sales were 11.0% for the nine months ended September 30, 2024, an increase of 0.7 percentage points compared to 10.3% for the nine months ended September 30, 2023. The increase in Selling, general and administrative expenses as a percentage of Net sales was primarily driven by the items noted above increasing at a higher rate in relation to the increase in Net sales.

Research, Development and Engineering Expenses

Research, development and engineering expenses were $30.2 million for the nine months ended September 30, 2024, a decrease of $3.0 million compared to $33.2 million for the nine months ended September 30, 2023. The decrease was primarily due to standalone costs being favorable to previously allocated expenses under Cummins and lower variable compensation costs. Research, development and engineering expenses as a percentage of Net sales were 2.4% for the nine months ended September 30, 2024, a decrease of 0.3 percentage points compared to 2.7% for the nine months ended September 30, 2023. The decrease in Research, development and engineering expenses as a percentage of Net sales was mainly due to the items noted above.

Equity, Royalty and Interest Income from Investees

Equity, royalty and interest income from investees was $26.7 million for the nine months ended September 30, 2024, an increase of $1.9 million compared to $24.8 million for the nine months ended September 30, 2023. The increase was primarily due to higher earnings of $1.9 million from our joint ventures in India and China.

Other Operating Expense, Net

Other operating expense, net was $1.1 million for the nine months ended September 30, 2024, an increase of $1.0 million compared to $0.1 million for the nine months ended September 30, 2023. The increase in Other operating expense, net was primarily due to inventory write-offs related to warehouse transitions made during the year.

Interest Expense

Interest expense was $31.4 million for the nine months ended September 30, 2024, an increase of $16.2 million compared to $15.2 million for the nine months ended September 30, 2023. The increase in Interest expense was primarily due to the timing of borrowings under the Credit Agreement which began with our IPO in May 2023 compared to 2024 where we have had outstanding borrowings for the duration of the year.

Other Income, Net

Other income, net was $3.7 million for the nine months ended September 30, 2024, an increase of $1.5 million compared to $2.2 million for the nine months ended September 30, 2023. The increase in Other income, net was primarily due to higher interest income, as a result of higher cash balances.

Income Tax Expense

In connection with the Separation, we entered into a Tax Matters Agreement with Cummins that among other things, formalized our agreement related to the responsibility for historical tax positions for the period prior to the IPO for jurisdictions where our business was included in the consolidated or combined tax returns of Cummins.

Our effective tax rate for the nine months ended September 30, 2024 was 20.9%, a decrease of 2.9 percentage points compared to 23.8% for the nine months ended September 30, 2023. The decrease in the effective tax rate was driven by a change in the mix of earnings among tax jurisdictions and discrete tax items. Our effective tax rate differs from the U.S. statutory rate primarily due to differences in rates applicable to foreign subsidiaries, withholding taxes and state income taxes.

Liquidity and Capital Resources

Our facilities under the Credit Agreement provide for $1.0 billion in total availability, which includes a $600 million term loan and a $400 million revolving credit facility. As of September 30, 2024, we have outstanding borrowings of $596 million on the term loan and zero on the revolving credit facility. As a result, we had capacity under our revolving credit facility of $400 million as of September 30, 2024.

We believe that cash from operations and the facilities under our Credit Agreement will continue to provide sufficient liquidity for our working capital needs, planned capital expenditures and future payments of our contractual, tax and benefit plan obligations and payments for share repurchases and quarterly dividends in both the short and long term. Overall, we do not expect negative effects to our funding sources that would have a material effect on our liquidity. However, if a serious economic or credit market crisis ensues or other adverse developments arise, it could have a material adverse effect on our liquidity, financial condition, results of operations and cash flows.

Our most significant ongoing short-term cash requirements relate primarily to funding operations (including expenditures for raw materials, labor, manufacturing and distribution, trade and promotions, advertising and marketing, tax liabilities, benefit plan obligations and lease expenses) as well as periodic expenditures for anticipated capital investments, shareholder returns (such as dividend payments and share repurchases), interest payments on our long-term debt and supporting any future acquisitions.

Long-term cash requirements primarily relate to funding long-term debt repayments and our long-term benefit plan obligations.

Cash Flow

Our management reviews our liquidity needs in determining any and all indebtedness options. We have the ability to access the capital markets and other sources of liquidity, which management believes are sufficient to allow us to manage our business and give us flexibility to meet our short- and long-term financial commitments. Our cash flow activity is noted below:

	For the Nine Months Ended September 30,	
	2024	**2023**
	(in millions)	
Net cash provided by operating activities	**$ 85.4**	$ 147.3
Net cash used in investing activities	**(38.6)**	(29.6)
Net cash (used in) provided by financing activities	**(18.0)**	21.1

Operating Cash Flow

Net cash provided by operating activities was $85.4 million for the nine months ended September 30, 2024, a decrease of $61.9 million compared to Net cash provided by operating activities of $147.3 million for the nine months ended September 30, 2023. The decrease was driven primarily by higher working capital requirements of $83.9 million, partially offset by higher net income and higher other liabilities primarily related to leases of $7.4 million . During the nine months ended September 30, 2024, higher working capital requirements resulted in a cash outflow of $81.9 million compared to a cash inflow of $2.0 million for the nine months ended September 30, 2023, mainly due to lower other accrued expenses, driven by one-time working capital inefficiencies associated with the move from intercompany settlement terms with Cummins to standalone practices of $26.9 million and variable compensation, higher inventories, lower trade payables and higher trade receivables.

Dividends received from our unconsolidated equity investees were $22.6 million and $17.3 million for the nine months ended September 30, 2024 and September 30, 2023, respectively. Dividends are typically paid in the second through the fourth quarters and are included in Net cash provided by operating activities.

Investing Cash Flow

Net cash used in investing activities for the nine months ended September 30, 2024 and September 30, 2023 was primarily used for capital expenditures. Our capital expenditures were $38.6 million (of which approximately $12.4 million related to One-time separation costs) and $29.6 million (of which approximately $4.8 million related to One-time separation costs) for the nine months ended September 30, 2024 and September 30, 2023, respectively, corresponding to approximately 3.1% of Net sales for the nine months ended September 30, 2024 and approximately 2.4% of Net sales for the nine months ended September 30, 2023.

Financing Cash Flow

Net cash used in financing activities for the nine months ended September 30, 2024 was $18.0 million and Net cash provided by financing activities for the nine months ended September 30, 2023 was $21.1 million. Net cash used in financing activities for the nine months ended September 30, 2024 consisted primarily of repurchases of common stock, dividends paid and payments made on our term loan. Net cash provided by financing activities for the nine months ended September 30, 2023 consisted primarily of long-term debt proceeds from our borrowings of $650 million under our Credit Agreement, partially offset by net transfers of $580.3 million to Cummins as part of the Separation and $50 million repayment on our revolving credit facility.

Dividends

We paid dividends of $4.2 million in the first nine months of 2024 and none in the first nine months of 2023. The third quarter 2024 dividend of $0.05 per share, declared on July 17, 2024 for shareholders of record as of August 1, 2024, was paid on August 14, 2024. On October 17, 2024, the Board of Directors declared a quarterly cash dividend of $0.05 per share of Common stock. This dividend is payable on November 13, 2024 to shareholders of record as of October 31, 2024. The declaration of dividends is subject to the discretion of our Board of Directors and depends on various factors, including our net earnings, financial condition, cash requirements, future prospects and other factors that our Board of Directors deems relevant to its analysis and decision making.

We anticipate that the 2024 distributions will be characterized as dividends under the U.S. federal income tax rules. The final determination will be made on an IRS Form 1099-DIV we expect to issue early 2025.

Contractual Obligations

Our commitments consist of lease obligations for real estate and equipment. For more information regarding our lease obligations, see Note 9, *Leases*, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, which provides a summary of our future minimum lease payments.

Debt

Our total debt was $596 million at September 30, 2024 and $600 million at December 31, 2023. At September 30, 2024, the weighted-average term of our outstanding long-term debt was 2.9 years. Refer to Note 9, *Debt and Borrowing Arrangements*, to the Condensed Consolidated Financial Statements for more information on our debt and debt covenants.

Non-GAAP Measures

We use non-GAAP financial information and believe it is useful to investors as it provides additional information to facilitate comparisons of historical operating results, identify trends in our underlying operating results and provide additional insight and transparency on how we evaluate our business. We use non-GAAP financial measures to budget, make operating and strategic decisions and evaluate our performance. We have detailed the non-GAAP adjustments that we make in our non-GAAP definitions below. We believe the non-GAAP measures should always be considered along with the related U.S. GAAP financial measures. We have provided the reconciliations between the U.S. GAAP and non-GAAP financial measures below, and we also discuss our underlying U.S. GAAP results throughout our *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this Form 10-Q.

Our primary non-GAAP financial measures are listed below and reflect how we evaluate our current and prior-year operating results. As new events or circumstances arise, these definitions could change. When our definitions change, we provide the updated definitions and present the related non-GAAP historical results on a comparable basis.

- “EBITDA” is defined as earnings or losses before interest expense, income taxes, depreciation and amortization and “EBITDA margin” is defined as EBITDA as a percent of Net sales. We believe EBITDA and EBITDA margin are useful measures of our operating performance as they assist investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. Additionally, we believe these metrics are widely used by investors, securities analysts, ratings agencies and others in our industry in evaluating performance.

- “Adjusted EBITDA” is defined as EBITDA after adding back certain one-time expenses, reflected in Cost of sales and Selling, general and administrative expenses, associated with becoming a standalone public company and “Adjusted EBITDA margin” is defined as Adjusted EBITDA as a percent of Net sales. We believe Adjusted EBITDA and Adjusted EBITDA margin are useful measures of our operating performance as they allow investors and debt holders to compare our performance on a consistent basis without regard to one-time costs attributable to our becoming a standalone public company.

- “Adjusted earnings per share” is defined as diluted earnings per share (the most comparable U.S. GAAP financial measure) after adding back certain one-time expenses, reflected in Cost of sales and Selling, general and administrative expenses, associated with becoming a standalone public company less the related tax impact of the same one-time expenses. We believe Adjusted earnings per share provides improved comparability of underlying operating results.

- “Free cash flow” is defined as cash flows provided by (used for) operating activities less capital expenditures and “Adjusted free cash flow” is defined as Free cash flow after adding back certain one-time capital expenditures and other separation related costs associated with becoming a standalone public company. We believe Free cash flow and Adjusted free cash flow are useful metrics used by management and investors to analyze our ability to service and repay debt and return value to shareholders.

The metrics defined above are not in accordance with, or alternatives for, U.S. GAAP financial measures and may not be consistent with measures used by other companies. The metrics should be considered supplemental data; however, the amounts included in the EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted earnings per share, Free cash flow and Adjusted free cash flow calculations are derived from amounts included in the consolidated statements of net income and cash flows. We do not consider our non-GAAP financial measures as superior to, or a substitute for, the equivalent measures calculated and presented in accordance with GAAP. Some of the limitations are:

- such measures do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;

- such measures do not reflect changes in, or cash requirements for, our working capital needs;

- such measures do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and

- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

To properly and prudently evaluate our business, we encourage you to review the unaudited condensed consolidated financial statements included elsewhere in this report and not rely on a single financial measure to evaluate our business.

A reconciliation of Net income to EBITDA and Adjusted EBITDA is shown in the table below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
NET INCOME	**$ 43.8**	$ 37.6	**$ 145.5**	$ 136.5
Plus:				
Interest expense	**10.4**	11.0	**31.4**	15.2
Income tax expense	**9.9**	11.3	**38.4**	42.7
Depreciation and amortization	**6.1**	5.2	**17.8**	16.1
EBITDA (non-GAAP)	**$ 70.2**	$ 65.1	**$ 233.1**	$ 210.5
Plus:				
One-time separation costs [(a)]	**$ 8.9**	$ 7.4	**$ 18.7**	$ 20.4
Adjusted EBITDA (non-GAAP)	**$ 79.1**	$ 72.5	**$ 251.8**	$ 230.9
Net sales	**$ 403.7**	$ 396.2	**$ 1,262.9**	$ 1,228.4
Net income margin	**10.8 %**	9.5 %	**11.5 %**	11.1 %
EBITDA margin (non-GAAP)	**17.4 %**	16.4 %	**18.5 %**	17.1 %
Adjusted EBITDA margin (non-GAAP)	**19.6 %**	18.3 %	**19.9 %**	18.8 %

(a) Primarily comprised of one-time expenses related to Information Technology, warehousing, manufacturing and Human Resources separation costs.

A reconciliation of Diluted earnings per share to Adjusted earnings per share is shown in the table below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(per share)			
Diluted earnings per share	**$ 0.52**	$ 0.45	**$ 1.74**	$ 1.64
Plus:				
One-time separation costs [(a)]	**$ 0.11**	$ 0.09	**$ 0.22**	$ 0.24
Less:				
Tax impact of one-time separation costs [(a)]	**$ 0.02**	$ 0.02	**$ 0.04**	$ 0.06
Adjusted earnings per share	**$ 0.61**	$ 0.52	**$ 1.92**	$ 1.82

(a) Primarily comprised of one-time expenses related to Information Technology, warehousing, manufacturing and Human Resources separation costs and the related tax impact of those expenses. The tax impact of one-time separation costs for the three months ended September 30, 2024 and 2023 were $1.6 million and $1.7 million, respectively, and for the nine months ended September 30, 2024 and 2023 were $3.8 million and $4.8 million, respectively.

A reconciliation of Net cash provided by operating activities to Free cash flow and Adjusted free cash flow is shown in the table below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in millions)			
Cash provided by operating activities	**$ 70.7**	$ 58.3	**$ 85.4**	$ 147.3
Less:				
Capital expenditures	**$ 16.4**	$ 10.5	**$ 38.6**	$ 29.6
Free cash flow	**$ 54.3**	$ 47.8	**$ 46.8**	$ 117.7
Plus:				
One-time separation capital expenditures	**$ 5.1**	$ 2.2	**$ 12.4**	$ 4.8
Other one-time separation related [(a)]	**5.3**	—	**26.9**	—
Adjusted free cash flow	**$ 64.7**	$ 50.0	**$ 86.1**	$ 122.5

(a) Primarily comprised of one-time working capital inefficiencies associated with the move from intercompany settlement terms with Cummins to standalone practices.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in conformity with U.S. GAAP. The preparation of our financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the periods presented. Actual results could differ from those estimates and assumptions. Our critical accounting policies and estimates which affect our more significant estimates and assumptions used in preparing our consolidated financial statements are identified and described in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our critical accounting policies and estimates from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk

As a result of our international business presence, we are exposed to foreign currency exchange rate risks. We transact business in foreign currencies and, as a result, our income and financial condition are exposed to movements in foreign currency exchange rates. This risk is closely monitored and managed through the use of financial derivative instruments. Financial derivatives are used by Atmus expressly for hedging purposes and under no circumstances are they used for speculative purposes. Substantially all of Atmus' derivative contracts are subject to master netting arrangements, which provide the option to settle certain contracts on a net basis when they settle on the same day with the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event.

To minimize the income volatility resulting from the remeasurement of net monetary assets and liabilities denominated in a currency other than the functional currency, Atmus enters into foreign currency forward contracts, which are considered economic hedges and are not designated as hedges for accounting purposes. The objective is to offset the gain or loss from remeasurement with the gain or loss from the fair market valuation of the forward contract.

The potential gain or loss in the fair value of our outstanding foreign currency contracts, assuming a hypothetical 10% fluctuation in the currencies of such contracts, would not have a material impact on the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024 and September 30, 2023. The sensitivity analysis of the effects of changes in foreign currency exchange rates assumes the notional value to remain constant for the next 12 months. The analysis ignores the impact of foreign exchange movements on our competitive position and potential changes in sales levels. Any change in the value of the contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged items.

Interest Rate Risk

Our interest rate risk relates primarily to our $600 million term loan facility and our five-year $400 million revolving credit facility. Borrowings under these facilities would bear interest at varying rates, depending on the type of loan and, in some cases, the rates of designated benchmarks and the applicable election made by us. Generally, U.S. dollar-denominated loans would bear interest at an adjusted term SOFR (which includes a 0.10 percent credit spread adjustment to SOFR) for the applicable interest period plus a rate ranging from 1.125 percent to 1.75 percent depending on our net leverage ratio. Based on our outstanding borrowings at September 30, 2024, a 0.125% change in SOFR would have a $0.7 million annual impact on interest expense. Refer to Note 9, *Debt and Borrowing Arrangements,* to the Condensed Consolidated Financial Statements included in this report for further information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2024. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

The Company is in the process of implementing a broad, multi-year, technology transformation project to modernize enterprise resource planning, middleware and legacy systems to achieve better process efficiencies across customer service, merchandising, sourcing, payroll and accounting through the use of various solutions. During the quarter ended September 30, 2024, the Company implemented a new enterprise resource planning system for core business processes supporting financial information and reporting. There have been no material additional implementations during the quarter ended September 30, 2024. As the Company's technology transformation project continues, the Company continues to emphasize the maintenance of effective internal controls and assessment of the design and operating effectiveness of key control activities throughout development and deployment of each phase and will evaluate as additional phases are deployed.

There was no other change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the three months ended September 30, 2024 that materially affected, or is reasonably likely to materially affect, Atmus' internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Note 10, *Commitments and Contingencies*, to the Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There were no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023, except as set forth below:

We, or Cummins, may fail to perform under various transaction agreements that were executed as part of the IPO or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

The separation agreement and other agreements entered into in connection with the IPO determined the allocation of assets and liabilities between Cummins and us following the IPO for those respective areas and include certain indemnifications related to liabilities and obligations. The transition services agreement provides for the performance of certain services by Cummins and us for the benefit of the other for a period of time after the IPO. We will rely on Cummins to satisfy Cummins' performance and payment obligations under these agreements. If Cummins is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our businesses effectively and our business, financial condition, results of operations or cash flows could be materially adversely affected. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that Cummins currently provides to us. However, we may not be successful in implementing these systems and services or in transitioning data from Cummins' systems to us. In addition, we have historically received certain informal support from Cummins, including customer relationship management, marketing, communications, technical support, market intelligence and market data, which may not be addressed in our transition services agreement. The level of this informal support may be eliminated following the Separation.

Further, as part of the Separation, we implemented interim operational arrangements in certain markets due to regulatory requirements, the need to obtain consents from local governmental authorities, and other business reasons. For example, in Mexico, we previously operated as part of Cummins maquiladora, as we worked to stand-up our own maquiladora, which was completed during the third quarter of 2024. A maquiladora requires numerous governmental approvals and consents. If we fail to obtain any of these approvals or consents, or if such approvals or consents are delayed beyond the date agreed to with Cummins as part of the Separation, our business, financial condition, results of operations and cash flows would be adversely affected.

We also have established or expanded our own tax, treasury, internal audit, investor relations, corporate governance and listed company compliance and other corporate functions. We have been incurring and expect to continue incurring one-time costs to replicate, or outsource from other providers, these corporate functions to replace the corporate services that Cummins historically provided us prior to the IPO. Any failure or significant downtime in our own financial, administrative or other support systems or in the Cummins financial, administrative or other support systems during the transitional period during which Cummins provides us with support could negatively impact our results of operations or prevent us from paying our suppliers and employees, executing business combinations and foreign currency transactions or performing administrative or other services on a timely basis, which could have an adverse effect on our business, financial condition, results of operations or cash flows.

In particular, our day-to-day business operations rely on our information technology systems. A significant portion of the communications among our personnel, customers and suppliers take place on our information technology platforms. We expect the separation of information technology systems from Cummins to be complex, time-consuming and costly. There is risk of data loss in the process of transferring information technology. As a result of our reliance on information technology systems, the cost of such information technology integration and transfer and any such loss of key data could have an adverse effect on our business, financial condition, results of operations or cash flows.

In addition, our historical consolidated financial statements include the attribution of certain assets and liabilities that historically have been held at the Cummins corporate level but which are specifically identifiable or attributable to the businesses transferred to us in connection with the Separation. The value of the assets and liabilities we assumed in connection with the Separation could ultimately be materially different than such attributions, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our stock repurchase program could affect the price of our common stock and may be suspended or terminated at any time, which may result in a decrease in the trading price of our common stock.

Our repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Further, our stock repurchase program may be suspended, delayed or discontinued at any time, which could cause the market price of our common stock to decline. Repurchases pursuant to our stock repurchase program could affect our stock price and the existence of our stock repurchase program could also cause our stock price to be higher than it would be in the absence of such a program. See Item 2, *Unregistered Sales of Equity Securities and Use of Proceeds - Repurchase of Equity* in this Form 10-Q. There can be no assurance that any stock repurchases will enhance stockholder value because the market price of our common stock may decline below the levels at which we repurchased shares of common stock.

We cannot guarantee the payment of dividends on our common stock, or the timing or amount of any such dividends.

We have no obligation to continue paying a quarterly cash dividend to holders of our common stock, and our dividend policy may change at any time without notice to our stockholders. The payment of any dividends in the future to our stockholders, and the timing and amount thereof, will fall within the discretion of our Board of Directors. Our Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in the agreements governing our indebtedness, general economic business conditions, industry practice, legal requirements and other factors that our Board of Directors may deem relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. See *Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Dividends* in this Form 10-Q. We cannot assure you that we will pay our anticipated dividend in the same amount or frequency, or at all, in the future.

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

Recent Sales of Unregistered Securities

None.

Repurchase of Equity by the Company

Our stock repurchase activity for each of the three months in the quarter ended September 30, 2024 was:

	Issuer Purchases of Equity Securities			
Period	**Total Number of Shares Purchased(1)**	**Average Price Paid per Share(1)**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)**	**Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(2)**
July 1-31, 2024	—	$ —	—	$ 150.0
August 1-31, 2024	307,591	32.53	307,591	140.0
September 1-30, 2024	—	—	—	140.0
For the Quarter Ended September 30,2024	307,591	$ 32.53	307,591	

On July 17, 2024, our Board of Directors authorized a $150 million share repurchase program. The program does not have an expiration date and may be suspended or discontinued at any time. Since the inception of the program, we repurchased approximately $10.0 million of Common stock pursuant to this authorization and as of September 30, 2024, we had approximately $140.0 million of share repurchase authorization remaining. See related information in Note 12, *Share Repurchase Program*. While not considered repurchases of shares, the

Company does at times withhold shares that would otherwise be issued under stock-based awards to pay the related taxes for grants of stock-based awards that vested.

Item 5. Other Information

(c) 10b5-1 Trading Arrangements

During the third quarter of 2024, none of our directors or executive officers adopted or terminated any "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in item 408(a) of Regulation S-K).

Item 6. Exhibits

The following exhibits are either filed herewith or, if so indicated, incorporated by reference to the documents indicated in parentheses, which have previously been filed or furnished with the Commission.

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (embedded with the Inline XBRL Document).

* Filed with this Quarterly Report on Form 10-Q are the following materials formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2024 and 2023, (ii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2024 and 2023, (iii) the Condensed Consolidated Balance Sheets at September 30, 2024 and December 31, 2023, (iv) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023, (v) the Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2024and 2023, and (vi) Notes to Condensed Consolidated Financial Statements.

SIGNATURES

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

Atmus Filtration Technologies Inc.

By: /s/ STEPHANIE J. DISHER	By: /s/ JACK M. KIENZLER
Stephanie J. Disher	Jack M. Kienzler
Chief Executive Officer and President	Senior Vice President, Chief Financial Officer and
(Principal Executive Officer)	Chief Accounting Officer
November 8, 2024	(Principal Financial Officer)
	November 8, 2024

EXHIBIT 31.1

Certification

I, Stephanie J. Disher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atmus Filtration Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2024

/s/ STEPHANIE J. DISHER

Stephanie J. Disher

Chief Executive Officer and President

(Principal Executive Officer)

EXHIBIT 31.2

Certification

I, Jack M. Kienzler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atmus Filtration Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    c. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 8, 2024

/s/ JACK M. KIENZLER

Jack M. Kienzler

Senior Vice President, Chief Financial Officer and
Chief Accounting Officer

(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATIONS OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephanie J. Disher, Chief Executive Officer of Atmus Filtration Technologies Inc. ("Atmus"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, Atmus' Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, Atmus' financial condition and results of operations.

/s/ STEPHANIE J. DISHER

Stephanie J. Disher
Chief Executive Officer and President
November 8, 2024

I, Jack M. Kienzler, Chief Financial Officer of Atmus Filtration Technologies Inc. ("Atmus"), certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, Atmus' Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, Atmus' financial condition and results of operations.

/s/ JACK M. KIENZLER

Jack M. Kienzler
Senior Vice President, Chief Financial Officer and
Chief Accounting Officer
November 8, 2024

A signed original of these written statements required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Atmus Filtration Technologies Inc. and will be retained by Atmus Filtration Technologies Inc. and furnished to the Securities and Exchange Commission or its staff upon request.