

REFINITIV

# DELTA REPORT

## 10-Q

RRX - REGAL REXNORD CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 855

■ CHANGES 248

■ DELETIONS 240

■ ADDITIONS 367

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

**FORM 10-Q**

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

for the quarterly period ended **March 31, 2024** ~~June 30, 2024~~ or

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

Commission file number 001-07283

**REGAL REXNORD CORPORATION**

(Exact name of registrant as specified in its charter)

Wisconsin  
(State or other jurisdiction of  
incorporation)

39-0875718  
(IRS Employer  
Identification No.)

111 West Michigan Street, Milwaukee, Wisconsin 53203  
(Address of principal executive office)

(608) 364-8800  
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock	RRX	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  No

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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

On **May 3, 2024** ~~July 30, 2024~~ the registrant had outstanding **66,518,762** ~~66,541,115~~ shares of common stock, \$0.01 par value per share.

REGAL REXNORD CORPORATION

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**CAUTIONARY STATEMENT**

All statements in this report, other than those relating to historical facts, are "forward-looking statements." Forward-looking statements can generally be identified their use of terms such as "anticipate," "believe," "confident," "estimate," "expect," "intend," "plan," "may," "will," "would," "project," "forecast," "could," "should," and similar expressions including references to assumptions. Forward-looking statements are not guarantees of future performance and are subject to a number of assumptions, risks and uncertainties, many of which are beyond the Company's our control, which could cause actual results to differ materially from such statements. Forward-looking statements include, but are not limited to, statements about expected market or macroeconomic trends, future strategic plans and future financial and operating results. Important factors that could cause actual results to differ materially from those presented or implied in the forward-looking statements in this report include, without limitation:

- the possibility that the Company may be unable to achieve expected benefits, synergies and operating efficiencies in connection with the sale of the Industrial Motors and Generators businesses, the acquisition of Altra Industrial Motion Corp. (the "Altra Transaction"), and the merger with the Rexnord Process & Motion Control business (the "Rexnord PMC business") within the expected time-frames or at all and to successfully integrate Altra Industrial Motion Corp. ("Altra") and the Rexnord PMC business;
- the Company's substantial indebtedness as a result of the Altra Transaction and the effects of such indebtedness on the Company's financial flexibility;
- the Company's ability to achieve its objectives on reducing its indebtedness on the desired timeline;
- dependence on key suppliers and the potential effects of supply disruptions;
- fluctuations in commodity prices and raw material costs;
- any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects;
- unanticipated operating costs, customer loss and business disruption;
- the Company's ability to retain key executives and employees;
- uncertainties regarding the our ability to execute restructuring plans within expected costs and timing;
- challenges to the tax treatment that was elected with respect to the merger with the Rexnord PMC business and related transactions;
- actions taken by competitors and their ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries;
- the our ability to develop new products based on technological innovation, such as the Internet of Things and artificial intelligence, and marketplace acceptance of new and existing products;
- dependence on significant customers and distributors;
- risks associated with climate change and uncertainty regarding our ability to deliver on our climate sustainability commitments and/or to meet related investor, customer and other third party expectations relating to our sustainability efforts;
- risks associated with global manufacturing, including risks associated with public health crises and political, societal or economic instability, including instability caused by ongoing geopolitical conflicts;
- issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; businesses;
- prolonged declines in one or more markets;
- risks associated with excess or obsolete inventory charges, including related write-offs or write-downs;
- economic changes in global markets, such as reduced demand for products, currency exchange rates, inflation rates, interest rates, recession, government policies, including policy changes affecting taxation, trade, tariffs, immigration, customs, border actions and the like, and other external factors that the Company cannot control;
- product liability, asbestos and other litigation, or claims by end users, government agencies or others that products or customers' applications failed to perform as anticipated;
- unanticipated liabilities of acquired businesses;
- unanticipated adverse effects or liabilities from business exits or divestitures;
- the Company's ability to identify and execute on future mergers and acquisitions ("M&A") opportunities, including significant M&A transactions;

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- 
- the impact of any such M&A transactions on the Company's results, operations and financial condition, including the impact from costs to execute and finance any such transactions;

3

- 
- unanticipated costs or expenses that may be incurred related to product warranty issues;
  - infringement of intellectual property by third parties, challenges to intellectual property, and claims of infringement on third party technologies;
  - effects on earnings of any significant impairment of goodwill;
  - losses from failures, breaches, attacks or disclosures involving information technology infrastructure and data;
  - costs and unanticipated liabilities arising from rapidly evolving laws and regulations;

and other factors that can be found in our filings with the Securities and Exchange Commission (the "SEC"), including our most recent periodic reports filed on Form 10-K and Form 10-Q, which are available on our Investor Relations website. Forward-looking statements are given only as of the date of this report and we disclaim any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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PART I—FINANCIAL INFORMATION

**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**REGAL REXNORD CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(Unaudited)  
(Amounts in Millions, Except Per Share Data)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Sales				
Net Sales				
Net Sales				
Cost of Sales				
Cost of Sales				
Cost of Sales				
Gross Profit				
Gross Profit				
Gross Profit				
Operating Expenses				
Operating Expenses				
Operating Expenses				
Loss on Assets Held for Sale				
(Gain) Loss on Sale of Businesses				
(Gain) Loss on Sale of Businesses				
Loss on Assets Held for Sale				
Loss on Assets Held for Sale				
Total Operating Expenses				
Total Operating Expenses				
(Gain) Loss on Sale of Businesses				
Total Operating Expenses				
Income from Operations				
Income from Operations				
Income from Operations				
Interest Expense				
Interest Expense				
Interest Expense				
Interest Income				
Interest Income				
Interest Income				
Other Expense (Income), Net				
Other Expense (Income), Net				
Other Expense (Income), Net				
Income before Taxes				
Income before Taxes				
Income before Taxes				
Provision for Income Taxes				
Provision for Income Taxes				

Provision for Income Taxes
Net Income (Loss)
Net Income (Loss)
Net Income (Loss)
Net Income
Less: Net Income Attributable to Noncontrolling Interests
Less: Net Income Attributable to Noncontrolling Interests
Less: Net Income Attributable to Noncontrolling Interests
Net Income (Loss) Attributable to Regal Rexnord Corporation
Net Income (Loss) Attributable to Regal Rexnord Corporation
Net Income (Loss) Attributable to Regal Rexnord Corporation
Earnings (Loss) Per Share Attributable to Regal Rexnord Corporation:
Earnings (Loss) Per Share Attributable to Regal Rexnord Corporation:
Earnings (Loss) Per Share Attributable to Regal Rexnord Corporation:
Net Income Attributable to Regal Rexnord Corporation
Earnings Per Share Attributable to Regal Rexnord Corporation:
Basic
Basic
Basic
Assuming Dilution
Assuming Dilution
Assuming Dilution
Weighted Average Number of Shares Outstanding:
Weighted Average Number of Shares Outstanding:
Weighted Average Number of Shares Outstanding:
Basic
Basic
Basic
Assuming Dilution
Assuming Dilution
Assuming Dilution

See Accompanying Notes to Condensed Consolidated Financial Statements

**REGAL REXNORD CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)  
(Dollars in Millions)

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net Income (Loss)	\$ 20.4	\$ (5.5)
Other Comprehensive (Loss) Income Net of Tax:		
Foreign Currency Translation Adjustments	(87.5)	34.5
Hedging Activities:		
Increase in Fair Value of Hedging Activities, Net of Tax Effects of \$2.3 million and \$5.3 million for the Three Months Ended March 31, 2024 and March 31, 2023, Respectively	7.1	16.8

Reclassification of (Gains) Losses included in Net Income (Loss), Net of Tax Effects of \$(2.4) million and \$0.4 million for the Three Months Ended March 31, 2024 and March 31, 2023, Respectively	(7.5)	1.3
Pension and Post Retirement Plans:		
Reclassification Adjustments for Pension and Post Retirement Benefits included in Net Income (Loss), Net of Tax Effects of zero and \$(0.1) million for the Three Months Ended March 31, 2024 and March 31, 2023, Respectively	0.2	(0.4)
Other Comprehensive (Loss) Income	(87.7)	52.2
Comprehensive (Loss) Income	(67.3)	46.7
Less: Comprehensive Income Attributable to Noncontrolling Interests	0.2	0.7
Comprehensive (Loss) Income Attributable to Regal Rexnord Corporation	\$ (67.5)	\$ 46.0

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Income	\$ 63.0	\$ 33.2	\$ 83.4	\$ 27.7
Other Comprehensive Income (Loss) Net of Tax:				
Foreign Currency Translation Adjustments	(56.0)	(30.5)	(143.5)	4.0
Reclassification of Foreign Currency Translation Losses to Earnings (see Note 3 - Acquisitions and Divestitures)	121.3	—	121.3	—
Hedging Activities:				
(Decrease) Increase in Fair Value of Hedging Activities, Net of Tax Effects of \$(1.8) million and \$1.2 million for the Three Months Ended June 30, 2024 and June 30, 2023 and \$(0.2) million and \$6.5 million for the Six Months Ended June 30, 2024 and June 30, 2023, Respectively	(5.6)	3.7	(0.7)	20.5
Reclassification of (Gains) Losses included in Net Income, Net of Tax Effects of \$(2.1) million and \$(0.2) million for the Three Months Ended June 30, 2024 and June 30, 2023 and \$(3.8) million and \$0.2 million for the Six Months Ended June 30, 2024 and June 30, 2023, Respectively	(6.7)	(0.5)	(12.0)	0.8
Pension and Post Retirement Plans:				
Increase in Prior Service Cost and Unrecognized Loss, Net of Tax Effects of \$(0.1) million for the Three and Six Months ended June 30, 2024, Respectively	(0.4)	—	(0.4)	—
Reclassification Adjustments for Pension and Post Retirement Benefits included in Net Income, Net of Tax Effects of zero and \$(0.2) million for the Three Months Ended June 30, 2024 and June 30, 2023 and zero and \$(0.3) million for the Six Months Ended June 30, 2024 and June 30, 2023, Respectively	0.1	(0.4)	0.3	(0.8)
Other Comprehensive Income (Loss)	52.7	(27.7)	(35.0)	24.5
Comprehensive Income	115.7	5.5	48.4	52.2
Less: Comprehensive Income (Loss) Attributable to Noncontrolling Interests	0.2	(0.1)	0.4	0.6
Comprehensive Income Attributable to Regal Rexnord Corporation	\$ 115.5	\$ 5.6	\$ 48.0	\$ 51.6

See Accompanying Notes to Condensed Consolidated Financial Statements

**REGAL REXNORD CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(Dollars in Millions, Except Per Share Data)

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023

## ASSETS

Current Assets:

Current Assets:

Current Assets:

Cash and Cash Equivalents

Cash and Cash Equivalents

Cash and Cash Equivalents

Trade Receivables, Less Allowances of \$29.3 million and \$30.3 million in 2024 and 2023, Respectively

Trade Receivables, Less Allowances of \$31.5 million and \$30.3 million in 2024 and 2023, Respectively

Inventories

Prepaid Expenses and Other Current Assets

Assets Held for Sale

Assets Held for Sale

Assets Held for Sale

Total Current Assets

Net Property, Plant and Equipment

Operating Lease Assets

Goodwill

Intangible Assets, Net of Amortization

Deferred Income Tax Benefits

Other Noncurrent Assets

Noncurrent Assets Held for Sale

Noncurrent Assets Held for Sale

Noncurrent Assets Held for Sale

Total Assets

## LIABILITIES AND EQUITY

Current Liabilities:

Current Liabilities:

Current Liabilities:

Accounts Payable

Accounts Payable

Accounts Payable

Dividends Payable

Accrued Compensation and Employee Benefits

Accrued Compensation and Employee Benefits

Accrued Compensation and Employee Benefits

Accrued Interest

Other Accrued Expenses

Current Operating Lease Liabilities

Current Maturities of Long-Term Debt

Liabilities Held for Sale

Total Current Liabilities

Long-Term Debt

Deferred Income Taxes

Pension and Other Post Retirement Benefits

Pension and Other Post Retirement Benefits

Pension and Other Post Retirement Benefits

Noncurrent Operating Lease Liabilities

Other Noncurrent Liabilities

Other Noncurrent Liabilities



Other Noncurrent Liabilities

Noncurrent Liabilities Held for Sale

Contingencies (see Note 12 - Contingencies)

Contingencies (see Note 12 -  
Contingencies)

Contingencies (see Note 12 -  
Contingencies)

Equity:

Regal Rexnord Corporation Shareholders' Equity:

Regal Rexnord Corporation Shareholders' Equity:

Regal Rexnord Corporation Shareholders' Equity:

Common Stock, \$0.01 par value, 150.0 million Shares Authorized, 66.5 million and 66.3 million Shares Issued and Outstanding for 2024 and 2023, Respectively

Common Stock, \$0.01 par value, 150.0 million Shares Authorized, 66.5 million and 66.3 million Shares Issued and Outstanding for 2024 and 2023, Respectively

Common Stock, \$0.01 par value, 150.0 million Shares Authorized, 66.5 million and 66.3 million Shares Issued and Outstanding for 2024 and 2023, Respectively

Additional Paid-In Capital

Retained Earnings

Accumulated Other Comprehensive Loss

Total Regal Rexnord Corporation Shareholders' Equity

Noncontrolling Interests

Total Equity

Total Liabilities and Equity

See Accompanying Notes to Condensed Consolidated Financial Statements.

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**REGAL REXNORD CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited)  
(Dollars in Millions, Except Per Share Data)

	Three Months Ended				Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Three Months Ended			Three Months Ended			Total Equity
	Common Stock \$0.01 Par Value	Common Stock \$0.01 Par Value	Additional Paid-In Capital	Retained Earnings			Common Stock \$0.01 Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests		
December 31, 2023													
March 31, 2024													
Net Income													
Other Comprehensive Income (Loss)													
Dividends Declared (\$0.35 Per Share)													
Stock Options Exercised													
Businesses Divested													
Businesses Divested													
Businesses Divested													
Share-Based Compensation													
June 30, 2024													

June 30, 2024  
 June 30, 2024  
 March 31, 2023  
 March 31, 2023  
 March 31, 2023  
 Net Income  
 Other  
 Comprehensive  
 Loss  
 Dividends  
 Declared (\$0.35  
 Per Share)  
 Stock Options  
 Exercised  
 Share-Based Compensation  
 Share-Based Compensation  
 Share-Based Compensation  
 March 31, 2024  
 March 31, 2024  
 March 31, 2024  
 December 31, 2022  
 December 31, 2022  
 December 31, 2022  
 Net (Loss) Income  
 Other  
 Comprehensive  
 Income  
 Dividends  
 Declared (\$0.35  
 Per Share)  
 Stock Options  
 Exercised  
 Replacement  
 Equity-Based  
 Awards Granted  
 Share-Based  
 Compensation  
 March 31, 2023  
 March 31, 2023  
 March 31, 2023  
 Dividends  
 Declared to  
 Noncontrolling  
 Interests  
 June 30, 2023

See Accompanying Notes to Condensed Consolidated Financial Statements.

**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

(Unaudited)

(Dollars in Millions, Except Per Share Data)

	Six Months Ended					
	Common Stock \$0.01 Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
December 31, 2023	\$ 0.7	\$ 4,646.2	\$ 1,979.8	\$ (282.4)	\$ 20.8	\$ 6,365.1
Net Income	—	—	82.3	—	1.1	83.4
Other Comprehensive Loss	—	—	—	(155.6)	(0.7)	(156.3)
Dividends Declared (\$0.70 Per Share)	—	—	(46.6)	—	—	(46.6)
Stock Options Exercised	—	(8.4)	—	—	—	(8.4)
Businesses Divested	—	—	—	121.3	(9.2)	112.1
Share-Based Compensation	—	18.6	—	—	—	18.6
June 30, 2024	<u>\$ 0.7</u>	<u>\$ 4,656.4</u>	<u>\$ 2,015.5</u>	<u>\$ (316.7)</u>	<u>\$ 12.0</u>	<u>\$ 6,367.9</u>
December 31, 2022	\$ 0.7	\$ 4,609.6	\$ 2,130.0	\$ (352.1)	\$ 34.4	\$ 6,422.6
Net Income	—	—	26.2	—	1.5	27.7
Other Comprehensive Income (Loss)	—	—	—	25.4	(0.9)	24.5
Dividends Declared (\$0.70 Per Share)	—	—	(46.4)	—	—	(46.4)
Stock Options Exercised	—	(8.2)	—	—	—	(8.2)
Replacement Equity-Based Awards Granted	—	4.6	—	—	—	4.6
Share-Based Compensation	—	20.5	—	—	—	20.5
Dividends Declared to Noncontrolling Interests	—	—	—	—	(8.4)	(8.4)
June 30, 2023	<u>\$ 0.7</u>	<u>\$ 4,626.5</u>	<u>\$ 2,109.8</u>	<u>\$ (326.7)</u>	<u>\$ 26.6</u>	<u>\$ 6,436.9</u>

*See Accompanying Notes to the Consolidated Financial Statements.*

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**REGAL REXNORD CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Dollars in Millions)

	Three Months Ended	Six Months Ended
	March 31, 2024	March 31, 2023
	June 30, 2024	June 30, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income (Loss)		
Net Income (Loss)		
Net Income (Loss)		
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities (Net of Acquisitions and Divestitures):		
Net Income		
Net Income		
Net Income		
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities (Net of Acquisitions and Divestitures):		
Depreciation		
Depreciation		

Depreciation
Amortization
Loss on Assets Held for Sale
Loss on Sale of Businesses
Loss on Assets Held for Sale
Loss on Sale of Businesses
Loss on Assets Held for Sale
Loss on Sale of Businesses
Noncash Lease Expense
Share-Based Compensation Expense
Financing Fee Expense
Benefit from Deferred Income Taxes
Benefit from Deferred Income Taxes
Benefit from Deferred Income Taxes
Other Non-Cash Changes
Other Non-Cash Changes
Other Non-Cash Changes
Change in Operating Assets and Liabilities, Net of Acquisitions and Divestitures
Receivables
Receivables
Receivables
Inventories
Accounts Payable
Other Assets and Liabilities
Net Cash Provided by Operating Activities
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>
Additions to Property, Plant and Equipment
Additions to Property, Plant and Equipment
Additions to Property, Plant and Equipment
Business Acquisitions, Net of Cash Acquired
Proceeds Received from Sales of Property, Plant and Equipment
Net Cash Used in Investing Activities
Proceeds Received from Sale of Businesses, Net of Cash Transferred
Net Cash Used in Investing Activities
Proceeds Received from Sale of Businesses, Net of Cash Transferred
Proceeds Received from Sale of Businesses, Net of Cash Transferred
Net Cash Used in Investing Activities
Net Cash Provided by (Used in) Investing Activities
Net Cash Provided by (Used in) Investing Activities
Net Cash Provided by (Used in) Investing Activities
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>
Borrowings Under Revolving Credit Facility
Borrowings Under Revolving Credit Facility
Borrowings Under Revolving Credit Facility
Repayments Under Revolving Credit Facility
Proceeds from Short-Term Borrowings
Repayments of Short-Term Borrowings
Proceeds from Long-Term Borrowings
Repayments of Long-Term Borrowings
Dividends Paid to Shareholders
Shares Surrendered for Taxes

Proceeds from the Exercise of Stock Options
Financing Fees Paid
Financing Fees Paid
Financing Fees Paid
Distributions to Noncontrolling Interests
Net Cash (Used in) Provided By Financing Activities
Net Cash (Used in) Provided By Financing Activities
Net Cash (Used in) Provided By Financing Activities
<b>EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS</b>
Net (Decrease) Increase in Cash and Cash Equivalents
Cash and Cash Equivalents at Beginning of Period
Cash and Cash Equivalents at End of Period
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>
Cash Paid For:
Cash Paid For:
Cash Paid For:
Interest
Interest
Interest
Income taxes
Cash and Cash Equivalents Presentation:
Cash and Cash Equivalents
Cash and Cash Equivalents
Cash and Cash Equivalents
Assets Held for Sale
Total Cash and Cash Equivalents

See Accompanying Notes to Condensed Consolidated Financial Statements.

**REGAL REXNORD CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, June 30, 2024**  
**(Unaudited)**  
**(Dollars in Millions Except Per Share Data, Unless Otherwise Noted)**

**1. BASIS OF PRESENTATION**

The accompanying (a) Condensed Consolidated Balance Sheet of Regal Rexnord Corporation (the "Company"), as of December 31, 2023, which has been derived from audited Consolidated Financial Statements, and (b) unaudited interim Condensed Consolidated Financial Statements as of **March 31, 2024** **June 30, 2024** and for the three and six months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to make the information not misleading.

It is suggested that these Condensed Consolidated Financial Statements be read in conjunction with the Consolidated Financial Statements and the Notes thereto included in the Company's 2023 Annual Report on Form 10-K filed with the SEC on February 26, 2024.

In the opinion of management, all adjustments considered necessary for a fair presentation of financial results have been made. Except as otherwise discussed, such adjustments consist of only those of a normal recurring nature. Operating results for the three and six months ended **March 31, 2024** **June 30, 2024** are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2024.

The Condensed Consolidated Financial Statements have been prepared in accordance with GAAP, which requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Condensed Consolidated Financial Statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. The Company uses estimates in accounting for, among other items, allowances for credit losses; excess and obsolete inventory; share-based compensation; acquisitions; product warranty obligations; pension and **post retirement** **post-retirement** assets and liabilities; derivative fair values; goodwill and other asset

impairments; health care reserves; rebates and incentives; litigation claims and contingencies, including environmental matters; and income taxes. The Company accounts for changes to estimates and assumptions when warranted by factually based experience.

The sale of the industrial motors and generators businesses, which closed on April 30, 2024 as further described in Note 3 – Held for Sale, Acquisitions and Divestitures, does not represent a strategic shift that will have a major effect on the Company's operations and financial results and, therefore, did not qualify for presentation as discontinued operations. The assets and liabilities related to these businesses were reclassified to presented as Assets Held for Sale, Noncurrent Assets Held for Sale, Liabilities Held for Sale and Noncurrent Liabilities Held for Sale on the Company's Condensed Consolidated Balance Sheet as of September 30, 2023 December 31, 2023. Results for the industrial motors and generators businesses are included in Regal Rexnord's results and related disclosures through the close of sale on April 30, 2024.

**Reclassifications**

Benefit from Deferred Income Taxes for the three months ended March 31, 2023 has been reclassified from Current Liabilities and Other and presented individually in the Condensed Consolidated Statements of Cash Flows to conform to the presentation used for the three months ended March 31, 2024.

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**2. OTHER FINANCIAL INFORMATION**

**Revenue Recognition**

The Company recognizes revenue from the sale of electric motors, electrical motion controls, power generation, automation and power transmission products and components, factory automation sub-systems, industrial powertrain solutions, air moving products, and specialty electrical components and systems. The Company recognizes revenue when control of the product passes to the customer or the service is provided. Revenue is recognized at an amount that reflects the consideration expected to be received in exchange for such goods or services.

The following tables presents the Company's revenues disaggregated by geographical region:

Period	Three Months Ended					Total
	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Industrial Systems	
March 31, 2024						
June 30, 2024						
North America						
Asia						
Europe						
Rest-of-World						
Total						
March 31, 2023						
March 31, 2023						
March 31, 2023						
June 30, 2023						
June 30, 2023						
June 30, 2023						
June 30, 2023						
North America						
Asia						
Europe						
Rest-of-World						
Total						
<b>Six Months Ended</b>						

June 30, 2024	Industrial Powertrain Solutions		Power Efficiency Solutions		Automation & Motion Control		Industrial Systems		Total	
	North America	\$ 875.2	\$ 611.5	\$ 547.7	\$ 79.4	\$ 2,113.8				
Asia	93.9	82.8	45.2	44.3	266.2					
Europe	247.1	69.8	191.9	17.6	526.4					
Rest-of-World	102.7	32.1	37.6	16.5	188.9					
Total	\$ 1,318.9	\$ 796.2	\$ 822.4	\$ 157.8	\$ 3,095.3					

  

June 30, 2023	Industrial Powertrain Solutions		Power Efficiency Solutions		Automation & Motion Control		Industrial Systems		Total	
	North America	\$ 784.2	\$ 726.6	\$ 452.0	\$ 143.5	\$ 2,106.3				
Asia	68.4	88.7	28.0	77.5	262.6					
Europe	173.5	84.5	150.9	31.1	440.0					
Rest-of-World	87.0	29.8	45.4	21.6	183.8					
Total	\$ 1,113.1	\$ 929.6	\$ 676.3	\$ 273.7	\$ 2,992.7					

**Trade Receivables**

The Company's policy for estimating the allowance for credit losses on trade receivables considers several factors including historical write-off experience, overall customer credit quality in relation to general economic and market conditions, and specific customer account analyses. The specific customer account analysis considers such items as credit worthiness, payment

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history, and historical bad debt experience. Trade receivables are written off after exhaustive collection efforts occur and the receivable is deemed uncollectible. Adjustments to the allowance for credit losses are recorded in Operating Expenses.

**Inventories**

The following table presents approximate percentage distribution between major classes of inventories:

		March 31, 2024		December 31, 2023	
		June 30, 2024		December 31, 2023	
Raw Material and Work in Process	Raw Material and Work in Process	67.4%	66.7%	Raw Material and Work in Process	67.8%
Finished Goods and Purchased Parts	Finished Goods and Purchased Parts	32.6%	33.3%	Finished Goods and Purchased Parts	32.2%
					33.3%

Inventories are stated at the lower of cost or net realizable value. All inventory is valued using the FIFO cost method.

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**Property, Plant, and Equipment**

The following table presents property, plant, and equipment by major classification:

	Useful Life in Years	Useful Life in Years	March 31, 2024	December 31, 2023	Useful Life in Years	June 30, 2024	December 31, 2023
Land and Improvements							
Buildings and Improvements							
Machinery and Equipment							
Property, Plant and Equipment							
Less: Accumulated Depreciation							

## Net Property, Plant and Equipment

As of **March 31, 2024**, **June 30, 2024** and December 31, 2023, **\$43.6 million**, **\$44.2 million** and \$44.4 million of right-of-use assets were included in Net Property, Plant and Equipment, respectively.

### **Supplier Finance Program**

The Company's supplier finance program with Bank of America ("the Bank") offers the Company's designated suppliers the option to receive payments of outstanding invoices in advance of the invoice maturity dates at a discount. The Company's payment obligation to the Bank remains subject to the respective supplier's invoice maturity date. The Bank acts as a payment agent, making payments on invoices the Company confirms are valid. The supplier finance program is offered for open account transactions only and may be terminated by either the Company or the Bank upon 15 days' notice. The Company has not pledged any assets under this program. The Company has not incurred any subscription, service or other fees related to the Company's supplier finance program. The Company's outstanding obligations under the supplier finance program, which are classified within Accounts Payable, or Liabilities Held for Sale, were **\$41.6**, **\$39.1 million** and \$60.8 million as of **March 31, 2024**, **June 30, 2024** and December 31, 2023, respectively.

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### **3. HELD FOR SALE, ACQUISITIONS AND DIVESTITURES**

#### **Assets and Liabilities Held for Sale - Industrial Systems Divestiture**

On September 23, 2023, the Company signed an agreement to sell its industrial motors and generators businesses which represent the substantial majority of the Industrial Systems operating segment.

The transaction closed on April 30, 2024 for a total consideration purchase price of **\$400 million**, **\$446.6 million**, approximately 17% of which is was deferred and will be was paid upon later during the second quarter of 2024 with the completion of the China Business transfer, as defined below. The total consideration remains subject to taxes, transaction expenses, working capital adjustments and customary post-closing adjustments. The Company anticipates that aggregate net proceeds will approximate **\$355 million**. Due to administrative requirements, the transfer of the Chinese subsidiaries of the industrial motors and generators business, (the "China Business") remains in progress and is expected to occur following was slightly deferred pending the completion of customary local filings and transfer documentation. documentation, which were completed during the second quarter.

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For the three and six months ended June 30, 2024, the Company recognized a Gain on Sale of Businesses of \$17.2 million and a Loss on Sale of Businesses of \$4.3 million, respectively. The Company expects recognized a cumulative loss of \$92.0 million on the deferred transfer of the China Business will occur in mid second quarter of 2024, at which time it anticipates it will receive the portion of the purchase price allocated to the China Business. The sale of the industrial motors and generators businesses, does which was primarily related to foreign currency translation losses that were reclassified out of accumulated other comprehensive income into earnings at the closing of the transaction.

The following table summarizes the fair value of the sale proceeds received in connection with the divestiture, which are subject to further post-closing adjustment:

	<b>April 30, 2024</b>
Purchase price	\$ 400.0
Cash transferred to buyer	66.1
Estimated working capital and other adjustments	(19.5)
Total purchase price	446.6
Direct costs to sell	(7.3)
Fair value of sale consideration, net <sup>(1)</sup>	\$ 439.3

(1) The fair value of sale consideration, net includes an immaterial post-close adjustment to the purchase price for which cash has not represent a strategic shift that will have a major effect yet been received.

The following table summarizes the carrying value of the disposal group and resulting loss on the Company's operations and financial results and, therefore, did not qualify for presentation as discontinued operations. sale:



	April 30, 2024
Net assets sold	\$ 419.4
Noncontrolling Interest	(9.2)
Accumulated Other Comprehensive Income	121.3
Payables with seller	(0.2)
Carrying value of disposal group	\$ 531.3
Loss on Sale of Businesses	\$ (92.0)

The assets and liabilities related to these businesses were included in Assets Held for Sale, Noncurrent Assets Held for Sale, Liabilities Held for Sale and Noncurrent Liabilities Held for Sale as of December 31, 2023, as shown in the table below:

	March 31, 2024	December 31, 2023
<b>Assets Held for Sale</b>		
Cash and Cash Equivalents	\$ 57.1	\$ 61.3
Trade Receivables, Less Allowances	92.8	88.3
Inventories	192.5	199.7
		<b>December 31, 2023</b>
<b>Assets Held for Sale</b>		
Cash and Cash Equivalents		\$ 61.3
Trade Receivables, Less Allowances		88.3
Inventories		199.7
Prepaid Expenses and Other Current Assets		12.2
Total Current Assets Held for Sale		\$ 361.5
Net Property, Plant and Equipment		96.0
Operating Lease Assets		18.0
Goodwill		54.7
Intangible Assets, Net of Amortization		2.1
Deferred Income Tax Benefits		11.0
Other Noncurrent Assets		—
Loss on Assets Held for Sale		(87.7)
Total Noncurrent Assets Held for Sale		\$ 94.1
<b>Liabilities Held for Sale</b>		
Accounts Payable		\$ 67.2
Accrued Compensation and Employee Benefits		11.3
Other Accrued Expenses		21.7
Current Operating Lease Liabilities		3.5
Total Current Liabilities Held for Sale		\$ 103.7
Pension and Other Post Retirement Benefits		0.9
Noncurrent Operating Lease Liabilities		16.2
Other Noncurrent Liabilities		3.3
Total Noncurrent Liabilities Held for Sale		\$ 20.4

In addition to the assets and liabilities of the industrial motors and generators businesses, there are other assets recorded in Assets Held for Sale on the Company's Consolidated Balance Sheet as of March 31, 2024 and December 31, 2023, which are not material.

### Altra Transaction

On October 26, 2022, the Company entered into an Agreement and Plan of Merger (the "Altra Merger Agreement") by and among the Company, Altra Industrial Motion Corp., a Delaware corporation ("Altra"), and Aspen Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"). Altra is a leading global manufacturer of highly-engineered products and sub-systems in the factory automation and industrial power transmission markets. Regal Rexnord entered into the Altra Merger Agreement because it believes it can recognize substantial revenue and cost synergies through the combination. In particular, Altra transforms Regal Rexnord's automation portfolio into a global provider with significant sales into markets with secular growth characteristics. Altra also adds significant capabilities to Regal Rexnord's industrial power transmission portfolio, in particular in clutches and brakes, allowing it to provide a broader offering, and more robust industrial powertrain solutions to its customers.

On March 27, 2023, in accordance with the terms and conditions of the Altra Merger Agreement, Merger Sub merged with and into Altra (the "Altra Merger"), with Altra surviving the Altra Merger as a wholly owned subsidiary of the Company (the "Altra Transaction").

Pursuant to the Altra Merger Agreement, following the Altra Merger, each of Altra's issued and outstanding shares of common stock were converted into \$62.00 in cash, without interest (the "Altra Merger Consideration"). In addition, all Altra equity awards outstanding immediately prior to the Altra Merger were converted into an award of cash or an award of restricted stock equal to the equivalent value of the original equity award with similar terms and conditions based on the Altra Merger Consideration.

The Company's management determined that the Company is the accounting acquirer in the Altra Transaction based on the facts and circumstances noted within this section and other relevant factors. As such, the Company applied the acquisition method of accounting to the identifiable assets and liabilities of Altra, which have been measured at estimated fair value as of the date of the business combination.

The total purchase price to acquire Altra was \$5.1 billion, which consisted of the following:

Cash paid for outstanding Altra Common Stock <sup>(1)</sup>	\$	4,051.0
Stock based compensation <sup>(2)</sup>		23.1
Payment of Altra debt <sup>(3)</sup>		1,061.0
Pre-existing relationships <sup>(4)</sup>		(0.5)
<b>Purchase price</b>	<b>\$</b>	<b>5,134.6</b>

(1) Cash paid for the common stock component of the purchase price was based on 65.3 million shares of outstanding Altra Common Stock as of March 27, 2023 at \$62.00 per share, in accordance with the Altra Merger Agreement.

(2) Represents fair value of replacement equity-based awards and Company common stock issued in settlement of other Altra share based awards. The portion of the fair value attributable to pre-acquisition service was recorded as part of the consideration transferred in the Altra Transaction of which \$17.3 million was paid in cash during the second quarter of 2023.

(3) Cash paid by the Company to settle (a) the term loan facility, (b) the revolving credit facility and (c) 95.28% of the 6.125% senior notes due 2026 of Stevens Holding Company, Inc., a wholly owned subsidiary of Altra (the "Altra Notes"). \$18.1 million of the Altra Notes remained outstanding following the closing of the Altra Transaction. See Note 7 - Debt and Bank Credit Facilities for more information.

(4) Represents effective settlement of outstanding payables and receivables between the Company and Altra. No gain or loss was recognized on this settlement.

### Purchase Price Allocation

Altra's assets and liabilities were measured at estimated fair values at March 27, 2023, primarily using Level 3 inputs. Estimates of fair value represent management's best estimate of assumptions about future events and uncertainties, including significant judgments related to future cash flows, discount rates, competitive trends, margin and revenue growth assumptions, royalty rates and customer attrition rates and others. Inputs used were generally obtained from historical data supplemented by current and anticipated market conditions and growth rates expected as of the acquisition date.

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The Company estimated the fair value of net assets acquired based on information available during the measurement period and as of March 31, 2024, the valuation process to determine the fair values of the net assets acquired during the measurement period was complete. The fair value of the assets acquired and liabilities assumed were as follows:

	As Reported as of December 31,		Measurement period adjustments	As of March 31, 2024
	2023			
Cash and Cash Equivalents	\$	259.1	\$	259.1
Trade Receivables		258.1	(1.5)	256.6
Inventories		387.5	(0.5)	387.0
Prepaid Expenses and Other Current Assets		32.4	—	32.4
Property, Plant and Equipment		403.0	(0.5)	402.5

Intangible Assets <sup>(2)</sup>	2,142.0	—	2,142.0
Deferred Income Tax Benefits	0.7	0.1	0.8
Operating Lease Assets	46.8	—	46.8
Other Noncurrent Assets	12.7	—	12.7
Accounts Payable	(183.3)	—	(183.3)
Accrued Compensation and Benefits	(66.0)	—	(66.0)
Other Accrued Expenses <sup>(1)</sup>	(144.6)	(0.7)	(145.3)
Current Operating Lease Liabilities	(12.3)	—	(12.3)
Current Maturities of Long-Term Debt	(0.4)	—	(0.4)
Long-Term Debt	(25.3)	—	(25.3)
Deferred Income Taxes	(533.3)	8.2	(525.1)
Pension and Other Post Retirement Benefits	(19.8)	—	(19.8)
Noncurrent Operating Lease Liabilities	(29.0)	—	(29.0)
Other Noncurrent Liabilities	(8.3)	—	(8.3)
<b>Total Identifiable Net Assets</b>	<b>2,520.0</b>	<b>5.1</b>	<b>2,525.1</b>
Goodwill	2,614.6	(5.1)	2,609.5
<b>Purchase price</b>	<b>\$ 5,134.6</b>	<b>\$ —</b>	<b>\$ 5,134.6</b>

(1) Includes \$60.1 million related to Altra Transaction costs paid by the Company at the closing of the Altra Transaction.

(2) Includes \$1,710.0 million related to Customer Relationships, \$330.0 million related to Trademarks and \$102.0 million related to Technology.

#### Transaction and Integration Costs

The Company incurred transaction and integration-related costs in connection with the Altra Transaction of approximately \$5.0 \$3.5 million and \$9.9 million during the three and six months ended March 31, 2024 June 30, 2024, which includes legal, professional service and integration costs associated with the Altra Transaction. There were \$65.6 \$9.5 million and of \$75.0 million transaction and integration-related costs in connection with the Altra Transaction recognized during the three and six months ended March 31, 2023 June 30, 2023, which includes legal and professional services and certain employee compensation costs, including severance and retention, that were recognized as Operating Expenses in the Company's Condensed Consolidated Statements of Income (Loss). Income.

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The Company also incurred \$15.7 million of share-based compensation expense during the first quarter of 2023 related to the accelerated vesting of awards for certain former Altra employees. See Note 9 – Shareholders' Equity for additional information.

In connection with the Altra Transaction, the Company incurred additional costs due to the entry into certain financing arrangements. Such financing arrangements are described in Note 7 – Debt and Bank Credit Facilities.

#### Unaudited Pro Forma Information

The following unaudited supplemental pro forma financial information presents the Company's financial results for the three and six months ended March 31, 2023 June 30, 2023. The March 31, 2023 pro forma financial information below is presented as if the Altra Transaction had occurred on January 2, 2022, the first day of the Company's fiscal year ended December 31, 2022. The pro forma financial information includes, where applicable, adjustments for: (i) additional amortization expense that would have been recognized related to the acquired intangible assets, (ii) additional interest expense on transaction related borrowings less interest income earned on the investment of proceeds from borrowings prior to the close of the Altra Transaction, (iii) additional depreciation expense that would have been recognized related to the acquired property, plant, and equipment, (iv) transaction costs and other one-time non-recurring costs, including share-based compensation expense related to the accelerated vesting of awards for certain former Altra employees, which reduced expenses by \$81.3 \$9.5 million and \$90.7 million for the three and six months ended March 31, 2023 June 30, 2023, (v) additional cost of sales related to the inventory valuation adjustment which reduced expenses by \$44.1 million for the three and six months ended June 30, 2023, and (vi) (vi) the estimated income tax effect on the pro forma adjustments.

The pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved had the Altra Transaction been completed as of the date indicated or the results that may be obtained in the future.

	For the Three Months Ended March 31, 2023	
Net Sales	\$	1,675.2
Net Income Attributable to Regal Rexnord Corporation	\$	37.6
Earnings Per Share Attributable to Regal Rexnord Corporation:		
Basic	\$	0.57
Assuming Dilution	\$	0.56

  

	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2023
Net Sales	\$ 1,786.6	\$ 3,443.8
Net Income Attributable to Regal Rexnord Corporation	\$ 77.2	\$ 127.8
Earnings Per Share Attributable to Regal Rexnord Corporation:		
Basic	\$ 1.16	\$ 1.93
Assuming Dilution	\$ 1.16	\$ 1.92

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#### 4. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Foreign currency translation adjustments, hedging activities and pension and post-retirement benefit adjustments are included in Accumulated Other Comprehensive Income (Loss) ("AOCI"), a component of Total Equity.

The following tables present changes in AOCI by component for the three and six months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023:

	Three Months Ended				Total
	March 31, 2024	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	
June 30, 2024		Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
Beginning Balance					
Other Comprehensive Income (Loss) before Reclassifications					
Other Comprehensive (Loss) Income before Reclassifications					
Tax Impact					
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)					
Tax Impact					
Net Current Period Other Comprehensive (Loss) Income					
Ending Balance					
Ending Balance					
Ending Balance					
March 31, 2023					
March 31, 2023					
March 31, 2023		Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
June 30, 2023					
June 30, 2023					
June 30, 2023		Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
Beginning Balance					
Other Comprehensive Income before Reclassifications					

Other Comprehensive Income (Loss) before Reclassifications
Tax Impact
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)
Tax Impact
Net Current Period Other Comprehensive Income (Loss)
Net Current Period Other Comprehensive Income (Loss)
Net Current Period Other Comprehensive Income (Loss)
Ending Balance
Ending Balance
Ending Balance

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	Six Months Ended			
	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
<b>June 30, 2024</b>				
Beginning Balance	\$ 28.8	\$ (25.0)	\$ (286.2)	\$ (282.4)
Other Comprehensive Loss before Reclassifications	(0.9)	(0.5)	(142.8)	(144.2)
Tax Impact	0.2	0.1	—	0.3
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(15.8)	0.3	121.3	105.8
Tax Impact	3.8	—	—	3.8
Net Current Period Other Comprehensive Loss	(12.7)	(0.1)	(21.5)	(34.3)
Ending Balance	\$ 16.1	\$ (25.1)	\$ (307.7)	\$ (316.7)
<b>June 30, 2023</b>				
Beginning balance	\$ 17.3	\$ (13.3)	\$ (356.1)	\$ (352.1)
Other Comprehensive Income before Reclassifications	27.0	—	4.9	31.9
Tax Impact	(6.5)	—	—	(6.5)
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	1.0	(1.1)	—	(0.1)
Tax Impact	(0.2)	0.3	—	0.1
Net Current Period Other Comprehensive Income (Loss)	21.3	(0.8)	4.9	25.4
Ending Balance	\$ 38.6	\$ (14.1)	\$ (351.2)	\$ (326.7)

The Condensed Consolidated Statements of Income (Loss) line items affected by the hedging activities reclassified from AOCI in the tables above are disclosed in Note 13 - Derivative Financial Instruments.

The reclassification amounts for pension and post-retirement benefit adjustments in the tables above are part of net periodic benefit costs recorded in Other Expense (Income), Net (see also Note 8 - Retirement Plans).

## 5. GOODWILL AND INTANGIBLE ASSETS

### Goodwill

As required, the Company performs an annual impairment test of goodwill as of the end of October, or more frequently if events or circumstances change that would more likely than not reduce the fair value of its reporting units below their carrying value.

The following table presents changes to goodwill during the **three** six months ended **March 31, 2024** **June 30, 2024**:

	Total
	Total
	Total
Balance as of December 31, 2023	
Balance as of December 31, 2023	
Balance as of December 31, 2023	
Acquisitions	
Balance as of December 31, 2023	
Balance as of December 31, 2023	
Acquisitions	
Acquisitions	
Acquisitions	
Translation Adjustments	
Translation Adjustments	
Translation Adjustments	
Balance as of March 31, 2024	
Balance as of March 31, 2024	
Balance as of March 31, 2024	
Balance as of June 30, 2024	
Balance as of June 30, 2024	
Balance as of June 30, 2024	
Cumulative Goodwill Impairment Charges <sup>(1)</sup>	
Cumulative Goodwill Impairment Charges <sup>(1)</sup>	
Cumulative Goodwill Impairment Charges <sup>(1)</sup>	

(1) Excludes impairment charges related to Industrial Systems.

**Intangible Assets**

Intangible assets consist of the following:

	Weighted Average Amortization Period (Years)	March 31, 2024			December 31, 2023			Weighted Average Amortization Period (Years)	June 30, 2024			December 31, 2023		
		Gross Value	Accumulated Amortization	Net Carrying Amount	Gross Value	Accumulated Amortization	Net Carrying Amount		Gross Value	Accumulated Amortization	Net Carrying Amount	Gross Value	Accumulated Amortization	Net Carrying Amount
Customer Relationships														
Technology														
Trademarks														
Total Intangibles														
Total Intangibles														
Total Intangibles														

Amortization expense recorded for the three **and six** months ended **March 31, 2024** **June 30, 2024** was **\$86.7 million**, **\$86.5 million** and **\$173.2 million**, respectively. Amortization expense recorded for the three **and six** months ended **March 31, 2023** **June 30, 2023** was **\$46.3 million**, **\$89.4** and **\$135.7 million**, respectively. Amortization expense for 2024 is

estimated to be \$348.7 million, \$348.5 million.

The following table presents future estimated annual amortization expense for intangible assets:

Year	Year	Estimated Amortization	Year	Estimated Amortization
2025				
2026				
2027				
2028				
2029				

6. SEGMENT INFORMATION

As of March 31, 2024 June 30, 2024, the Company is comprised of four three operating segments: Industrial Powertrain Solutions ("IPS"), Power Efficiency Solutions ("PES"), and Automation & Motion Control ("AMC"), and Industrial Systems.

The IPS segment designs, produces and services a broad portfolio of highly-engineered power transmission products, including mounted and unmounted bearings, couplings, mechanical power transmission drives and components, gearboxes and gear motors, clutches, brakes, and industrial powertrain components and solutions. Increasingly, the segment produces industrial

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powertrain solutions, which are integrated sub-systems comprised of Regal Rexnord motors plus the critical power transmission components that efficiently transmit motion to power industrial applications. The segment serves a broad range of markets that include general industrial, metals & mining, agricultural and construction, food and beverage, energy, alternative energy and other markets.

The PES segment designs and produces fractional to approximately 5 horsepower AC and DC motors, electronic variable speed controls, electronic drives, fans and blowers, as well as integrated subsystems comprised of two or more of these components. The segment's products are used in residential and light commercial HVAC, water heater, commercial refrigeration, commercial building ventilation, pool and spa, irrigation, dewatering, agriculture and other applications.

The AMC segment designs, produces and services conveyor products, conveying automation subsystems, aerospace components, precision motion control solutions, high-efficiency miniature servo motors, controls, drives and linear actuators, as well as power management products that include automatic transfer switches and paralleling switchgear. The segment sells into markets that include industrial automation, robotics, food and beverage, aerospace, medical, agricultural and construction, general industrial, data center, and other markets.

The Industrial Systems segment designs designed and produces produced integral motors, alternators for industrial applications, along with and sold aftermarket parts and kits to support such products. These products serve served the general industrial, metals and mining, and food and beverage end markets. As described within Note 3 – Held for Sale, Acquisitions and Divestitures, the sale of the industrial motors and generators business was completed on April 30, 2024.

The Company evaluates performance based on the segment's income (loss) from operations. Corporate costs have been allocated to each segment based on the net sales of each segment. The reported external net sales of each segment are from external customers.

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The following sets forth certain financial information attributable to the Company's operating segments for the three and six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023:

Segment Information

March 31, 2024	Three Months Ended					Eliminations	Total
	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems			
	Three Months Ended						
	Three Months Ended						

June 30, 2024	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems <sup>(1)</sup>	Eliminations	Total
External Sales						
Intersegment Sales						
Total Sales						
Gross Profit						
Operating Expenses						
Loss on Assets Held for Sale						
Gain on Sale of Businesses						
Loss on Assets Held for Sale						
Gain on Sale of Businesses						
Loss on Assets Held for Sale						
Gain on Sale of Businesses						
Total Operating Expenses						
Income (Loss) from Operations						
Income from Operations						
Depreciation and Amortization						
Capital Expenditures						
March 31, 2023						
March 31, 2023						
March 31, 2023						
June 30, 2023						
June 30, 2023						
June 30, 2023						
External Sales						
External Sales						
External Sales						
Intersegment Sales						
Total Sales						
Gross Profit						
Operating Expenses						
Total Operating Expenses						
Income from Operations						
Total Operating Expenses						
Income from Operations						
Total Operating Expenses						
Income (Loss) from Operations						
Income from Operations						
Depreciation and Amortization						
Capital Expenditures						

(1) Results for the Industrial Systems segment cover the period through the completed sale on April 30, 2024.

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Segment Information						
June 30, 2024	Six Months Ended					
	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems <sup>(1)</sup>	Eliminations	Total



External Sales	\$ 1,318.9	\$ 796.2	\$ 822.4	\$ 157.8	\$ —	\$ 3,095.3
Intersegment Sales	4.7	5.7	9.8	0.5	(20.7)	—
Total Sales	1,323.7	801.9	832.2	158.2	(20.7)	3,095.3
Gross Profit	535.3	220.5	329.1	39.2	—	1,124.1
Operating Expenses	363.4	146.9	247.1	34.6	—	792.0
Loss on Sale of Businesses	—	—	—	4.3	—	4.3
Total Operating Expenses	363.4	146.9	247.1	38.9	—	796.3
Income from Operations	171.9	73.6	82.0	0.3	—	327.8
Depreciation and Amortization	140.9	22.2	91.5	0.6	—	255.2
Capital Expenditures	23.1	11.1	12.4	4.3	—	50.9
<b>June 30, 2023</b>						
External Sales	\$ 1,113.1	\$ 929.6	\$ 676.3	\$ 273.7	\$ —	\$ 2,992.7
Intersegment Sales	7.9	7.7	11.1	1.4	(28.1)	—
Total Sales	1,121.0	937.3	687.4	275.1	(28.1)	2,992.7
Gross Profit	401.8	251.5	251.6	57.0	—	961.9
Operating Expenses	335.7	146.3	208.2	51.2	—	741.4
Income from Operations	66.1	105.2	43.4	5.8	—	220.5
Depreciation and Amortization	116.0	23.5	67.3	6.7	—	213.5
Capital Expenditures	25.1	17.1	17.4	3.9	—	63.5

(1) Results for the Industrial Systems segment cover the period through the completed sale on April 30, 2024.

The following table presents identifiable assets information attributable to the Company's operating segments as of March 31, 2024, June 30, 2024 and December 31, 2023:

	Industrial Powertrain Solutions	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
Identifiable Assets as of March 31, 2024											
Identifiable Assets as of June 30, 2024											
Identifiable Assets as of December 31, 2023											

## 7. DEBT AND BANK CREDIT FACILITIES

The following table presents the Company's indebtedness as of March 31, 2024, June 30, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Senior Notes		
Term Facility		
Land Term Facility		
Land Term Facility		
Land Term Facility		
Multicurrency Revolving Facility		
Altra Notes		
Finance Leases		
Finance Leases		
Finance Leases		

Other
Other
Other
Less: Debt Issuance Costs
Total
Less: Current Maturities
Long-Term Debt

The below discussion of the Company's indebtedness should be read in conjunction with the Note 7 – Debt and Bank Credit Facilities in the Company's 2023 Annual Report on Form 10-K filed on February 26, 2024.

#### Credit Agreement

On March 28, 2022, the Company entered into a Second Amended and Restated Credit Agreement (the "Credit Agreement") with JPMorgan Chase Bank, N.A. as Administrative Agent and the lenders named therein, which was subsequently amended on November 17, 2022 (the "First Amendment") and November 30, 2022 (the "Assumption Agreement"), which in combination provide for, among other things:

- i. an unsecured term loan facility in the initial principal amount of up to \$550.0 million, maturing on March 28, 2027, which was upsized by \$840.0 million on March 27, 2023 in connection with the Altra Transaction (the "Term Facility");
- ii. an unsecured term loan facility in the initial principal amount of \$486.8 million, under which the Company's subsidiary Land Newco, Inc. remains the sole borrower, maturing on March 28, 2027 (the "Land Term Facility"); and
- iii. an unsecured revolving loan in the initial principal amount of up to \$1,000.0 million, maturing on March 28, 2027, which was upsized by \$570.0 million on March 27, 2023 in connection with the Altra Transaction (the "Multicurrency Revolving Facility").

The Term Facility requires quarterly amortization at 5.0% per annum, unless previously prepaid. Per the terms of the Credit Agreement, prepayments can be made without penalty and are applied to the next payment due. The Land Term Facility has no required amortization. Borrowings under the Credit Agreement bear interest at floating rates based upon indices determined by the currency of the borrowing (SOFR or an alternative base rate for US Dollar borrowings) or at an alternative base rate, in each case, plus an applicable margin. The weighted

Weighted average interest rates on the Term Facility for the three months ended March 31, 2024 and March 31, 2023 was 7.2% and 6.0%, respectively. The weighted average interest rate on the Land Term Facility for the three months ended March 31, 2024 and March 31, 2023 was 7.2% and 5.9%, respectively. facility are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Term Facility	7.1 %	7.1 %	7.2 %	6.8 %
Land Term Facility	7.2 %	7.1 %	7.2 %	6.5 %

The Term Facility requires quarterly amortization at 5.0% per annum, unless previously prepaid. Per the terms of the Credit Agreement, prepayments can be made without penalty and are applied to the next payment due. The Land Term Facility has no required amortization.

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As of March 31, 2024 June 30, 2024, the Company had no standby letters of credit issued under the Multicurrency Revolving Facility, and \$1,543.6 million \$1,544.0 million of available borrowing capacity. For the three months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023 under the Multicurrency Revolving Facility, the average daily balance in borrowings was \$98.5 million \$67.4 million and \$580.6 million \$425.2 million, respectively, respectively. For the six months ended June 30, 2024 and June 30, 2023 under the weighted Multicurrency Revolving Facility, the average interest rate daily balance in borrowings was 7.2% \$83.0 million and 5.8% \$464.7 million, respectively. The Company paid a non-use fee of 0.25% as of March 31, 2024 June 30, 2024 on the aggregate unused amount of the Multicurrency Revolving Facility at a rate determined by reference to its consolidated funded debt to consolidated EBITDA ratio.

Weighted average interest rates on the Multicurrency Revolving Facility are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Multicurrency Revolving Facility	7.2 %	6.7 %	7.2 %	6.4 %

#### Senior Notes

On January 24, 2023, the Company issued \$1,100.0 million aggregate principal amount of its 6.05% senior notes due 2026 (the "2026 Senior Notes"), \$1,250.0 million aggregate principal amount of its 6.05% senior notes due 2028 (the "2028 Senior Notes"), \$1,100.0 million aggregate principal amount of its 6.30% senior notes due 2030 (the "2030 Senior Notes") and \$1,250.0 million aggregate principal amount of its 6.40% senior notes due 2033 (the "2033 Senior Notes" and, together with the 2026 Senior Notes, 2028 Senior Notes and 2030 Senior Notes, collectively, the "Senior Notes"). The 2026 Senior Notes are scheduled to mature on February 15, 2026, the 2028 Senior Notes are scheduled to mature on April 15, 2028, the 2030 Senior Notes are scheduled to mature on February 15, 2030, and the 2033 Senior Notes are scheduled to mature on April 15, 2033.

The rate of interest on each series of the Senior Notes is subject to an increase of up to 2.00% in the event of certain downgrades in the debt rating of the Senior Notes. Interest on the 2026 Senior Notes and the 2030 Senior Notes is payable semi-annually on February 15 and August 15 of each year, beginning on August 15, 2023. Interest on the 2028 Senior Notes and the 2033 Senior Notes is payable semi-annually on April 15 and October 15 of each year, beginning on April 15, 2023.

The Company received \$4,647.0 million in net proceeds from the sale of the Senior Notes, after deducting the initial purchasers' discounts and estimated offering expenses. The Company used a portion of the net proceeds to repay the Company's outstanding Private Placement Notes and used the remaining net proceeds, together with the incremental term loan commitments under the Term Facility and cash on hand, to fund the consideration for the Altra Transaction, repay certain of Altra's outstanding indebtedness, and pay certain fees and expenses.

Prior to the consummation of the Altra Transaction, the Company used a portion of the proceeds to repay the outstanding borrowings under the Multicurrency Revolving Facility in January 2023 and invested the remaining net proceeds of approximately \$3.6 billion in interest bearing accounts. The Company recognized \$29.4 million in Interest Income from the investment in interest bearing accounts prior to the close of the Altra Transaction.

The Senior Notes were issued and sold in a private offering to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act") and persons outside the United States in accordance with Regulation S under the Securities Act. Pursuant to a registration rights agreement, the Company agreed to exchange the Senior Notes with registered notes with terms substantially identical to those of the Senior Notes of the corresponding series (the "New Notes") within 540 days from the date of issuance. The Company and certain subsidiaries that guarantee the Senior Notes filed a registration statement on Form S-4 with the SEC on March 26, 2024, registering an offer to exchange the Senior Notes validly tendered for New Notes of the corresponding series (the "Exchange Offer"). In May 2024, the Company and the guarantor subsidiaries completed the Exchange Offer, exchanging approximately \$4,697.1 million in aggregate principal amount of Senior Notes for approximately \$4,697.1 million in aggregate principal amount of New Notes of the corresponding series. The aggregate principal amount of Senior Notes not exchanged, approximately \$2.9 million, remained outstanding across the four series of Senior Notes. The New Notes consist of approximately \$1,099.0 million aggregate principal amount of 6.050% senior notes due 2026, \$1,249.4 million aggregate principal amount of 6.050% senior notes due 2028, \$1,099.4 million aggregate principal amount of 6.300% senior notes due 2030 and \$1,249.3 million aggregate principal amount of 6.400% senior notes due 2033.

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#### Altra Notes

On March 27, 2023, in connection with the Altra Transaction, the Company assumed \$18.1 million aggregate principal amount of 6.125% senior notes due 2026 (the "Altra Notes"). The Company purchased 95.28% of the outstanding Altra Notes for total consideration of \$382.7 million. See Note 3 – Held for Sale, Acquisitions and Divestitures for more information.

The Altra Notes will mature on October 1, 2026. The Altra Notes may be redeemed at the option of the issuer on or after October 1, 2023. The Notes are guaranteed on a senior unsecured basis by certain of the Company's domestic subsidiaries.

#### Compliance with Financial Covenants

The Credit Agreement requires the Company to meet specified financial ratios and to satisfy certain financial condition tests. The Company was in compliance with all financial covenants as of **March 31, 2024** **June 30, 2024**.

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#### Finance leases

The weighted average discount rate associated with the Company's finance leases was 5.2% as of **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**.

#### Other Disclosures

Based on rates for instruments with comparable maturities and credit quality, which are classified as Level 2 inputs (see also Note 14 - Fair Value), the approximate fair value of the Senior Notes was **\$4,791.7 million** **\$4,769.6 million** and \$4,802.4 million as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, compared to a carrying value of \$4,700.0 million as of **March 31, 2024** **June 30, 2024** and December 31, 2023. The Company believes that the fair value of all other debt instruments approximates their carrying value.

## 8. RETIREMENT PLANS

The following table presents the Company's net periodic benefit cost (income) components:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Service Cost				
Service Cost				
Service Cost				
Interest Cost				
Interest Cost				
Interest Cost				
Expected Return on Plan Assets				
Expected Return on Plan Assets				
Expected Return on Plan Assets				
Amortization of Prior Service Cost and Net Actuarial Loss (Gain)				
Amortization of Prior Service Cost and Net Actuarial Loss (Gain)				
Amortization of Prior Service Cost and Net Actuarial Loss (Gain)				
Special Termination Benefits				
Special Termination Benefits				
Special Termination Benefits				
Net Periodic Benefit Expense (Income)				
Net Periodic Benefit Expense (Income)				
Net Periodic Benefit Expense (Income)				

The service cost component is included in Cost of Sales and Operating Expenses. All other components of net periodic benefit costs are included in Other Expense (Income), Net on the Company's Condensed Consolidated Statements of **Income (Loss), Income**.

For the three months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, the Company contributed \$1.8 million and **\$1.5 million** \$2.0 million, respectively, to post retirement plans. For the six months ended June 30, 2024 and June 30, 2023, the Company contributed \$3.6 million and \$3.5 million, respectively. The Company expects to make total contributions of \$17.8 million in 2024. The Company contributed a total of **\$8.3 million** \$8.3 million in 2023.

For the three months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, the Company contributed **\$11.6 million** \$10.8 million and **\$6.2 million** \$11.3 million, respectively, to defined contribution plans. For the six months ended June 30, 2024 and June 30, 2023, the Company contributed \$22.4 million and \$17.5 million, respectively.

## 9. SHAREHOLDERS' EQUITY

### Share-Based Compensation

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The Company recognized approximately **\$9.1 million** \$9.5 million and **\$21.7 million** \$14.5 million in share-based compensation expense for the three months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively, and approximately \$18.6 million and \$36.2 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The **expense for the three months ended March 31, 2023** \$36.2 million includes \$15.7 million related to the accelerated vesting of awards for certain former Altra employees. The total income tax benefit recognized in the Condensed Consolidated Statements of Income (Loss) for share-based compensation expense was **\$2.1 million** \$1.5 million and **\$1.4 million** \$2.5 million for the three months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively, and \$3.6 million and \$3.7 million for the six months ended June 30, 2024 and June 30, 2023, respectively. The Company recognizes compensation expense on grants of share-based compensation awards on a straight-line basis over the vesting period of each award.

During the **three six** months ended **March 31, 2024** June 30, 2024, the Company granted the following share-based incentive awards:

Award Type	Number of Awards	Weighted Average Grant-Date Fair Value
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Options and SARs	102,219	\$	62.94
Restricted Stock Units	120,614	\$	166.95
Performance Share Units	55,195	\$	245.81

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Award Type	Number of Awards	Weighted Average Grant-Date Fair Value
Options and SARs	99,566	\$ 62.85
Restricted Stock Units	107,395	\$ 167.43
Performance Share Units	53,206	\$ 245.81

## 10. INCOME TAXES

The effective tax rate for the three months ended **March 31, 2024** June 30, 2024 was **34.8%** 35.0% versus **180.9%** 22.9% for the three months ended **March 31, 2023** June 30, 2023. The effective tax rate for the six months ended June 30, 2024 and June 30, 2023 was 34.9% and 44.5%, which respectively. The effective tax rate for the three months ended June 30, 2024 was higher than the same period in the prior year due to the sale of the industrial motors and generators businesses. The effective tax rate for the six months ended June 30, 2024 was lower than the same period in the prior year due to lower non-deductible transaction costs associated with related expenses from the Altra Transaction incurred in 2023, acquisition, partially offset by the impact of the sale of the industrial motors and generators businesses.

As of **March 31, 2024** June 30, 2024 and December 31, 2023, the Company had approximately **\$5.6 million** \$5.4 million and \$8.5 million, respectively, of unrecognized tax benefits, all of which would impact the effective income tax rate if recognized. Potential interest and penalties related to unrecognized tax benefits are recorded in income tax expense. The Company had approximately \$1.2 million and **\$1.1 million** \$1.1 million of accrued interest as of **March 31, 2024** June 30, 2024 and December 31, 2023, respectively.

## 11. EARNINGS PER SHARE

Diluted earnings earnings per share share is calculated based upon earnings applicable to common shares divided by the weighted-average number of common shares outstanding during the period adjusted for the effect of other dilutive securities. The amount of the anti-dilutive shares was 0.4 million and 0.5 million for the three months ended June 30, 2024 and June 30, 2023, respectively. The amount of the anti-dilutive shares was 0.3 million and 0.4 million for the three six months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023, respectively. The following table reconciles the basic and diluted shares used in earnings earnings per share calculations calculations for the three and six months ended **March 31, 2024** June 30, 2024 and **March 31, 2023** June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Denominator for Basic Earnings Per Share				
Denominator for Basic Earnings Per Share				
Denominator for Basic Earnings Per Share				
Effect of Dilutive Securities				
Effect of Dilutive Securities				
Effect of Dilutive Securities				
Denominator for Diluted Earnings Per Share				
Denominator for Diluted Earnings Per Share				
Denominator for Diluted Earnings Per Share				

## 12. CONTINGENCIES

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One of the Company's subsidiaries that it acquired in 2007 is subject to numerous claims filed in various jurisdictions relating to certain sub-fractional motors that were primarily manufactured through 2004 and that were included as components of residential and commercial ventilation units manufactured and sold in high volumes by a third party. These ventilation units are subject to product safety requirements and other potential regulation of their performance by government agencies such as the US Consumer Product Safety Commission ("CPSC"). The claims generally allege that the ventilation units were the cause of fires. The Company has recorded an estimated liability for incurred claims. Based on the current facts, the Company cannot assure that these claims, individually or in the aggregate, will not have a material adverse effect on its subsidiary's financial condition. The Company's subsidiary cannot reasonably predict the outcome of these claims, the nature or extent of any CPSC or other remedial actions, if any, that the Company's subsidiary may need to undertake with respect to motors that remain in the field, or the costs that may be incurred, some of which could be significant.

As a result of the Company's acquisition of the Rexnord PMC business, it is entitled to indemnification from third parties to agreements with the Rexnord PMC business against certain contingent liabilities of the Rexnord PMC business, including certain pre-closing environmental liabilities.

The Company believes that, pursuant to the transaction documents related to the Rexnord PMC business' acquisition of the Stearns business from Invensys plc ("Invensys"), Invensys (now known as Schneider Electric) is obligated to defend and indemnify us with respect to the matters described below relating to the Ellsworth Industrial Park Site and to various asbestos claims. The indemnity obligations relating to the matters described below are subject, together with indemnity obligations relating to other matters, to an overall dollar cap equal to the purchase price, which is an amount in excess of \$900.0 million. In the event that the Company is unable to recover from Invensys with respect to the matters below, it may be entitled to indemnification from Zurn Water Solutions Corporation (formerly known as Rexnord Corporation) ("Zurn"), subject to certain limitations. The following paragraphs summarize the most significant actions and proceedings:

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- In 2002, the Company's subsidiary, Rexnord Industries, LLC ("Rexnord Industries") was named as a potentially responsible party ("PRP"), together with at least ten other companies, at the Ellsworth Industrial Park Site, Downers Grove, DuPage County, Illinois (the "Site"), by the United States Environmental Protection Agency ("USEPA"), and the Illinois Environmental Protection Agency ("IEPA"). Rexnord Industries' Downers Grove property is situated within the Ellsworth Industrial Complex. The USEPA and IEPA allege there have been one or more releases or threatened releases of chlorinated solvents and other hazardous substances, pollutants or contaminants at the Site, allegedly including but not limited to a release or threatened release on or from Rexnord Industries' property. The relief sought by the USEPA and IEPA includes further investigation and potential remediation of the Site and reimbursement of USEPA's past costs. In early 2020, Rexnord Industries entered into an administrative order with the USEPA to do remediation work on its Downers Grove property. The soil excavation work and transporting and disposing of the excavated material was completed in October 2020. An AS/SVE system construction was completed in February 2022 and is anticipated to operate for three years. All previously pending property damage and personal injury lawsuits against Rexnord Industries related to the Site have been settled or dismissed. Pursuant to its indemnity obligation, Invensys continues to defend Rexnord Industries in known matters related to the Site, including the costs of the remediation work pursuant to the 2020 administrative order, and has paid 100% of the costs to date. This indemnification right would not protect Rexnord Industries against liabilities related to environmental conditions that were unknown to Invensys at the time of the acquisition of the Stearns business from Invensys.
- Multiple lawsuits (with over 350 claimants) are pending in state or federal court in numerous jurisdictions relating to alleged personal injuries due to the alleged presence of asbestos in certain brakes and clutches previously manufactured by the Rexnord PMC business' Stearns brand of brakes and clutches and/or its predecessor owners. Invensys and FMC, prior owners of the Stearns business, have paid 100% of the costs to date related to the Stearns lawsuits. Similarly, the Rexnord PMC business' Prager subsidiary is the subject of claims by multiple claimants alleging personal injuries due to the alleged presence of asbestos in a product allegedly manufactured by Prager. However, all these claims are currently on the Texas Multi-district Litigation inactive docket, and the Company does not believe that they will become active in the future. To date, the Rexnord PMC business' insurance providers have paid 100% of the costs related to the Prager asbestos matters. We believe that the combination of the Company's insurance coverage and the Invensys indemnity obligations will cover any future costs of these matters.

In connection with the Company's acquisition of the Rexnord PMC business, transaction documents related to the Rexnord PMC business' acquisition of The Falk Corporation from Hamilton Sundstrand Corporation were assigned to Rexnord Industries, and provide Rexnord Industries with indemnification against certain product related asbestos exposure liabilities. The Company believes that, pursuant to such indemnity obligations, Hamilton Sundstrand is obligated to defend and indemnify Rexnord Industries with respect to asbestos claims described below, and that, with respect to these claims, such indemnity obligations are not subject to any time or dollar limitations.

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The following paragraph summarizes the most significant actions and proceedings for which Hamilton Sundstrand has accepted responsibility:

- Rexnord Industries is a defendant in multiple lawsuits pending in state or federal court in numerous jurisdictions relating to alleged personal injuries due to the alleged presence of asbestos in certain clutches and drives previously manufactured by The Falk Corporation. The ultimate outcome of these lawsuits cannot presently be determined. Hamilton Sundstrand is defending Rexnord Industries in these lawsuits pursuant to its indemnity obligations and has paid 100% of the costs to date.

The Company is, from time to time, party to litigation and other legal or regulatory proceedings that arise in the normal course of its business operations and the outcomes of which are subject to significant uncertainty, including product warranty and liability claims, contract disputes and environmental, asbestos, intellectual property, employment and other

litigation matters. The Company's products are used in a variety of industrial, commercial and residential applications that subject the Company to claims that the use of its products is alleged to have resulted in injury or other damage. Many of these matters will only be resolved when one or more future events occur or fail to occur. Management conducts regular reviews, including updates from legal counsel, to assess the need for accounting recognition or disclosure of these contingencies, and such assessment inherently involves an exercise in judgment. The Company accrues for exposures in amounts that it believes are adequate, and the Company does not believe that the outcome of any such lawsuit individually or collectively will have a material effect on the Company's financial position, its results of operations or its cash flows.

The Company recognizes the cost associated with its standard warranty on its products at the time of sale. The amount recognized is based on historical experience. The following table presents a reconciliation of the changes in accrued warranty costs for the three and six months ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Beginning Balance				
Beginning Balance				
Beginning Balance				
Less: Payments				
Less: Payments				
Less: Payments				
Provisions				
Provisions				
Provisions				
Acquisitions				
Acquisitions				
Acquisitions				
Translation Adjustments				
Translation Adjustments				
Translation Adjustments				
Ending Balance				
Ending Balance				
Ending Balance				

These liabilities are included in Other Accrued Expenses and Other Noncurrent Liabilities on the Condensed Consolidated Balance Sheets.

**13. DERIVATIVE FINANCIAL INSTRUMENTS**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are commodity price risk, currency exchange risk, and interest rate risk. Forward contracts on certain commodities are entered into to manage the price risk associated with forecasted purchases of materials used in the Company's manufacturing process. Forward contracts on certain currencies are entered into to manage forecasted cash flows in certain foreign currencies. Interest rate swaps are utilized to manage interest rate risk associated with the Company's floating rate borrowings.

The Company is exposed to credit losses in the event of non-performance by the counterparties to various financial agreements, including its commodity hedging transactions, foreign currency exchange contracts and interest rate swap agreements. Exposure to counterparty credit risk is managed by limiting counterparties to major international banks and financial institutions meeting established credit guidelines and continually monitoring their compliance with the credit guidelines. The Company does not obtain collateral or other security to support financial instruments subject to credit risk. The Company does not anticipate non-performance by its counterparties, but cannot provide assurances.

The Company recognizes all derivative instruments as either assets or liabilities at fair value on the Condensed Consolidated Balance Sheets. The Company designates commodity forward contracts as cash flow hedges of forecasted purchases of commodities, currency forward contracts as cash flow hedges of forecasted foreign currency cash flows and interest rate swaps as cash flow hedges of forecasted SOFR-based interest payments. There were no significant collateral deposits on derivative financial instruments as of **March 31, 2024** **June 30, 2024** or **March 31, 2023** **June 30, 2023**.

**Cash flow hedges**

The effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or changes in market value of derivatives not designated as hedges are recognized in current earnings.

As of March 31, 2024, June 30, 2024 and December 31, 2023, the Company had \$14.2, \$11.3 million and \$15.1 million, respectively, net of tax, of derivative gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings.

The Company has currency forward contracts with maturities extending through March 2027. The notional amounts expressed in terms of the dollar value of the hedged currency were as follows:

	March 31, 2024		December 31, 2023	
Chinese Renminbi	\$	312.0	\$	302.3
Mexican Peso		72.1		101.4
Euro		617.4		465.8
Indian Rupee		24.4		30.1
British Pound		12.8		7.1

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	June 30, 2024		December 31, 2023	
Chinese Renminbi	\$	327.7	\$	302.3
Mexican Peso		97.9		101.4
Euro		475.6		465.8
Indian Rupee		35.4		30.1
British Pound		4.0		7.1

The Company has commodity forward contracts to hedge forecasted purchases of commodities with maturities extending through February 2025. The notional amounts expressed in terms of the dollar value of the hedged item were as follows:

	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Copper				
Aluminum				

The Company entered into two receive variable/pay-fixed forward starting non-amortizing interest rate swaps in June 2020, with a total notional amount of \$250.0 million, which were subsequently terminated in March 2022. The cash proceeds of \$16.2 million received to settle the terminated swaps is being recognized as a reduction of interest expense via the effective interest rate method through July 2025 when the terminated swaps were scheduled to expire. The Company entered into two additional receive variable/pay-fixed forward starting non-amortizing interest rate swaps in May 2022, with a total notional amount of \$250.0 million. These swaps will expire in March 2027.

Fair values of derivative instruments as of March 31, 2024, June 30, 2024 and December 31, 2023 were:

	March 31, 2024			
	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Other Accrued Expenses	
Designated as Hedging Instruments:				
Interest Rate Swap Contracts	\$	—	\$ 8.6	\$ —
Currency Contracts		10.3		1.0
Commodity Contracts				0.3
		June 30, 2024		
Not Designated as Hedging Instruments:	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Other Accrued Expenses	Other Noncurrent Liabilities
Currency Contracts		1.2		0.7
Designated as Hedging Instruments:				
Total Derivatives				
Interest Rate Swap Contracts	\$	—	\$ 12.6	\$ 2.0
Currency Contracts		3.1	—	4.1
Commodity Contracts	31	2.0	—	2.4
Not Designated as Hedging Instruments:				
Currency Contracts		1.4	—	1.6
Total Derivatives	\$	6.5	\$ 9.1	\$ 8.1
				December 31, 2023



	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Other Accrued Expenses
<b>Designated as Hedging Instruments:</b>			
Interest Rate Swap Contracts	\$ —	\$ 5.3	\$ —
Currency Contracts	13.1	0.2	1.0
Commodity Contracts	1.0	0.1	0.6
<b>Not Designated as Hedging Instruments:</b>			
Currency Contracts	1.3	—	5.9
<b>Total Derivatives</b>	<b>\$ 15.4</b>	<b>\$ 5.6</b>	<b>\$ 7.5</b>

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**Derivatives Designated as Cash Flow Hedging Instruments:**

The effect of derivative instruments designated as cash flow hedges on the Condensed Consolidated Statements of Income (Loss) and Condensed Consolidated Statements of Comprehensive Income (Loss) were:

	Three Months Ended							
	March 31, 2024				March 31, 2023			
	June 30, 2024				June 30, 2023			
	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total
(Loss) Gain								
Recognized in								
Other								
Comprehensive								
Income (Loss)								
Amounts								
Reclassified								
from Other								
Comprehensive								
Income (Loss):								
Gain (Loss)								
Recognized in								
Cost of Sales								
Gain (Loss)								
Recognized in								
Cost of Sales								
Gain (Loss)								
Recognized in								
Cost of Sales								
Gain Recognized								
in Interest								
Expense								
Gain Recognized								
in Interest								
Expense								
Gain Recognized								
in Interest								
Expense								
	<b>Six Months Ended</b>							

	Six Months Ended													
	Six Months Ended					Six Months Ended								
	June 30, 2024					June 30, 2023								
	Commodity Forwards	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards
Gain (Loss) Recognized in Other Comprehensive Income (Loss) Amounts Reclassified from Other Comprehensive Income (Loss):														
(Loss) Gain Recognized in Cost of Sales														
(Loss) Gain Recognized in Cost of Sales														
(Loss) Gain Recognized in Cost of Sales														
Gain Recognized in Interest Expense														
Gain Recognized in Interest Expense														
Gain Recognized in Interest Expense														

**Derivatives Not Designated as Cash Flow Hedging Instruments:**

The effect of derivative instruments not designated as cash flow hedges on the Condensed Consolidated Statements of Income (Loss) were:

	Three Months Ended			
	March 31, 2024		March 31, 2023	
	June 30, 2024		June 30, 2023	
	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards
Loss recognized in Cost of Sales				
Loss recognized in Operating Expenses				

	Six Months Ended									
	June 30, 2024					June 30, 2023				
	Commodity Forwards	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards	Currency Forwards
Gain recognized in Cost of Sales										
Gain recognized in Operating Expenses										
Gain (Loss) recognized in Operating Expenses										

The AOCI balance related to hedging activities consists of a \$28.4 million \$16.1 million gain net of tax as of March 31, 2024 June 30, 2024 which includes \$20.6 million \$9.7 million of net current deferred gains expected to be reclassified to the Consolidated Statement of Comprehensive Income (Loss)

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in the next twelve months. There were no gains or losses reclassified from AOCI to earnings based on the probability that the forecasted transaction would not occur.

The Company's commodity and currency derivative contracts are subject to master netting agreements with the respective counterparties which allow the Company to net settle transactions with a single net amount payable by one party to another party. The Company has elected to present the derivative assets and derivative liabilities on the Condensed Consolidated Balance Sheets on a gross basis as of March 31, 2024 June 30, 2024 and December 31, 2023.

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The following table presents on a net basis the derivative assets and liabilities that are subject to right of offset under enforceable master netting agreements:

	March 31, 2024			June 30, 2024			
	Gross Amounts as Presented on the Condensed Consolidated Balance Sheet	Gross Amounts as Presented on the Condensed Consolidated Balance Sheet	Derivative Contract Amounts Subject to Right of Offset	Derivative Contracts as Presented on a Net Basis	Gross Amounts as Presented on the Condensed Consolidated Balance Sheet	Derivative Contract Amounts Subject to Right of Offset	Derivative Contracts as Presented on a Net Basis
Assets							
Assets							
Assets							
Liabilities							
					December 31, 2023		
					Gross Amounts as Presented on the Condensed Consolidated Balance Sheet	Derivative Contract Amounts Subject to Right of Offset	Derivative Contracts as Presented on a Net Basis
Assets			\$	15.7	\$	(2.6)	\$ 13.1
Liabilities				7.5		(2.6)	4.9

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#### 14. FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The inputs used to measure fair value are classified into the following hierarchy:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 Unadjusted quoted prices in active markets for similar assets or liabilities, or Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or Inputs other than quoted prices that are observable for the asset or liability
- Level 3 Unobservable inputs for the asset or liability

The Company uses the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair values of cash equivalents and short-term deposits approximate their carrying values as of **March 31, 2024** **June 30, 2024** and December 31, 2023, due to the short period of time to maturity and are classified using Level 1 inputs. The fair values of trade receivables and accounts payable approximate the carrying values due to the short period of time to maturity. See Note 7 - Debt and Bank Credit Facilities for disclosure of the approximate fair value of the Company's debt as of **March 31, 2024** **June 30, 2024** and December 31, 2023.

The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of **March 31, 2024** **June 30, 2024** and December 31, 2023:

		March 31, 2024		December 31, 2023		Classification				June 30, 2024		December 31, 2023		Classification	
<b>Assets:</b>															
Prepaid Expenses and Other Current Assets:															
Prepaid Expenses and Other Current Assets:															
Prepaid Expenses and Other Current Assets:															
Derivative Currency Contracts															
Derivative Currency Contracts															
Derivative Currency Contracts															
		\$11.5	\$	\$14.4	Level 2	Level 2	\$	4.5	\$	\$14.4	Level 2	Level 2			
Derivative Commodity Contracts	Derivative Commodity Contracts	1.1	1.0	1.0	Level 2	Level 2		Derivative Commodity Contracts	2.0	1.0	1.0	Level 2	Level 2		Level 2
Other Noncurrent Assets:															
Other Noncurrent Assets:															
Other Noncurrent Assets:															
Assets Held in Rabbi Trust															
Assets Held in Rabbi Trust															
Assets Held in Rabbi Trust															
		14.9	12.7	12.7	Level 1	Level 1		15.1	12.7	12.7	Level 1	Level 1			
Derivative Currency Contracts	Derivative Currency Contracts	—	0.2	0.2	Level 2	Level 2		Derivative Currency Contracts	—	0.2	0.2	Level 2	Level 2		Level 2
Derivative Commodity Contracts	Derivative Commodity Contracts	—	0.1	0.1	Level 2	Level 2		Derivative Commodity Contracts	—	0.1	0.1	Level 2	Level 2		Level 2
Interest Rate Swap	Interest Rate Swap	8.6	5.3	5.3	Level 2	Level 2		Interest Rate Swap	9.1	5.3	5.3	Level 2	Level 2		Level 2
<b>Liabilities:</b>															
Other Accrued Expenses:															
Other Accrued Expenses:															
Other Accrued Expenses:															
Derivative Currency Contracts															
Derivative Currency Contracts															
Derivative Currency Contracts															
		1.7	6.9	6.9	Level 2	Level 2		5.7	6.9	6.9	Level 2	Level 2			
Derivative Commodity Contracts	Derivative Commodity Contracts	0.3	0.6	0.6	Level 2	Level 2		Derivative Commodity Contracts	2.4	0.6	0.6	Level 2	Level 2		Level 2
Other Noncurrent Liabilities:															

Derivative Currency Contracts			
Derivative Currency Contracts			
Derivative Currency Contracts	0.7	—	Level 2
Derivative Commodity Contracts	0.5	—	Level 2

Level 1 fair value measurements for assets held in a Rabbi Trust are unadjusted quoted prices.

Level 2 fair value measurements for derivative assets and liabilities are measured using quoted prices in active markets for similar assets and liabilities. Interest rate swaps are valued based on the discounted cash flows using the SOFR forward yield curve for an instrument with similar contractual terms. Foreign currency forwards are valued based on exchange rates quoted by domestic and foreign banks for similar instruments. Commodity forwards are valued based on observable market transactions of forward commodity prices. Senior Notes are valued based on rates for instruments with comparable maturities and credit quality. See Note 7 - Debt and Bank Credit Facilities for further information.

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## 15. RESTRUCTURING ACTIVITIES

The Company incurred restructuring and restructuring-related costs on projects during the three and six months ended March 31, 2024, June 30, 2024 and March 31, 2023, June 30, 2023. The Company has initiated restructuring plans to achieve cost synergies from procurement, distribution efficiencies, footprint rationalization and other general cost savings measures. Restructuring costs include employee termination and plant relocation costs. Restructuring-related costs also include costs directly associated with actions resulting from the Company's simplification initiatives, such as asset write-downs or accelerated depreciation due to shortened useful lives in connection with site closures, discretionary employment benefit costs and other facility rationalization costs. Restructuring costs for employee termination expenses are generally recognized when the severance liability is determined to be probable of being paid and reasonably estimable while plant relocation costs and related costs are generally required to be expensed as incurred.

The following table presents a reconciliation of provisions and payments for the restructuring projects for the three and six months ended March 31, 2024, June 30, 2024 and March 31, 2023, June 30, 2023:

	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	Three Months Ended	Three Months Ended	Three Months Ended	Six Months Ended
	March 31, 2024	March 31, 2024	March 31, 2024	June 30, 2024
	March 31, 2024	March 31, 2024	March 31, 2024	June 30, 2023
Beginning Balance				
Beginning Balance				
Beginning Balance				
Acquisition <sup>(1)</sup>				
Acquisition <sup>(1)</sup>				
Acquisition <sup>(1)</sup>				
Provision <sup>(2)</sup>				
Provision <sup>(2)</sup>				
Provision <sup>(2)</sup>				
Less: Payments				
Less: Payments				
Less: Payments				
Ending Balance				
Ending Balance				
Ending Balance				

(1) Excludes \$12.4 million of severance related to the Altra Transaction, which was paid in the second quarter 2023.

(2) Excludes \$1.5 million of equipment related write-offs incurred in the first quarter of 2024, and restructuring related depreciation adjustments.

The following table presents a reconciliation of restructuring costs for restructuring projects for the three and six months ended **March 31, 2024**, **June 30, 2024** and **March 31, 2023**, **June 30, 2023**:

Three Months Ended														
March 31, 2024							March 31, 2023							
June 30, 2024							June 30, 2023							
Restructuring Costs:	Restructuring Costs:	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total	Restructuring Costs:	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee Termination Expenses														
Facility Related Costs														
Other Expenses														
Total Restructuring Costs														

  

Six Months Ended						
Six Months Ended						
Six Months Ended						
June 30, 2024				June 30, 2023		
Restructuring Costs:	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee Termination Expenses						
Facility Related Costs						
Other Expenses						
Total Restructuring Costs						

The following table presents restructuring costs by segment for the three and six months ended **March 31, 2024**, **June 30, 2024** and **March 31, 2023**, **June 30, 2023**:

Restructuring Costs - Three Months Ended	Total	Industrial			
		Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems
March 31, 2024	\$ 9.3	\$ 3.1	\$ 4.9	\$ 1.2	\$ 0.1
March 31, 2023	\$ 5.0	\$ (0.4)	\$ 4.7	\$ 0.5	\$ 0.2

  

Restructuring Costs - Three Months Ended	Total	Industrial			
		Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems
June 30, 2024	\$ 9.3	\$ 1.9	\$ 4.6	\$ 1.9	\$ 0.9
June 30, 2023	\$ 14.0	\$ 2.0	\$ 10.5	\$ 1.0	\$ 0.5

  

Restructuring Costs - Six Months Ended	Total	Industrial			
		Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems
June 30, 2024	\$ 18.8	\$ 5.1	\$ 9.5	\$ 3.2	\$ 1.0
June 30, 2023	\$ 19.0	\$ 1.6	\$ 15.2	\$ 1.5	\$ 0.7

The Company's current restructuring activities are expected to continue through 2024. The Company expects to record aggregate future charges of approximately \$32 \$18.9 million in the remainder of 2024. The Company continues to evaluate operating efficiencies and anticipates incurring additional costs in future periods in connection with these activities.

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## 16. SUBSEQUENT EVENTS

See Note 3 – Held for Sale, Acquisitions and Divestitures for information on the sale of the industrial motors and generators businesses, which closed on April 30, 2024.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Dollars In Millions Except Per Share Data, Unless Otherwise Noted)

### Overview

Regal Rexnord Corporation (NYSE: RRX) ("we," "us," "our" or the "Company") and its associates around the world help create a better tomorrow by providing sustainable solutions that power, transmit and control motion. The Company's electric motors and air moving subsystems provide the power to create motion. A portfolio of highly engineered power transmission components and subsystems efficiently transmit motion to power industrial applications. Our automation offering, comprised of controls, actuators, drives, and small, precision motors control motion in applications ranging from factory automation to providing precision control in surgical tools. We are headquartered in Milwaukee, Wisconsin and have manufacturing, sales and service facilities worldwide.

As of March 31, 2024 June 30, 2024, our company is comprised of four three operating segments: Industrial Powertrain Solutions ("IPS"), Power Efficiency Solutions ("PES"), and Automation & Motion Control ("AMC") and Industrial Systems.

A description of our four three operating segments is as follows:

- The IPS segment designs, produces and services a broad portfolio of highly-engineered transmission products, including mounted and unmounted bearings, couplings, mechanical power transmission drives and components, gearboxes and gear motors, clutches, brakes, and industrial powertrain components and solutions. Increasingly, the segment produces industrial powertrain solutions, which are integrated sub-systems comprised of Regal Rexnord motors plus the critical power transmission components that efficiently transmit motion to power industrial applications. The segment serves a broad range of markets that include general industrial, metals and mining, agricultural and construction, food and beverage, energy, alternative energy, and other markets.
- The PES segment designs and produces fractional to approximately 5 horsepower AC and DC motors, electronic variable speed controls, electronic drives, fans and blowers, as well as integrated subsystems comprised of two or more of these components. The segment's products are used in residential and light commercial HVAC, water heaters, commercial refrigeration, commercial building ventilation, pool and spa, irrigation, dewatering, agricultural and other applications.
- The AMC segment designs, produces and services conveyor products, conveying automation subsystems, aerospace components, precision motion control solutions, high-efficiency miniature servo motors, controls, drives and linear actuators, as well as power management products that include automatic transfer switches and paralleling switchgear.

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The segment sells into markets that include industrial automation, robotics, food and beverage, aerospace, medical, agricultural and construction, general industrial, data center, and other markets.

- The Industrial Systems segment designs and produces integral motors and alternators for industrial applications, along with aftermarket parts and kits to support such products. These products primarily serve the general industrial, metals and mining, and food and beverage end markets.

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On September 23, 2023, we signed an agreement to sell our industrial motors and generators businesses which represent the substantial majority the Industrial Systems operating segment. The transaction closed on April 30, 2024 for a preliminary purchase price of \$400 million, approximately 17% of which is deferred and will be paid upon the completion of the China Business transfer, as defined below. The total consideration remains subject to taxes, transaction expenses, working capital adjustments and customary post-closing adjustments. The Company anticipates that aggregate net proceeds will approximate \$355 million. Due to administrative requirements, the transfer of the Chinese subsidiaries of the industrial motors and generators business, (the "China Business") remains in progress and is expected to occur following completion of customary local filings and transfer documentation. The Company expects the deferred transfer of the China Business will occur in mid second quarter of 2024, at which time it anticipates it will receive the portion of the purchase price allocated to the China Business. The assets and liabilities related to these businesses are classified as Assets Held for Sale, Noncurrent Assets Held for Sale, Liabilities Held for Sale and Noncurrent Liabilities Held for Sale on the Company's Condensed Consolidated Balance Sheet as of March 31, 2024. The sale of the industrial motors and generators businesses does not represent a strategic shift that will have a major effect on our operations and financial results and, therefore, did not qualify for presentation as discontinued operations. See Note 3 - Held for Sale, Acquisitions and Divestitures of the Notes to the Condensed Consolidated Financial Statements for further information, information, as well as Note 6 - Segment Information of the Notes to the Condensed Consolidated Finance Statements for a description of the Company's operating segments.

#### Components of Profit and Loss

**Net Sales.** We sell our products to a variety of manufacturers, distributors and end users. Our customers consist of a large cross-section of businesses, ranging from Fortune 100 companies to small businesses. A number of our products are sold to Original Equipment Manufacturers ("OEMs"), who incorporate our products, such as electric motors, into products they manufacture, and many of our products are built to the requirements of our customers. The majority of our sales derive from direct sales to customers by sales personnel employed by the Company, however, a significant portion of our sales are derived from sales made by manufacturer's representatives, who are paid exclusively on commission. Our product sales are made via purchase order, long-term contract, and, in some instances, one-time purchases. Many of our products have broad customer bases, with levels of revenue concentration by customer varying widely across our business units.

Our level of net sales for any given period is dependent upon a number of factors, including (i) the demand for our products and for the products in which our products are components; (ii) the strength of the economy generally and the end markets in which we compete; (iii) our customers' perceptions of our product quality at any given time; (iv) our quote, lead and delivery times; (v) the selling price of our products; (vi) inventory levels in the channels through which our products are sold; and (vii) the weather. As a result, our total revenue has tended to experience quarterly variations and our total revenue for any particular quarter may not be indicative of future results.

We use the term "organic sales" to refer to sales from existing operations excluding (i) sales from acquired businesses recorded prior to the first anniversary of the acquisition ("Acquisition Sales"), (ii) less the amount of sales attributable to any businesses divested/to be exited, and (iii) the impact of foreign currency translation. The impact of foreign currency translation is determined by translating the respective period's organic sales using the same currency exchange rates that were in effect during the prior year periods. We use the term "organic sales growth" to refer to the increase in our sales between periods that is attributable to organic sales. We use the term "acquisition growth" to refer to the increase in our sales between periods that is attributable to Acquisition Sales. Organic sales, organic sales growth and acquisition growth are non-GAAP financial measures. See reconciliation for these measures to GAAP net sales in Non-GAAP Measures below.

**Gross Profit.** Our gross profit is impacted by our levels of net sales and cost of sales. Our cost of sales consists of costs for, among other things (i) raw materials, including copper, steel and aluminum; (ii) components such as castings, bars, tools, bearings and electronics; (iii) wages and related personnel expenses for fabrication, assembly and logistics personnel; (iv) manufacturing facilities, including depreciation on our manufacturing facilities and equipment, insurance and utilities; and (v) shipping. The majority of our cost of sales consists of raw materials and components. The price we pay for commodities and components can be subject to commodity price fluctuations. We attempt to mitigate this through fixed-price agreements with suppliers and our hedging strategies. When we experience commodity price increases, we have tended to announce price increases to our customers who purchase via purchase order, with such increases generally taking effect a period of time after the public announcements. For those sales we make under long-term contracts, we tend to include material price formulas that specify quarterly or semi-annual price adjustments based on a variety of factors, including commodity prices.

Outside of general economic cyclicity, our business units experience different levels of variation in gross profit from quarter to quarter based on factors specific to each business. Generally, our PES segment, IPS segment, AMC segment and Industrial Systems segment segments each have broad customer base and a variety of applications for their products, thereby helping to mitigate large quarter-to-quarter fluctuations outside of general economic conditions. However, for example, a portion of our PES

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segment manufactures products that are used in air conditioning applications. As a result, our sales for that business may be lower in the first and fourth quarters and higher in the second and third quarters.

**Operating Expenses.** Our operating expenses consist primarily of (i) general and administrative expenses; (ii) sales and marketing expenses; (iii) general engineering and research and development expenses; and (iv) handling costs incurred in conjunction with distribution activities. Personnel related costs are our largest operating expense.

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Our general and administrative expenses consist primarily of costs for (i) salaries, benefits and other personnel expenses related to our executive, finance, human resource, information technology, legal and operations functions; (ii) occupancy expenses; (iii) technology related costs; (iv) depreciation and amortization; and (v) corporate-related travel. The majority of our general and administrative costs are for salaries and related personnel expenses. These costs can vary by business given the location of our different manufacturing operations.

Our sales and marketing expenses consist primarily of costs for (i) salaries, benefits and other personnel expenses related to our sales and marketing function; (ii) internal and external sales commissions and bonuses; (iii) travel, lodging and other out-of-pocket expenses associated with our selling efforts; and (iv) other related overhead.

Our general engineering and research and development expenses consist primarily of costs for (i) salaries, benefits and other personnel expenses; (ii) the design and development of new energy efficiency products and enhancements; (iii) quality assurance and testing; and (iv) other related overhead. Our research and development efforts tend to be targeted toward developing new products that would allow us to maintain or gain additional market share, whether in new or existing applications. In particular, a large driver of our research and development efforts is to raise the energy efficiency and lower the environmental impact of our products and sub-systems.

**Income from Operations.** Our income from operations consists of segment gross profit less segment operating expenses. In addition, there are shared operating costs that cover corporate, engineering and IT expenses that are consistently allocated to the operating segments and are included in segment operating expenses. Income from operations is a key metric used to measure year-over-year performance of the segments.

#### Altra Transaction

On March 27, 2023, in accordance with the terms and conditions of the Altra Merger Agreement, by and among us, Altra, and Merger Sub, pursuant to the satisfaction of specified conditions, Merger Sub merged with and into Altra, with Altra surviving the Altra Merger as our wholly owned subsidiary. See Note 3 - Held for Sale, Acquisitions and Divestitures of the Notes to the Condensed Consolidated Financial Statements for further information regarding the Altra Transaction.

In connection with the Altra Transaction, we entered into certain financing arrangements, which are described below under "Liquidity and Capital Resources."

#### 2024 Outlook

The Company has updated its annual guidance for diluted earnings per share to a range of **\$3.97** **\$3.70** to **\$4.77** **\$4.10**. The change reflects **impacts tied to closing the sale of the industrial a more measured recovery in discrete factory automation markets, weaker mix in PES motors, and generators businesses, modestly higher interest costs.**

## Results of Operations

	Three Months Ended	
	March 31, 2024	March 31, 2023
Net Sales:		
Industrial Powertrain Solutions	\$ 643.4	\$ 414.4
Power Efficiency Solutions	385.3	469.5
Automation & Motion Control	400.2	203.2
Industrial Systems	118.8	137.0
Consolidated	<u>\$ 1,547.7</u>	<u>\$ 1,224.1</u>
Gross Profit as a Percent of Net Sales:		
Industrial Powertrain Solutions	41.2 %	42.8 %
Power Efficiency Solutions	25.8 %	25.1 %
Automation & Motion Control	40.0 %	37.1 %
Industrial Systems	24.5 %	20.1 %
Consolidated	<u>35.7 %</u>	<u>32.5 %</u>
Operating Expenses as a Percent of Net Sales:		
Industrial Powertrain Solutions	28.4 %	36.6 %
Power Efficiency Solutions	18.4 %	15.4 %
Automation & Motion Control	29.9 %	39.7 %
Industrial Systems	38.7 %	18.1 %
Consolidated	<u>27.1 %</u>	<u>26.9 %</u>

Income (Loss) from Operations as a Percent of Net Sales:			
Industrial Powertrain Solutions		12.8 %	6.3 %
Power Efficiency Solutions		7.4 %	9.7 %
Automation & Motion Control		10.0 %	(2.6)%
Industrial Systems		(14.2)%	2.0 %
Consolidated		8.7 %	5.6 %
Income from Operations			
	\$	133.9	\$ 68.9
Interest Expense		105.4	95.4
Interest Income		(3.1)	(31.9)
Other Expense (Income), Net		0.3	(1.4)
Income before Taxes		31.3	6.8
Provision for Income Taxes		10.9	12.3
Net Income (Loss)		20.4	(5.5)
Less: Net Income Attributable to Noncontrolling Interests		0.6	0.4
Net Income (Loss) Attributable to Regal Rexnord Corporation	\$	19.8	\$ (5.9)

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Net Sales:				
Industrial Powertrain Solutions	\$ 675.5	\$ 698.7	\$ 1,318.9	\$ 1,113.1
Power Efficiency Solutions	410.9	460.1	796.2	929.6
Automation & Motion Control	422.2	473.1	822.4	676.3
Industrial Systems <sup>(1)</sup>	39.0	136.7	157.8	273.7
Consolidated	\$ 1,547.6	\$ 1,768.6	\$ 3,095.3	\$ 2,992.7
Gross Profit as a Percent of Net Sales:				
Industrial Powertrain Solutions	40.0 %	32.1 %	40.6 %	36.1 %
Power Efficiency Solutions	29.5 %	29.1 %	27.7 %	27.1 %
Automation & Motion Control	40.1 %	37.2 %	40.0 %	37.2 %
Industrial Systems <sup>(1)</sup>	25.9 %	21.5 %	24.8 %	20.8 %
Consolidated	36.9 %	31.9 %	36.3 %	32.1 %
Operating Expenses as a Percent of Net Sales:				
Industrial Powertrain Solutions	26.8 %	26.4 %	27.6 %	30.2 %
Power Efficiency Solutions	18.5 %	16.1 %	18.5 %	15.7 %
Automation & Motion Control	30.2 %	27.0 %	30.0 %	30.8 %
Industrial Systems <sup>(1)</sup>	(18.2)%	19.3 %	24.7 %	18.7 %
Consolidated	24.4 %	23.3 %	25.7 %	24.8 %
Income from Operations as a Percent of Net Sales:				
Industrial Powertrain Solutions	13.3 %	5.8 %	13.0 %	5.9 %
Power Efficiency Solutions	11.0 %	13.0 %	9.2 %	11.3 %
Automation & Motion Control	9.9 %	10.3 %	10.0 %	6.4 %
Industrial Systems <sup>(1)</sup>	44.1 %	2.2 %	0.2 %	2.1 %
Consolidated	12.5 %	8.6 %	10.6 %	7.4 %
Income from Operations	\$ 193.9	\$ 151.6	\$ 327.8	\$ 220.5
Interest Expense	101.7	116.4	207.1	211.8
Interest Income	(5.0)	(5.1)	(8.1)	(37.0)
Other Expense (Income), Net	0.3	(2.8)	0.6	(4.2)

Income before Taxes	96.9	43.1	128.2	49.9
Provision for Income Taxes	33.9	9.9	44.8	22.2
Net Income	63.0	33.2	83.4	27.7
Less: Net Income Attributable to Noncontrolling Interests	0.5	1.1	1.1	1.5
Net Income Attributable to Regal Rexnord Corporation	\$ 62.5	\$ 32.1	\$ 82.3	\$ 26.2

(1) Results for the Industrial Systems segment covers results through the close of the sale on April 30, 2024.

Three Months Ended March 31, 2024 June 30, 2024 Compared to March 31, 2023

#### June 30, 2023

Net sales increased \$323.6 million decreased \$221.0 million or 26.4% 12.5% for the first second quarter of 2024 compared to the first second quarter of 2023. The increase decrease consisted of acquisition growth of 36.1%, partially offset by an organic sales decline of 9.6% 6.9% and a negative foreign currency translation impact of 0.1% 0.6%. The acquisition-related growth was driven by \$442.5 million from In addition, the acquisition of Altra, and the negative organic sales was driven by lower net sales of \$84.2 million within the Power Efficiency Solutions segment and \$18.2 million within the Industrial Systems segment. Gross profit increased \$155.0 million or 38.9% for the first quarter 2024 as compared to the first

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quarter 2023. The increase from the prior year was primarily driven by \$175.2 million from the acquisition of Altra, along with acquisition related cost synergies, partially offset by a \$221.0 million decrease of \$17.3 million within the Power Efficiency Solutions segment. Operating expenses for the first quarter 2024 increased \$90.0 million or 27.3% as compared to the first quarter 2023. The increase was primarily driven by a \$122.0 million increase related to the acquisition of Altra and a loss on assets held for sale of \$21.5 million includes an impact worth \$94.9 million related to the sale of the industrial motors and generators businesses, businesses, which closed on April 30, 2024. The organic sales decline was driven by a decrease of \$19.6 million within IPS, \$46.7 million within PES, \$47.3 million within AMC and \$2.3 million within Industrial Systems during its one month of

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ownership in the second quarter. Gross profit increased \$7.2 million or 1.3% for the second quarter of 2024 as compared to the second quarter of 2023 primarily driven by an increase in gross profit of \$46.1 million within IPS, partially offset by a decrease of \$19.3 million due to the divestiture of the industrial motors and generators businesses and decreases at AMC and PES. The gross profit increase of \$7.2 million includes the absence of \$44.1 million of acquisition-related inventory step-up amortization at IPS and AMC in the second quarter of 2024. Total operating expenses for the second quarter of 2024 decreased \$35.1 million or 8.5% as compared to the second quarter of 2023 primarily driven by a reduction of \$16.3 million from the divestiture of the industrial motors and generators businesses and a \$17.2 million gain on sale of those businesses.

IPS net sales for the second quarter of 2024 were \$675.5 million, a decrease of \$23.2 million or 3.3% as compared to the second quarter of 2023. The decrease consisted of an organic sales decline of 2.8% and a negative foreign currency translation impact of 0.5%. The decrease in organic sales was primarily driven by lower sales volumes due to weakness in the agriculture, construction equipment and general industrial markets. Gross profit increased \$46.1 million or 20.5% as compared to the second quarter of 2023 primarily driven by the absence of \$31.6 million of acquisition-related inventory step-up amortization in the second quarter of 2024 and acquisition-related cost synergies. Total operating expenses for the second quarter of 2024 are relatively consistent with the second quarter of 2023.

PES net sales for the second quarter of 2024 were \$410.9 million, a decrease of \$49.2 million or 10.7% as compared to the second quarter of 2023. The decrease consisted of an organic sales decline of 10.1% and a negative foreign currency translation impact of 0.5%. The decrease in organic sales was primarily driven by \$40.1 million from lower sales volumes due to weakness in North America residential HVAC markets and commercial HVAC markets in Europe and Asia. Gross profit decreased \$12.6 million or 9.4% as compared to the second quarter of 2023 primarily driven by lower volumes partially offset by lower restructuring costs. Total operating expenses for the second quarter of 2024 are relatively consistent with the second quarter of 2023.

AMC net sales were \$422.2 million, a decrease of \$50.9 million or 10.8% as compared to the second quarter of 2023. The decrease consisted of an organic sales decline of 10.0% and a negative foreign currency translation impact of 0.8%. The decrease in organic sales was primarily driven by \$53.4 million from lower sales volumes due to weakness in discrete factory automation, partially offset by strength in the aerospace, data center and medical markets. Gross profit decreased \$7.0 million or 4.0% compared to the second quarter of 2023 primarily driven by the decline in sales, partially offset by the absence of \$12.5 million of acquisition-related inventory step-up amortization in the second quarter of 2024, and acquisition-related cost synergies. Total operating expenses for the second quarter of 2024 are relatively consistent with the second quarter of 2023.

On April 30, 2024, the Company completed the sale of its industrial motors and generators businesses, which represented the substantial majority of the Industrial Systems segment, and recognized a \$17.2 million gain on the sale during the second quarter of 2024. The changes in Industrial Systems' sales, gross profit and other operating expenses were primarily driven by the timing of the sale.

The effective tax rate for the three months ended June 30, 2024 was 35.0% versus 22.9% for the three months ended June 30, 2023 due to the sale of the industrial motors and generators businesses.

Six Months Ended June 30, 2024 Compared to June 30, 2023

Net sales increased \$102.6 million or 3.4% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The increase consisted of acquisition growth of 14.8%, partially offset by an organic sales decline of 8.1% and a negative foreign currency translation impact of 0.4%. In addition, the \$102.6 million increase reflects a negative impact of \$94.9 million related to the sale of the industrial motors and generators businesses, which closed on April 30, 2024. The acquisition growth increase of \$442.5 million was due to the acquisition of Altra. The organic sales decline was due to lower organic sales of \$33.7 million within IPS, \$130.2 million within PES, \$50.4 million within AMC, and \$19.6 million within Industrial Systems. Gross profit increased \$162.2 million or 16.9% for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023 primarily driven by \$175.2 million from the acquisition of Altra, the absence of \$44.1 million of acquisition-related inventory step-up amortization at IPS and AMC in 2024, and acquisition-related cost synergies, partially offset by a \$31.0 million decrease within PES and a decrease of \$19.3 million due to the divestiture of the industrial motors and generated business. Total operating expenses for the six months ended June 30, 2024 increased \$54.9 million or 7.4% as compared to the six months ended June 30, 2023 primarily driven by \$122.0 million from the acquisition of Altra and a \$4.3 million loss on sale of businesses, partially offset by a decrease in transaction and integration costs of \$60.5 million, \$65.4 million and a decrease of \$16.3 million in operating expenses driven by the divestiture of the industrial motors and generators businesses.

**Industrial Powertrain Solutions segment** IPS net sales for the first quarter 2024 six months ended June 30, 2024 were \$643.4 million \$1,318.9 million, an increase of \$229.0 million \$205.8 million or 55.3% 18.5% as compared to the first quarter 2023 six months ended June 30, 2023. The increase consisted of acquisition growth of 58.7% 21.8%, offset by an organic sales decline of 3.4% 3.0% and a negative foreign currency translation impact of 0.3%. The acquisition-related acquisition growth was driven of by \$243.2 million from was due to the acquisition of Altra. The \$33.7 million decrease in organic sales was driven by lower sales volumes due to

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weakness in the construction equipment, alternative energy, and agriculture markets. Gross profit increased \$87.4 million \$133.5 million or 49.3% 33.2% as compared to the first quarter 2023. The increased gross profit was six months ended June 30, 2023 primarily driven by \$92.4 million from the acquisition of Altra, along with acquisition related acquisition-related cost synergies, partially offset by an increase and the absence of \$31.6 million of acquisition-related inventory step-up amortization in restructuring expenses. Operating 2024. Total operating expenses for the first quarter 2024 were \$182.7 million six months ended June 30, 2024 increased \$27.7 million or 8.3% as compared to \$151.5 million in the first quarter 2023. The \$31.2 million or 20.6% increase was six months ended June 30, 2023 primarily driven by a due to \$60.0 million increase related to from the acquisition of Altra, partially offset by a decrease in of \$41.2 million of transaction and integration costs of \$37.6 million. costs.

**Power Efficiency Solutions segment** PES net sales for the first quarter 2024 six months ended June 30, 2024 were \$385.3 million \$796.2 million, a decrease of \$84.2 million \$133.4 million or 17.9% 14.4% as compared to the first quarter 2023 six months ended June 30, 2023. The decrease primarily consisted of an organic sales decline of 17.8% 14.0% and a negative foreign currency translation impact of 0.1% 0.3%. The decrease in organic sales was primarily due to lower sales volumes due to weakness in North American residential HVAC markets as well as the European and Asian commercial HVAC markets. Gross profit decreased \$31.0 million or 12.3% as compared to the six months ended June 30, 2023 primarily driven by lower volumes stemming from lower end market demand across all regions. Gross profit decreased \$18.4 million or 15.6% as compared to the first quarter 2023. The decrease in gross profit was primarily driven by a decrease of \$21.6 million related to lower sales volumes partially offset by management's control over discretionary spending and lower freight costs. Operating Total operating expenses for the first quarter 2024 and 2023 were \$70.8 million and \$72.3 million, respectively. The decrease in operating expenses was primarily driven by various cost reduction measures. six months ended June 30, 2024 are relatively consistent with the six months ended June 30, 2023.

**Automation & Motion Control segment** AMC net sales were \$400.2 million \$822.4 million, an increase of \$197.0 million \$146.1 million or 96.9% 21.6% as compared to the first quarter 2023 six months ended June 30, 2023. The increase consisted of acquisition growth of 98.1% and positive foreign currency translation of 0.5% 29.5%, partially offset by an organic sales decline of 1.5% 7.5% and a negative foreign currency translation impact of 0.4%. The acquisition growth of \$199.3 million was driven by \$199.3 million from due to the acquisition of Altra. The \$50.4 million decrease in organic sales was primarily driven by lower volumes due to weakness in discrete factory automation, partially offset by strength in the aerospace, data center and medical markets. Gross profit increased \$84.5 million \$77.5 million or 112.1% 30.8% compared to the first quarter 2023. The increase in gross profit was six months ended June 30, 2023 primarily driven by an increase of \$82.8 million from the acquisition of Altra, along with acquisition related the absence of \$12.5 million of acquisition-related inventory step-up amortization in 2024 and acquisition-related cost synergies. Operating synergies, partially offset by the decline in organic sales. Total operating expenses for the first quarter 2024 were \$119.7 million six months ended June 30, 2024 increased \$38.9 million as compared to \$80.6 million in the first quarter 2023. The increase was six months ended June 30, 2023 primarily driven by a due to \$62.0 million increase related to from the acquisition of Altra, partially offset by a decrease in of \$25.2 million of transaction and integration costs costs.

On April 30, 2024, the Company completed the sale of \$23.2 million.

its industrial motors and generators businesses, which represented the substantial majority of the Industrial Systems segment, net sales for and recognized a \$4.3 million loss on the first quarter 2024 were \$118.8 million, a decrease of \$18.2 million or 13.3% compared to first quarter 2023 net sales. The decrease consisted of an organic sales decline of 12.6% and negative foreign currency translation of 0.7% sale during the six months ended June 30, 2024. The organic changes in Industrial Systems' sales, decline was gross profit and other operating expenses were primarily driven by softer North American motors demand, the timing of the sale.

The effective tax rate for the six months ended June 30, 2024 was 34.9% versus 44.5% for the six months ended June 30, 2023 due to lower non-deductible transaction related expenses from the Altra acquisition, partially offset by strength in generators demand. Gross profit for the first quarter 2024 increased \$1.5 million or 5.4%. The increase was driven by improvements in material and manufacturing costs, partially offset by lower volumes. Operating expenses for the first quarter 2024 increased \$21.2 million as compared to the first quarter 2023, primarily due to a loss on assets held for sale impact of \$21.5 million related to the sale of the industrial motors and generators business. businesses.

The effective tax rate for the three months ended March 31, 2024 was 34.8% versus 180.9% for the three months ended March 31, 2023. The effective tax rate for the three months ended March 31, 2024 was lower than the same period in the prior year primarily driven by non-deductible transaction costs associated with the Altra transaction incurred in the prior year.

#### Non-GAAP Measures

We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). As noted above, in this Quarterly Report on Form 10-Q, we also disclose organic sales, organic sales growth and acquisition growth, which are considered non-GAAP financial measures. We use the term "organic sales growth" to refer to its increase in sales between periods that is attributable to sales. "Organic sales" refers to GAAP sales from existing operations excluding any sales from acquired businesses recorded prior to the first anniversary of the acquisition and excluding any sales from business divested/to be exited recorded prior to the first anniversary of the exit and excluding the impact of foreign currency translation. The impact of foreign currency translation is determined by translating the respective period's organic sales using the currency exchange rates that were in effect during the prior year periods. We reconcile these non-GAAP measures in the table below to GAAP net sales. We believe that these non-GAAP financial measures are useful measures for providing investors with additional information regarding our results of operations and for helping investors understand and compare our operating results across accounting periods and compared to our peers. This additional non-GAAP information is

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not meant to be considered in isolation or as a substitute for the Company's results of operations prepared and presented in accordance with GAAP.

	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
Net Sales for Three Months Ended March 31, 2024	\$ 643.4	\$ 385.3	\$ 400.2	\$ 118.8	\$ 1,547.7
Net Sales from Businesses Acquired	(243.2)	—	(199.3)	—	(442.5)
Impact from Foreign Currency Exchange Rates	0.1	0.7	(0.8)	0.9	0.9
Organic Sales for Three Months Ended March 31, 2024	\$ 400.3	\$ 386.0	\$ 200.1	\$ 119.7	\$ 1,106.1
Organic Sales Growth for Three Months Ended March 31, 2024	(3.4)%	(17.8)%	(1.5)%	(12.6)%	(9.6)%
Acquisition Growth for Three Months ended March 31, 2024	58.7 %	— %	98.1 %	— %	36.1 %
Net Sales for Three Months Ended March 31, 2023	\$ 414.4	\$ 469.5	\$ 203.2	\$ 137.0	\$ 1,224.1

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	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
Net Sales for Three Months Ended June 30, 2024	\$ 675.5	\$ 410.9	\$ 422.2	\$ 39.0	\$ 1,547.6
Impact from Foreign Currency Exchange Rates	3.6	2.5	3.6	0.5	10.2
Organic Sales for Three Months Ended June 30, 2024	\$ 679.1	\$ 413.4	\$ 425.8	\$ 39.5	\$ 1,557.8
Organic Sales Growth for Three Months Ended June 30, 2024	(2.8)%	(10.1)%	(10.0)%	(5.5)%	(6.9)%
Impact from Foreign Currency Exchange Rates	(0.5)%	(0.5)%	(0.8)%	(1.2)%	(0.6)%
Net Sales for Three Months Ended June 30, 2023	\$ 698.7	\$ 460.1	\$ 473.1	\$ 136.7	\$ 1,768.6
Net Sales from Businesses Divested	—	—	—	(94.9)	(94.9)
Adjusted Net Sales for Three Months Ended June 30, 2023	\$ 698.7	\$ 460.1	\$ 473.1	\$ 41.8	\$ 1,673.7

	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
Net Sales for Six Months Ended June 30, 2024	\$ 1,318.9	\$ 796.2	\$ 822.4	\$ 157.8	\$ 3,095.3
Net Sales from Businesses Acquired	(243.2)	—	(199.3)	—	(442.5)

Impact from Foreign Currency Exchange Rates	3.7	3.2	2.8	1.4	11.1
Organic Sales for Six Months Ended June 30, 2024	\$ 1,079.4	\$ 799.4	\$ 625.9	\$ 159.2	\$ 2,663.9
Organic Sales Growth for Six Months Ended June 30, 2024	(3.0)%	(14.0)%	(7.5)%	(11.0)%	(8.1)%
Acquisition Growth for Six Months ended June 30, 2024	21.8 %	— %	29.5 %	— %	15.3 %
Impact from Foreign Currency Exchange Rates	(0.3)%	(0.3)%	(0.4)%	(0.8)%	(0.4)%
Net Sales for Six Months Ended June 30, 2023	\$ 1,113.1	\$ 929.6	\$ 676.3	\$ 273.7	\$ 2,992.7
Net Sales from Businesses Divested	—	—	—	(94.9)	(94.9)
Adjusted Net Sales for Six Months Ended June 30, 2023	\$ 1,113.1	\$ 929.6	\$ 676.3	\$ 178.8	\$ 2,897.8

## Liquidity and Capital Resources

### General

Our principal source of liquidity is cash flow provided by operating activities. In addition to operating income, other significant factors affecting our cash flow include working capital levels, capital expenditures, dividends, share repurchases, acquisitions and divestitures, availability of debt financing and the ability to attract long-term capital at acceptable terms.

Cash flow provided by operating activities was \$83.1 million \$241.4 million for the three six months ended March 31, 2024 June 30, 2024, a \$23.1 million \$85.9 million decrease from the three six months ended March 31, 2023 June 30, 2023. This decrease was driven primarily by lower cash generated by working capital.

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Cash flow used in provided by investing activities was \$17.5 million \$325.2 million for the three six months ended March 31, 2024 June 30, 2024 as compared to cash flow used in investing activities of \$4,865.5 million \$4,927.6 million for the three six months ended March 31, 2023 June 30, 2023. The decrease change was driven by the use of \$4,852.9 \$4,870.2 of cash to acquire Altra during the prior year period. period and \$374.8 million in proceeds received from the sale of the industrial motors and generators businesses in the current year.

In the remainder of fiscal 2024, we anticipate capital spending for property, plant and equipment to be approximately \$132 \$140 million. We believe that our present manufacturing facilities will be sufficient to provide adequate capacity for our operations for the remainder of 2024. We anticipate funding remaining 2024 capital spending with operating cash flows.

Cash flow used in financing activities was \$168.0 million \$672.5 million for the three six months ended March 31, 2024 June 30, 2024, compared to \$5,203.6 million \$4,565.1 million provided by financing activities for the three six months ended March 31, 2023 June 30, 2023. We had net debt payments of \$137.5 million \$618.4 million during the three six months ended March 31, 2024 June 30, 2024, compared to net debt borrowings of \$5,284.1 million \$4,678.7 million during the three six months ended March 31, 2023 June 30, 2023. The net debt payments in the current year primarily resulted from payments of \$60.0 million \$187.5 million on the term loan, \$356.8 million on the land term loan and \$71.7 million \$72.1 million net repayments made on the revolver during the three six months ended March 31, 2024 June 30, 2024. The net debt borrowings in the prior year were primarily the result of the \$4.7 billion of Senior Notes issued in January 2023 and \$840.0 million upsize of the unsecured term loan facility in March 2023, partially offset by the repayment of the \$500.0 million of Private Placement Notes in January 2023. 2023 and \$314.0 million net repayments on the revolver. There were no share repurchases for the three six months ended March 31, 2024 June 30, 2024 and March 31, 2023 June 30, 2023. There were \$23.3 million \$46.6 million of dividends paid for the three six months ended March 31, 2024 June 30, 2024, compared to \$23.2 million \$46.4 million of dividends paid in the prior year. There were no financing fees paid in the three six months ended March 31, 2024 June 30, 2024, compared to \$50.0 million \$51.1 million of fees paid in the prior year.

Our working capital was \$2,017.1 million (inclusive of assets and liabilities classified as held for sale) \$1,775.0 million as of March 31, 2024 June 30, 2024, compared to \$2,057.6 million as of December 31, 2023. As of March 31, 2024 June 30, 2024 and December 31, 2023, our current ratio (which

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is the ratio of our current assets to current liabilities) was 2.6: 2.4:1. Our working capital decreased primarily as a result of lower cash on hand, due to the Company prioritizing debt reduction and using excess cash to do so.

The following table presents selected financial information and statistics as of **March 31, 2024**, **June 30, 2024** and December 31, 2023:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Cash and Cash Equivalents		
Trade Receivables, Net		
Inventories		
Working Capital		
Current Ratio	Current Ratio	2.6:1 Current Ratio
		2.4:1 2.6:1

As of **March 31, 2024**, **June 30, 2024**, **\$506.8** **\$492.8** million of our cash **which includes cash in assets held for sale**, was held by foreign subsidiaries and could be used in our domestic operations if necessary. We anticipate being able to support our liquidity and operating needs largely through cash generated from operations. We regularly assess our cash needs and the available sources to fund these needs which includes repatriation of foreign earnings which may be subject to withholding taxes. Under current law, we do not expect restrictions or taxes on repatriation of cash held outside of the United States to have a material effect on our overall liquidity, financial condition or the results of operations for the foreseeable future. As of **March 31, 2024**, **June 30, 2024**, we have repatriated approximately **\$140.8** **\$491.7** million of foreign cash in 2024 to support the repayment of debt. We are continuing to evaluate opportunities to repatriate additional foreign cash in 2024.

We will, from time to time, maintain excess cash balances which may be used to (i) fund operations, (ii) repay outstanding debt, (iii) fund acquisitions, (iv) pay dividends, (v) make investments in new product development programs, (vi) repurchase our common stock, or (vii) fund other corporate objectives.

In May 2024, the Company completed transactions to exchange the unregistered Senior Notes for the registered New Notes, which are described within Note 7 - Debt and Bank Credit Facilities.

The Company plans to use cash generated from operations to fund its interest obligations and reduce the principal balance of its debt over time. The Company also plans to use the net proceeds from the sale of its industrial motors and generators businesses to repay outstanding debt.

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As of **March 31, 2024**, **June 30, 2024**, the Company had no standby letters of credit issued under the Multicurrency Revolver Facility, and **\$1,543.6 million** **\$1,544.0 million** of available borrowing capacity. For the three months ended **March 31, 2024**, **June 30, 2024** and **March 31, 2023**, **June 30, 2023** under the Multicurrency Revolving Facility, the average daily balance in borrowings was **\$98.5 million** **\$67.4 million** and **\$580.6 million** **\$425.2 million**, respectively, and the weighted average interest rate was 7.2% and **5.8%** **6.7%**, respectively. For the six months ended **June 30, 2024** and **June 30, 2023** under the Multicurrency Revolving Facility, the average daily balance in borrowings was **\$83.0 million** and **\$464.7 million**, respectively, and the weighted average interest rate was 7.2% and 6.4%, respectively. The Company pays a non-use fee on the aggregate unused amount of the Multicurrency Revolving Facility at a rate determined by reference to its consolidated funded debt to consolidated EBITDA ratio.

See Note 7 - Debt and Bank Credit Facilities and Note 3 – Held for Sale, Acquisitions and Divestitures for more information.

#### Guarantor Information

Regal Rexnord Corporation (the "Parent") is the issuer of the Senior Notes and the New Notes, which are guaranteed by each of its direct and indirect wholly-owned subsidiaries that is a borrower or guarantor under the Credit Agreement (the "Guarantor Subsidiaries" and, each, a "Guarantor Subsidiary"). The Senior Notes and the New Notes are jointly and severally unconditionally guaranteed on a senior unsecured basis by the Guarantor Subsidiaries. The guarantees are subject to release in limited circumstances upon the occurrence of certain customary conditions. For example, a Guarantor Subsidiary may be released from its guarantee of the Senior Notes and the New Notes under certain circumstances, including following the Parent achieving certain corporate or similar credit ratings. In addition, the guarantee of a Guarantor Subsidiary will automatically terminate under certain circumstances, including if such Guarantor Subsidiary is permanently released from its guarantee of, and is not a borrower under, the Credit Agreement.

If any of the Parent's subsidiaries that do not guarantee the Senior Notes and the New Notes (the "Non-Guarantor Subsidiaries") becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, holders of its indebtedness and its trade creditors generally will be entitled to payment on their claims from the assets of such subsidiary before any of those assets would be made available to the Parent or any Guarantor Subsidiary. Consequently, the claims of holders of the Senior Notes and the New Notes are structurally subordinated to all of the existing and future liabilities, including trade payables, of the Non-Guarantor Subsidiaries.

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The following tables set forth financial information attributable to the Parent and the Guarantor Subsidiaries (collectively the "Obligor Group"). The financial information of the Obligor Group is presented on a combined basis, excluding intercompany balances and transactions between entities in the Obligor Group which have been eliminated. The financial

information of the Obligor Group excludes equity investments in, and equity income or loss from, subsidiaries that are not in the Obligor Group. Material amounts due from, due to, and transactions with Non-Guarantor Subsidiaries which are included in the condensed financial information of the Obligor Group are presented with each table.

The following table sets forth summarized balance sheet information of the Obligor Group as of **March 31, 2024**, **June 30, 2024** and December 31, 2023, and **December 31, 2023 balance sheet information** includes balances of the industrial motors and generators businesses which **are** were classified as held for sale in the Condensed Consolidated Balance Sheets: Sheet at that time:

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Total Current Assets		
Goodwill		
Intangible Assets, Net of Amortization		
Other Noncurrent Assets		
Total Assets		
Total Current Liabilities		
Long-Term Debt		
Other Noncurrent Liabilities		
Total Liabilities		
Due from Non-Guarantor Subsidiaries		
Due to Non-Guarantor Subsidiaries		

The following table sets forth summarized income statement information of the Obligor Group for the **three** six months ended **March 31, 2024**, **June 30, 2024**:

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	Three Six Months Ended March 31, 2024	June 30, 2024
Net Sales	829.2	1,682.9
Gross Profit	315.7	646.4
Income from Operations	39.6	143.4
Interest Expense	125.4	243.9
Net Loss	(69.6)	(98.3)
Net Loss Attributable to Regal Rexnord Corporation	(69.6)	(98.3)
Net Sales to Non-Guarantor Subsidiaries	67.5	130.8
Interest Expense Due to Non-Guarantors	20.5	39.2

#### Critical Accounting Estimates

Our critical accounting policies and estimates, which are discussed in our Annual Report on Form 10-K for the year ended December 31, 2023, have not materially changed since that report was filed.

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk relating to our operations due to changes in interest rates, foreign currency exchange rates and commodity prices of purchased raw materials. We manage the exposure to these risks through a combination of normal operating and financing activities and derivative financial instruments such as interest rate swaps, commodity cash flow hedges and foreign currency forward exchange contracts. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures, which prohibit the use of financial instruments for speculative purposes.

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Generally, hedges are recorded on the balance sheet at fair value and are accounted for as cash flow hedges, with changes in fair value recorded in Accumulated Other Comprehensive Income (Loss) ("AOCI") in each accounting period. An ineffective portion of the hedges' change in fair value, if any, is recorded in earnings in the period of change.

Interest Rate Risk

We are exposed to interest rate risk on certain of our outstanding debt obligations used to finance our operations and acquisitions. Loans under the Credit Agreement bear interest at variable rates plus a margin, based on our consolidated net leverage ratio. As of **March 31, 2024** **June 30, 2024**, excluding the impact of interest rate swaps, we had **\$4,794.9** **\$4,795.4** million of fixed rate debt and **\$1,501.9** **\$1,022.0** million of variable rate debt. We utilize interest rate swaps to manage fluctuations in cash flows resulting from exposure to interest rate risk on forecasted variable rate interest payments.

Our variable rate debt exposes us to fluctuations in required interest payments due to changes in interest rates. A hypothetical 10% change in our weighted average borrowing rate on outstanding variable rate debt as of **March 31, 2024** **June 30, 2024** would result in a **\$8.2** **\$5.6** million change in after-tax annualized earnings. We entered into two forward starting pay fixed/receive floating non-amortizing interest rate swaps in June 2020, with a total notional amount of \$250.0 million to manage fluctuations in cash flows from interest rate risk related to variable rate interest. These swaps were terminated in March 2022 upon closing the Credit Agreement. The cash proceeds of \$16.2 million received to settle the terminated swaps is being recognized into interest expense via the effective interest rate method through July 2025 when the terminated swaps were scheduled to expire. We also entered into two forward starting pay fixed/receive floating non-amortizing interest rate swaps in May 2022, with a total notional amount of \$250.0 million to manage fluctuations in cash flows from interest rate risk related to variable rate interest. Upon inception, the swaps were designated as a cash flow hedges against forecasted interest payments with gains and losses, net of tax, measured on an ongoing basis, recorded in AOCI.

Details regarding the instruments as of **March 31, 2024** **June 30, 2024** are as follows:

Instrument	Instrument	Notional Amount	Maturity	Rate Paid	Rate Received	Fair Value	Instrument	Notional Amount	Maturity	Rate Paid	Rate Received	Fair Value
Swap												

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As of **March 31, 2024** **June 30, 2024** and December 31, 2023, an interest rate swap asset of **\$8.6 million** **\$9.1 million** and \$5.3 million, respectively, was included in Other Noncurrent Assets. There was an unrealized gain of **\$11.8 million** **\$11.1 million** (a **\$5.3 million** **\$4.2 million** gain on the terminated swaps and a **\$6.5 million** **\$6.9 million** gain on the active swaps) and \$10.6 million, net of tax, as of **March 31**, **June 30, 2024** and December 31, 2023, respectively, that was recorded in AOCI for the effective portion of the hedges.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, intercompany loans with foreign subsidiaries and transactions denominated in foreign currencies. Our objective is to minimize our exposure to these risks through a combination of normal operating activities and the utilization of foreign currency exchange contracts to manage our exposure on the forecasted transactions denominated in currencies other than the applicable functional currency. Contracts are executed with credit worthy banks and are denominated in currencies of major industrial countries. We do not hedge our exposure to the translation of reported results of foreign subsidiaries from local currency to United States dollars.

As of **March 31, June 30, 2024**, derivative currency assets (liabilities) of **\$11.5** **\$4.5** million, **\$(5.7)** and **\$(1.7)** **\$(0.7)** million are recorded in Prepaid Expenses and Other Current Assets, and Other Accrued Expenses and Other Noncurrent Liabilities, respectively. As of December 31, 2023, derivative currency assets (liabilities) of \$14.4 million, \$0.2 million and \$(6.9) million, are recorded in Prepaid Expenses and Other Current Assets, Other Noncurrent Assets and Other Accrued Expenses, respectively. The unrealized gains loss on the effective portions of the hedges of **\$7.1** **\$1.4** million net of tax, and unrealized gain on the effective portions of the hedges of \$9.3 million net of tax, as of **March 31, June 30, 2024** and December 31, 2023 respectively, were recorded in AOCI. As of **March 31, June 30, 2024** and December 31, 2023, we had **\$8.8** **\$6.2** million and \$10.2 million, respectively, net of tax, of currency gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings.

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The following table quantifies the outstanding foreign exchange contracts intended to hedge non-US dollar denominated receivables and payables and the corresponding impact on the value of these instruments assuming a hypothetical 10% appreciation/depreciation of their counter currency on **March 31, June 30, 2024**:

Currency	Currency	Notional Amount	Fair Value	Gain (Loss) From		Currency	Notional Amount	Fair Value	Gain (Loss) From	
				10% Appreciation of Counter Currency	10% Depreciation of Counter Currency				10% Appreciation of Counter Currency	10% Depreciation of Counter Currency
Chinese	Renminbi									

Mexican

Peso

Euro

Indian

Rupee

British Pound

British Pound

British Pound

Gains and losses indicated in the sensitivity analysis would be offset by gains and losses on the underlying forecasted non-US dollar denominated cash flows.

Commodity Price Risk

We periodically enter into commodity hedging transactions to reduce the impact of changing prices for certain commodities such as copper and aluminum based upon forecasted purchases of such commodities. The contract terms of commodity hedge instruments generally mirror those of the hedged item, providing a high degree of risk reduction and correlation.

Derivative commodity assets (liabilities) of \$1.1 million \$2.0 million, \$(2.4) million and \$(0.3) \$(0.5) million were recorded in Prepaid Expenses and Other Current Assets, and Other Accrued Expenses and Other Noncurrent Liabilities, respectively, as of March 31, June 30, 2024. Derivative commodity assets (liabilities) of \$1.0 million, \$0.1 million and \$(0.6) million were recorded in Prepaid Expenses and Other Current Assets, Other Noncurrent Assets and Other Accrued Expenses, respectively as of December 31, 2023. The unrealized gain loss on the effective portion of the hedges of \$0.7 million net of tax and the unrealized gain on the effective portion of the hedges of \$0.3 million net of tax, as of March 31, June 30, 2024 and December 31, 2023, respectively, was recorded in AOCI. As of March 31, June 30, 2024, we had no \$0.8 million derivative commodity gains or losses on closed hedge instruments. As of December 31, 2023, we had \$1.6 million, net of tax, derivative commodity loss losses on closed hedge instruments in AOCI that were realized in earnings when the hedged items impacted earnings.

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The following table quantifies the outstanding commodity contracts intended to hedge raw material commodity prices and the corresponding impact on the value of these instruments assuming a hypothetical 10% appreciation/depreciation of their prices on March 31, June 30, 2024:

Commodity	Commodity	Notional Amount	Fair Value	Gain (Loss) From		Commodity	Notional Amount	Fair Value	Gain (Loss) From	
				10% Appreciation of Commodity Prices	10% Depreciation of Commodity Prices				10% Appreciation of Commodity Prices	10% Depreciation of Commodity Prices

Copper

Aluminum

Gains and losses indicated in the sensitivity analysis would be offset by the actual prices of the commodities.

The net AOCI hedging component balance consists of \$28.4 million \$16.1 million of gains as of March 31, 2024 June 30, 2024 which includes \$20.6 million \$9.7 million of net current deferred gains that are expected to be realized in the next twelve months. The gain/loss reclassified from AOCI into earnings on such derivatives will be recognized in the same period in which the related item affects earnings.

Counterparty Risk

We are exposed to credit losses in the event of non-performance by the counterparties to various financial agreements, including our interest rate swap agreements, foreign currency exchange contracts and commodity hedging transactions. We manage exposure to counterparty credit risk by limiting our counterparties to major international banks and financial institutions meeting established credit guidelines and continually monitoring their compliance with the credit guidelines. We do not obtain collateral or other security to support financial instruments subject to credit risk. We do not anticipate non-performance by our counterparties, but cannot provide assurances.

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**ITEM 4. CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective to ensure that (a) information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and (b) information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

#### **Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

There have been no material changes in the legal matters described in Part I, Item 3 in our Annual Report on Form 10-K for the year ended December 31, 2023, which is incorporated herein by reference. See also Note 12 - Contingencies for more information.

### **ITEM 1A. RISK FACTORS**

Our business and financial results are subject to numerous risks and uncertainties. These risks and uncertainties have not changed materially from those reported in Part I, Item 1A - Risk Factors in our Annual Report on Form 10-K for the year ended

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December 31, 2023, which is incorporated herein by reference. For additional information regarding risks and uncertainties facing the Company, please also see the information provided under the header "Cautionary Statement" contained in this Quarterly Report on Form 10-Q.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the quarter ended **March 31, June 30, 2024**, we did not acquire any shares in connection with transactions pursuant to equity incentive plans. Under our equity incentive plans, participants may pay the exercise price or satisfy all or a portion of the federal, state and local withholding tax obligations arising in connection with plan awards by electing to (a) have the Company withhold shares of common stock otherwise issuable under the award, (b) tender back shares received in connection with such award or (c) deliver other previously owned shares of common stock, in each case having a value equal to the exercise price or the amount to be withheld.

At a meeting of the Board of Directors on October 26, 2021, the Company's Board of Directors approved the authorization to purchase up to \$500.0 million of shares under the Company's share repurchase program. The new authorization has no expiration date. There were no repurchases of common stock during the current quarter. The maximum value of shares of our common stock remaining available to be purchased as of **March 31, June 30, 2024** is \$195.0 million.

### **ITEM 5. OTHER INFORMATION**

During our last quarter, no director or officer of the Company, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," each as defined in Item 408 of Regulation S-K.

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### **ITEM 6. EXHIBITS**

<u>Exhibit Number</u>	<u>Exhibit Description</u>
22	<a href="#">List of Guarantor Subsidiaries of Guaranteed Securities.</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1	<a href="#">Certifications of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.</a>
101.INS	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	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101).

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#### 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.

**REGAL REXNORD CORPORATION**  
(Registrant)

/s/ Robert J. Rehard

Robert J. Rehard  
Executive Vice President  
Chief Financial Officer  
(Principal Financial Officer)

Date: May 7, 2024 August 1, 2024

**REGAL REXNORD CORPORATION**  
(Registrant)

/s/ Alexander P. Scarpelli

Alexander P. Scarpelli  
Senior Vice President  
Chief Accounting Officer  
(Principal Accounting Officer)

Date: May 7, 2024 August 1, 2024

### List of Guarantor Subsidiaries

The following series of senior unsecured debt securities issued by Regal Rexnord Corporation are jointly and severally unconditionally guaranteed on a senior unsecured basis by certain of its direct and indirect wholly-owned subsidiaries (the "Guarantor Subsidiaries"):

#### Description

- 6.05% senior notes due 2026 (the "2026 Senior Notes")
- 6.05% senior notes due 2028 (the "2028 Senior Notes")
- 6.30% senior notes due 2030 (the "2030 Senior Notes")
- 6.40% senior notes due 2033 (the "2033 Senior Notes")

Guarantor Subsidiary	State of Incorporation
Regal Beloit America, Inc.	Wisconsin
Rexnord Industries, LLC	Delaware
Land Newco, Inc.	Delaware
Altra Industrial Motion Corp.	Delaware
American Precision Industries Inc.	Delaware
Ameridrives International, LLC	Delaware
AS Motion North America Inc.	Delaware
Boston Gear LLC	Delaware
Formsprag LLC	Delaware
Guardian Couplings LLC	Delaware
Inertia Dynamics, LLC	Delaware
Kilian Manufacturing Corporation	Delaware
Kollmorgen Corporation	New York
Nook Industries, LLC	Nevada
PacSci Motion Control, Inc.	Massachusetts
TB Wood's Corporation	Delaware
TB Wood's Incorporated	Pennsylvania
Thomson Industries, Inc.	Delaware
Thomson Linear LLC	Delaware
Warner Electric LLC	Delaware

#### EXHIBIT 31.1

#### CERTIFICATIONS

I, Louis V. Pinkham, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Regal Rexnord Corporation;
- 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) 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
- (d) 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.

/s/ Louis V. Pinkham  
Louis V. Pinkham  
Chief Executive Officer

Date: May 7, 2024 August 1, 2024

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Robert J. Rehard, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q of Regal Rexnord Corporation;
- 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) 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
  - (d) 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.

/s/ Robert J. Rehard  
Robert J. Rehard  
Executive Vice President  
Chief Financial Officer  
(Principal Financial Officer)

Date: May 7, 2024 August 1, 2024

**EXHIBIT 32.1**

**CERTIFICATIONS of the  
Chief Executive Officer and Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350**

Solely for the purposes of complying with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, we, the undersigned Chief Executive Officer and Chief Financial Officer of Regal Rexnord Corporation (the "Company"), hereby certify, based on our knowledge, that the Quarterly Report on Form 10-Q of the Company for the three and six months ended March 31, 2024 June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Louis V. Pinkham  
Louis V. Pinkham  
Chief Executive Officer

/s/ Robert J. Rehard  
Robert J. Rehard  
Executive Vice President  
Chief Financial Officer  
(Principal Financial Officer)

Date: May 7, 2024 August 1, 2024

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