

Second-Quarter 2024 Results

July 31, 2024

TRANE
TECHNOLOGIES

Forward-Looking Statements

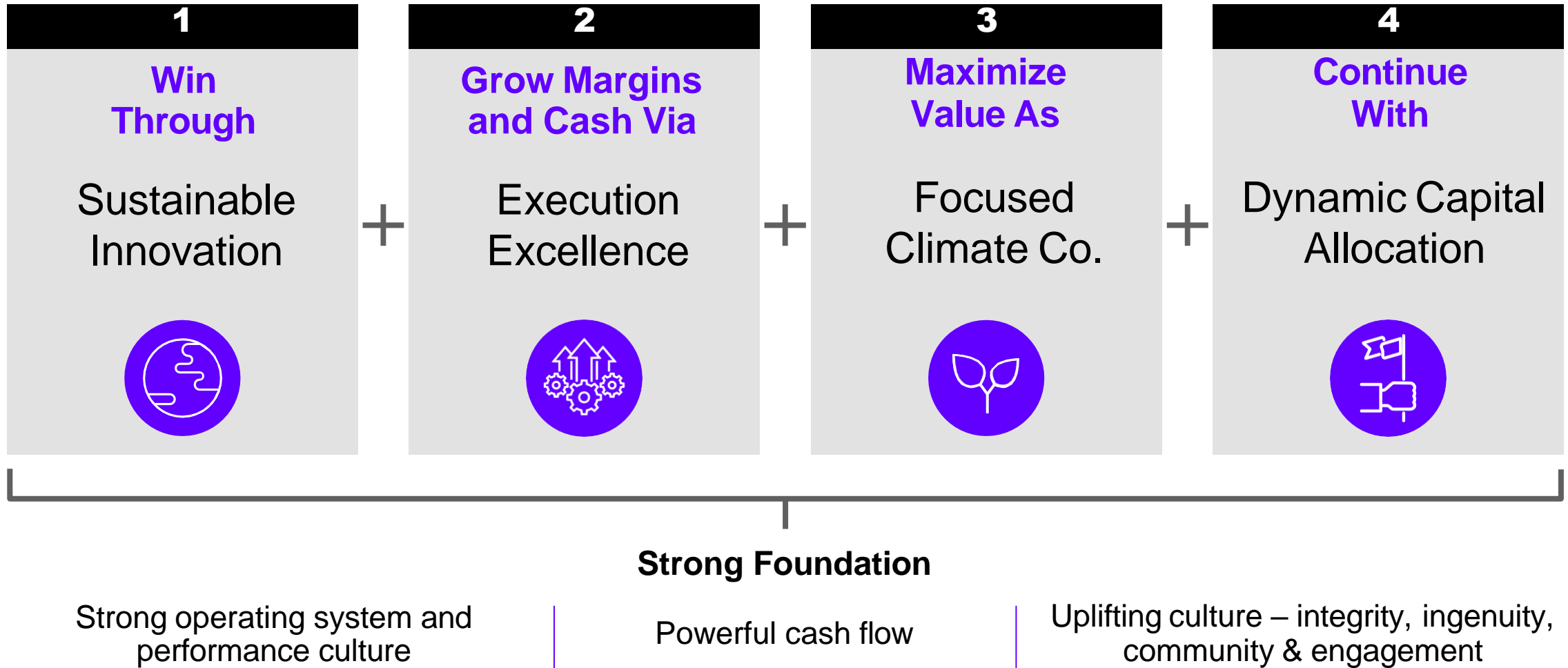
This news release includes “forward-looking” statements within the meaning of securities laws, which are statements that are not historical facts, including statements that relate to our future financial performance and targets, including revenue, EPS, operating income, operation margin and earnings; our business operations; demand for our products and services, including bookings and backlog; capital deployment, including the amount and timing of our dividends, our share repurchase program, and our capital allocation strategy, including M&A activities and investments, if any; our projected free cash flow and usage of such cash; our available liquidity; our anticipated revenue growth, including growth in organic revenue; performance of the markets in which we operate; our foreign exchange rate outlook, our credit rating; our productivity and cost savings initiatives; our ESG and other sustainability initiatives and our effective tax rate.

These forward-looking statements are based on our current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. Such factors include, but are not limited to, global economic conditions, including recessions and economic downturns, inflation, volatility in interest rates and foreign exchange; changing energy prices; worldwide geopolitical conflict; financial institution disruptions; climate change and our sustainability strategies and goals; future health care emergencies on our business, our suppliers and our customers; commodity shortages; price increases; government regulation; restructuring activity and cost savings associated with such activity; secular trends toward decarbonization, energy efficiency and internal air quality, the outcome of any litigation, including the risks and uncertainties associated with the Chapter 11 proceedings for our deconsolidated subsidiaries Aldrich Pump LLC and Murray Boiler LLC; cybersecurity risks; and tax audits and tax law changes and interpretations.

Additional factors that could cause such differences can be found in our Form 10-K for the year ended December 31, 2023, as well as our subsequent reports on Form 10-Q and other SEC filings. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events and how they may affect the Company. We assume no obligation to update these forward-looking statements.

This news release also includes non-GAAP financial information, which should be considered supplemental to, not a substitute for, or superior to, the financial measure calculated in accordance with GAAP. The definitions of our non-GAAP financial information are included as an appendix in our presentation and reconciliations can be found in our earnings releases for the relevant periods located on our website at www.tranetechnologies.com. Unless otherwise indicated, all data beyond the second quarter of 2024 are estimates.

Focused Strategy Delivers Differentiated Shareholder Returns



Q2 Extends Strong Track Record of Performance. Raising 2024 Guidance. Exceptional Bookings & Backlog Provide Increasing Visibility into 2024 & 2025

- **Continued strong execution across the portfolio**
 - Organic bookings* and organic revenues* up 19% and 13%, respectively. Adj. operating margins* up 140 basis points; adj. EPS* up 23%
 - Robust enterprise organic leverage* of 30%+. Strong organic leverage in each segment, while accelerating investments in innovation & growth programs across portfolio
- **Bookings / backlog continue to be standouts, led by longer cycle commercial HVAC business**
 - Global CHVAC bookings +high teens, led by Americas CHVAC up more than 20% YOY. Strength in applied solutions as project complexity in top growth verticals plays to TT's strengths
 - Strong and growing CHVAC project pipeline globally; leveraging power of direct salesforce, deep customer relationships and leading innovation
 - Accelerating investments in 2024 – e.g., product innovation, sales and service excellence, capacity, digital & automation initiatives, bolstering future growth
 - Pace of bookings continues to be exceptional with record high enterprise bookings of \$5.3B, up approximately \$300M from prior record high set in Q1'24
- **Well positioned for continued growth in 2024 and 2025**
 - Q2 ending backlog of \$7.5B, up 8% from \$6.9B Y/E 2023. Approximately \$2.8B backlog for 2025 and beyond (incremental \$1B added in Q2); expect backlog to remain elevated
 - 90% of backlog is CHVAC, with the majority longer cycle applied systems. Continued high bookings levels and strong backlog provides improving visibility for both 2024 and increasingly 2025
- **Continued execution of balanced capital allocation strategy. Financial position, liquidity and balance sheet bolster resilience and optionality**
 - Strong first half capital deployment, including dividends, share repurchases, and M&A (committed and closed)
 - Strong Q2 cashflow; on track to deliver free cash flow = / > 100% of adj. net earnings*
- **Raising 2024 revenue and Adj. EPS guidance**
 - Expect organic revenue growth of ~+10%, up from +8% to +9% prior guidance
 - Expect adj. EPS of ~\$10.80 (~+20%), up from \$10.40 to \$10.50 prior guidance (see p.17 for more detail)
 - Executing our high-performance flywheel - strong business reinvestment, market outgrowth, robust earnings and FCF to deliver differentiated financial performance & leading shareholder returns over the long term

*Includes certain Non-GAAP financial measures. See the company's Q2 2024 earnings release for additional details and reconciliations

Broad-Based Strength in Bookings & Revs. Backlog of \$7.5B, up 8% from 2023 Year-End

	Q2 Organic* Y-O-Y Change	
	Bookings	Revenue
Enterprise	+ 19%	+ 13%

Americas		
	+ 23%	+ 16%
Commercial HVAC	+	+
Residential HVAC	+	+
Transport	+	-

Americas

- CHVAC strong across the board: bookings up more than 20%. Revs +mid-twenties. Robust revenue growth in equip & services, up >30%, and + high-teens, respectively
- Resi bookings up 30%+. Revs +low-teens
- Transport bookings +LSD. Revs down high-teens as expected vs +30% PY comp

EMEA		
	+ 10%	+ 5%
Commercial HVAC	+	+
Transport	-	-

EMEA

- Strong CHVAC bookings +20%. Revs +HSD w/ 2 yr-stack revs up 25%+
- Transport bookings and revs down LSD as expected & consistent w/ guide

Asia Pacific		
	Flat	- 3%
Commercial HVAC	+	-
Transport	-	-

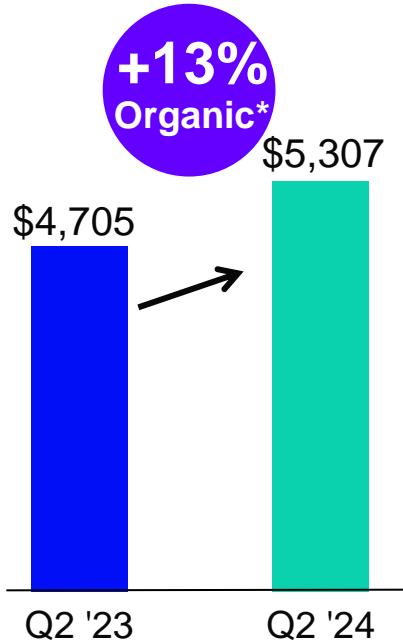
Asia Pacific

- Asia bookings flat (China +MSD). Revs down LSD vs up ~40% prior year comp
- CHVAC bookings +LSD. Revs down LSD vs +45% prior year comp

*Organic bookings and organic revenues exclude acquisitions and currency

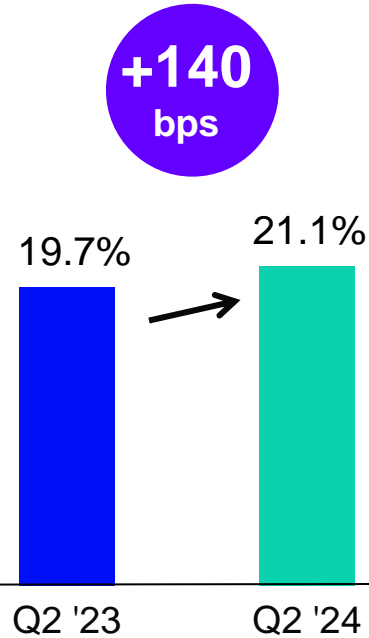
Performance Scoreboard: Robust Revenue Growth, Margin Expansion and EPS Growth

Net Revenue



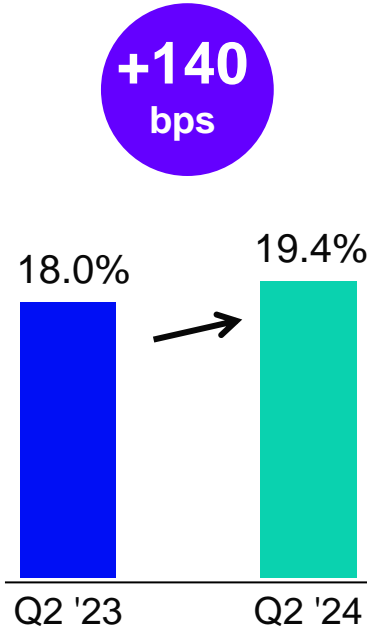
- Strong organic revenue growth
- Equipment revs up low-teens
- Continued strong services growth up mid-teens

Adj. EBITDA Margin*



- Strong volume growth, positive price realization and productivity more than offset inflation
- Strong enterprise organic leverage of 30%+

Adj. Operating Margin*



Adj. Continuing EPS*



- Strong execution of company's business operating system driving operational excellence throughout P&L

*Includes certain Non-GAAP financial measures. See the company's Q2 2024 earnings release for additional details and reconciliations.

Strong Revenue Growth and Broad-Based Margin Expansion

	Revenue Org.* Growth	Adj. EBITDA*% vs PY	Adj. OI*% vs PY	Highlights
\$M				
Americas	\$4,291 +16%	22.8% +140 bps	21.1% +130 bps	<ul style="list-style-type: none"> • Strong broad-based operating margin expansion • Strong volume growth in Americas and EMEA • Positive price realization and productivity more than offset inflation • High incremental business reinvestment in each segment supporting sustainability strategy, innovation and growth initiatives, people and culture
EMEA	\$645 +5%	20.3% +120 bps	18.8% +130 bps	
Asia Pacific	\$371 -3%	25.5% +360 bps	24.1% +310 bps	

* Includes certain Non-GAAP financial measures. See the company's Q2 2024 earnings release for additional details and reconciliations.

Market Outlook: Q2 Americas CHVAC and Resi Stronger. ACT Projects Lower 2024 Transport Market. Other BUs Largely Unchanged

Americas

- Commercial HVAC – Q2 exceptional growth; expect continued strong growth in 2H against tougher comps – 1H & 2H 2024 3yr stack revs expected to be +45-50%**
- Revs & bookings - strong, broad-based systems and services growth across portfolio – growth in nearly all verticals w/ continued strength in data centers / education / healthcare / high-tech industrial. Exiting Q2 in exceptional backlog position for 2024 and 2025
 - Expect continued strong growth – unwavering reinvestments and focus on core strategy– leading innovation / leading systems & services portfolio , sales / service excellence, BOS, culture; customer paybacks remain compelling
- Residential HVAC – Q2 stronger than anticipated; prudently optimistic exiting Q2 w/ 2024 outlook improving to ~+MSD from +LSD**
- Q2 strong performance - EPA R410a extension thru 2025, normalization of channel inventory, strong start to cooling season
- Transport – ACT has lowered their 2024 transport market forecast to down ~15% vs down ~10% prior**
- ACT mainly lowered 2H 2024, with 2H trailers down more than 25% YOY (down 21% Q3, down 34% Q4), however, we expect to outperform
 - ACT projects market to return to appx. 15% growth in 2025 with improving freight rates
 - FY continue to expect TK to outperform market in 2024

EMEA

- Commercial HVAC - no change to FY**
- Continued robust demand for innovative, sustainability - focused products and services; accelerating demand for Thermal Management Systems
 - Strong decarbonization trends continue led by compelling customer paybacks. Ongoing regulatory and policy tailwinds across the region
- Transport - no change to FY**
- Weighted average market forecast down LSD in 2024. TK to outperform end markets through innovation-led, diversified, resilient portfolio

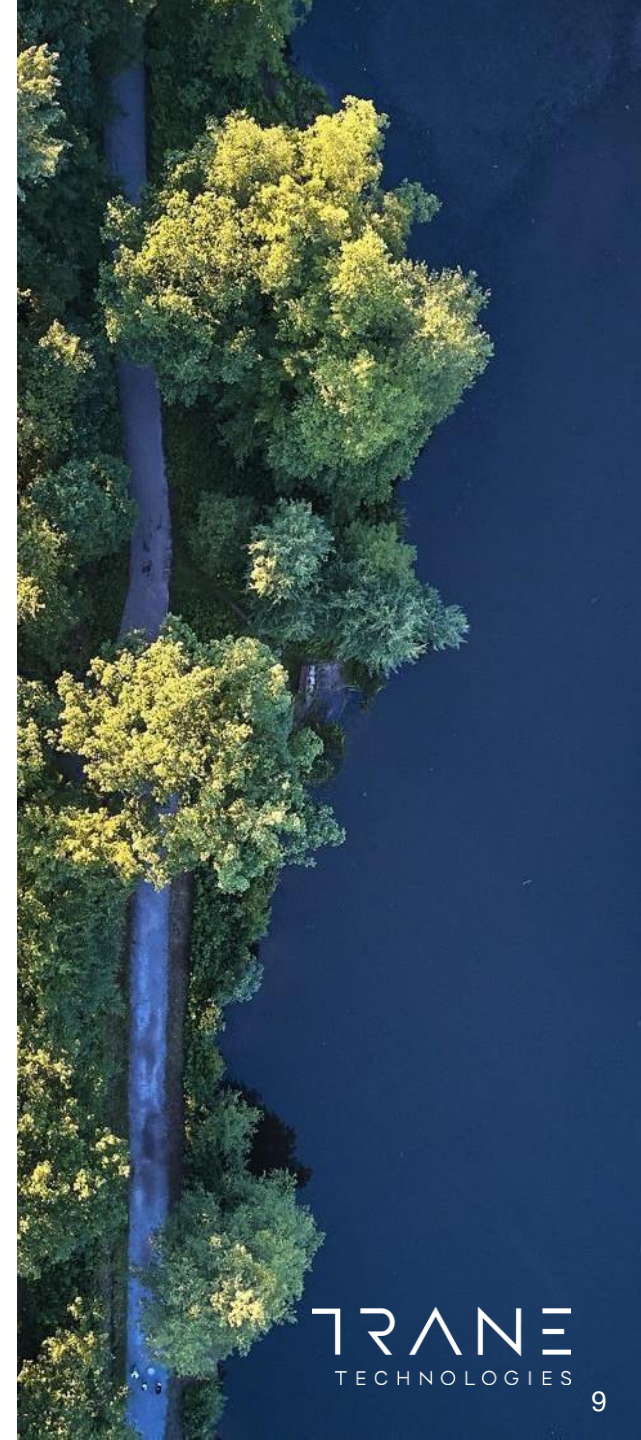
Asia Pacific

- China – no change to FY**
- Business continues to outperform macro environment – expect continued strength in data center, electronics, pharma, healthcare, which are strong verticals for TT
- Rest of Asia – no change to FY**
- Mixed outlook with pockets of strength in data center, fab plants, EV battery
- Asia Pacific – overall expect solid 2024 performance**

Raising FY'24 Revs & EPS Guide on Strong 1H Performance, Positive Outlook, High Levels of Business Reinvestment

	Prior FY Guidance	Updated FY Guidance*
Organic Revenues	<p>+8% to +9% <i>+8% to +9% reported incl. +1pt M&A & minus 1pt FX</i></p>	<p>~+10% <i>~+10% reported incl. ~+1pt M&A & minus ~1pt FX Q3'24 expect ~+8.5% organic growth</i></p>
Adj. EPS	<p>\$10.40 to \$10.50 <i>+15% to +16%</i></p>	<p>~\$10.80 <i>~+20% Q3'24 expect ~\$3.15 - \$3.20</i></p>
Operating Leverage	<p>Organic 25%+ <i>Strong core leverage, positive price/cost for FY</i></p>	<p>Organic 25%+ <i>Q3/Q4 reflect elevated biz reinvestments M&A = minus ~5pts reported vs organic leverage</i></p>
Free Cash Flow	<p>≥ Adj. Net Earnings</p>	<p>≥ Adj. Net Earnings</p>

*See pg. 17 for additional details



Strong FCF Drives Continued Balanced Capital Deployment Strategy

1

Invest for Growth

- Strengthen the core business and extend product & market leadership
- Invest in new technology and innovation
- Strategic investments in value-accretive M&A

2

Maintain Healthy, Efficient Balance Sheet

- Expect to deliver FCF* \geq 100% of adjusted net earnings
- Strengthening balance sheet
- Strong A3/BBB+ investment grade rating offers optionality as markets evolve

3

Return Capital to Shareholders

- Expect to consistently deploy 100% of excess cash over time
- Pay competitive dividend and grow dividend at or above rate of earnings growth over time
- Repurchase shares with excess cash when intrinsic value provides high returns

* Includes certain Non-GAAP financial measures. See the company's Q2 2024 earnings release for additional details and reconciliations

Strong, Balanced Capital Allocation; Expect to Deploy ~\$2.5B in 2024

Balanced Capital Deployment

	Actual YTD July 2024	Target FY 2024
Dividends	\$379M	~\$0.8B
M&A, investments	~\$100M	~\$1.8B
Share repurchases (inc. July '24)	\$650M*	
Total Capital Deployed/Committed	~\$1.1B	~\$2.5B

- Q2 dividends of \$190M (YTD \$379M); increased dividend 12% in February 2024 to \$3.36 per share annualized, up 58% since the launch of Trane Technologies (Mar 2020)
- YTD July share repurchases of \$650M*; ~\$1.8B remaining authorization
- M&A pipeline remains active; maintain disciplined approach
- Shares remain attractive, trading below our calculated intrinsic value
- Targeting \$2.5B Capital Deployment in 2024

*Excludes Jan 2024 share repurchases of \$81M that were included in FY 2023 capital deployed



Topics of Interest

ACT Lowered 2024 N.A. Transport Market Outlook. EMEA Market Outlook Unchanged. Continue to Expect TK to Outperform in Each Region

N.A. and EMEA Market Results / Forecast

Actual 2023 Transport N.A. Market
Trailer / Truck / APU wtd avg
-MSD
(Actual TK -LSD)

2024 Transport N.A. Market Outlook*
Trailer / Truck / APU wtd avg
-Mid-teens

Actual 2023 Transport EMEA Market**
Trailer / Truck wtd avg
Flat
(Actual TK +LSD)

2024 Transport EMEA Market Outlook
Trailer / Truck wtd avg
-MSD

Weighted Avg Mkt Forecast / TK Revenue

- Americas 2024 Transport weighted average market forecast down mid-teens vs down ~10% prior; EMEA 2024 Transport weighted average market forecast down LSD
- Trailer/Truck/APU: ~2/3^{rds} of Total Transport Revenue
- Marine/Bus/Rail/Air/Aftermarket (“all other”): ~1/3rd of Total Transport Revenue
- Global Thermo King is ~15% of 2023 enterprise revenues. Americas / EMEA / Asia represent ~60% / ~35% / ~5% of global Thermo King revenues, respectively

Total Transport market weighted avg growth***

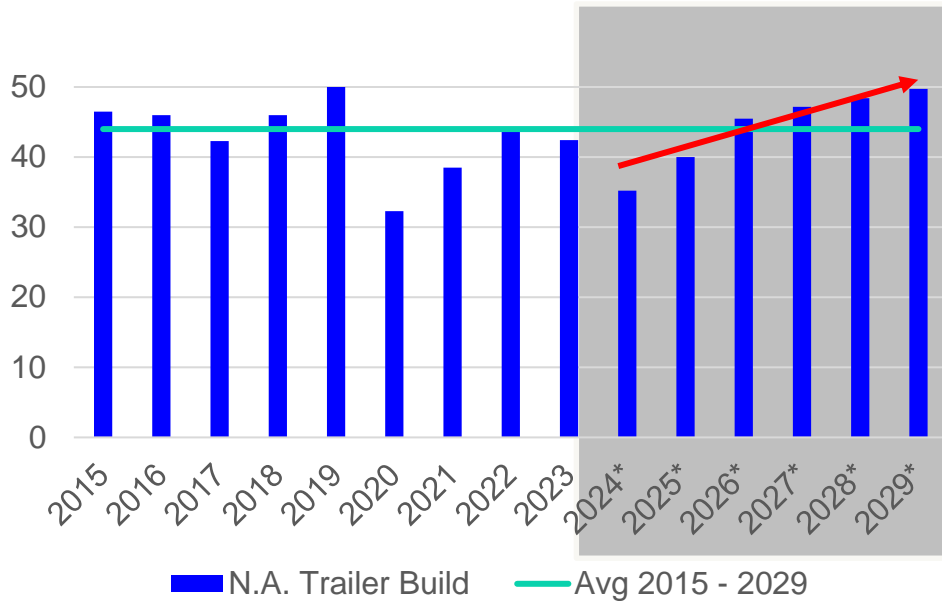
	2021-2022			2023			3-yr outperformance
	market	TK	Delta	market	TK	Delta	Delta
Americas	27%	50% plus	~+25%	-5%	-LSD	+LSD	~+ High Twenties %
EMEA	4%	high 20s	~+25%	flat	+LSD	+LSD	~+ High Twenties %

*Includes 2024 N.A. ACT July Trailer build fcst
 ** Reflects removal of Russia from EMEA Mkt Sizing
 ***Includes Truck/Trailer/APU/Marine/Bus/Rail/Air

Source: ACT / IHS / Company Estimates

ACT Projects North America Refrigerated Trailer Market to Dip in 2024 then Remain Robust 2025 through 2029 (above 40k units)

ACT North America Trailer Market Outlook



* Forecast shown in grey
Source: ACT July Forecast

Comments

- ACT 2024 North America Trailer forecast lowered to 35k units from 37k units, primarily in 2H
- Underlying refrigerated trailer demand remains high, average ~44k units per year
- Strong demand forecast 2025 - 2029
- Diversified Americas / EMEA Thermo King businesses poised to outperform end markets through continued innovation / execution

IN SUMMARY

Positioned to Outperform Over the Long-Term

Secular Tailwinds

The markets we serve will continue to outgrow GDP, fueled by long-term sustainability megatrends

Sustainability Focused Innovation

We are positioned to outgrow the market and expand margins with market-leading sustainable innovations

Margin Expansion

Our execution excellence and transformational work position us to maximize margins and cash generation

Financial Strength

Our strong balance sheet, exceptional cash generation and balanced capital allocation strategy deliver significant value to shareholders



Appendix

FY'24 Detailed Guidance for Modeling Purposes

Metric	FY Guidance
Organic Revenue	~+10%
M&A	~+1%
FX	~ minus 1%
Reported Revenue	~+10%
Adj. EPS*	~+\$10.80 ~+20%

*Includes certain Non-GAAP financial measures. See the company's Q2 2024 earnings release for additional details and reconciliations.

2024 Commentary

- 25%+ organic leverage for FY'24
- ~1pt M&A = -5 pts of leverage. Year one contribution of negative \$30M OI, primarily related to technology acq, Nuvolo, with accelerated intangibles amortization of ~\$6M/qtr plus year one acquisition and integration related costs. Expect acq. to be EPS accretive by year 3.

Other Items

3Q'24: expect ~+8.5% organic revenue growth, Adj. EPS \$3.15 - \$3.20, ~25%+ organic leverage. Expect ~1pt M&A offset ~1pt FX (~+8.5% reported revenue growth) and ~5pt impact to reported vs organic leverage.

FY'24 Other Items Unchanged:







- \$300M corporate costs - enterprise-wide investments included in FY'24 guidance. Powering flywheel with above average incremental high ROI investment (normal range ~40 bps year) including product innovation, sales and service excellence, capacity, digital & automation initiatives
- ~\$237M interest expense
- FY'24 Other income / expense of ~\$40M; includes 1H results and pension expense of ~\$5M each remaining quarter. Other items in other inc. / exp. such as FX impacts are unknown / not forecastable
- ~20% adj. effective tax rate
- ~228M diluted shares
- Expect CapEx at high end of 1% to 2% of revenues in 2024

Updated FY'24 Items

- Expect net \$0 Non-GAAP adjustments to Adj. Earnings from Cont. Ops.

Trane Technologies Core Sustainability Strategy: Challenge Possible

Global Megatrends

 CLIMATE CHANGE	 DEMOGRAPHICS
 URBANIZATION	 DIGITAL CONNECTEDNESS
 RESOURCE SCARCITY	 INDOOR AIR QUALITY (IAQ)

Our 2030 Commitments

The Gigaton Challenge

Reducing one gigaton of carbon emissions (CO₂e) from our customers' footprint

Leading by Example

Achieving carbon neutral operations, 10% absolute energy reduction, zero waste to landfill and net positive water

Opportunity for All

Creating workforce diversity that mirrors our communities, investing in STEM education

Material Issues to Focus Our Efforts

Operations

Emissions intensity
Renewable energy
Water usage
Heating electrified

Products and Services

Energy efficiency
Low-emission products
Technology & innovation
Emerging market innovations
Product life cycle

Supply Chain

Responsible sourcing
Supplier diversity

Employees

Diversity and inclusion
Ethics and integrity
Safety
Development
Engagement

Communities

Access to cooling
Food and wellness
Education
Workforce development

Governance

Board oversight
Financial performance
Public policy

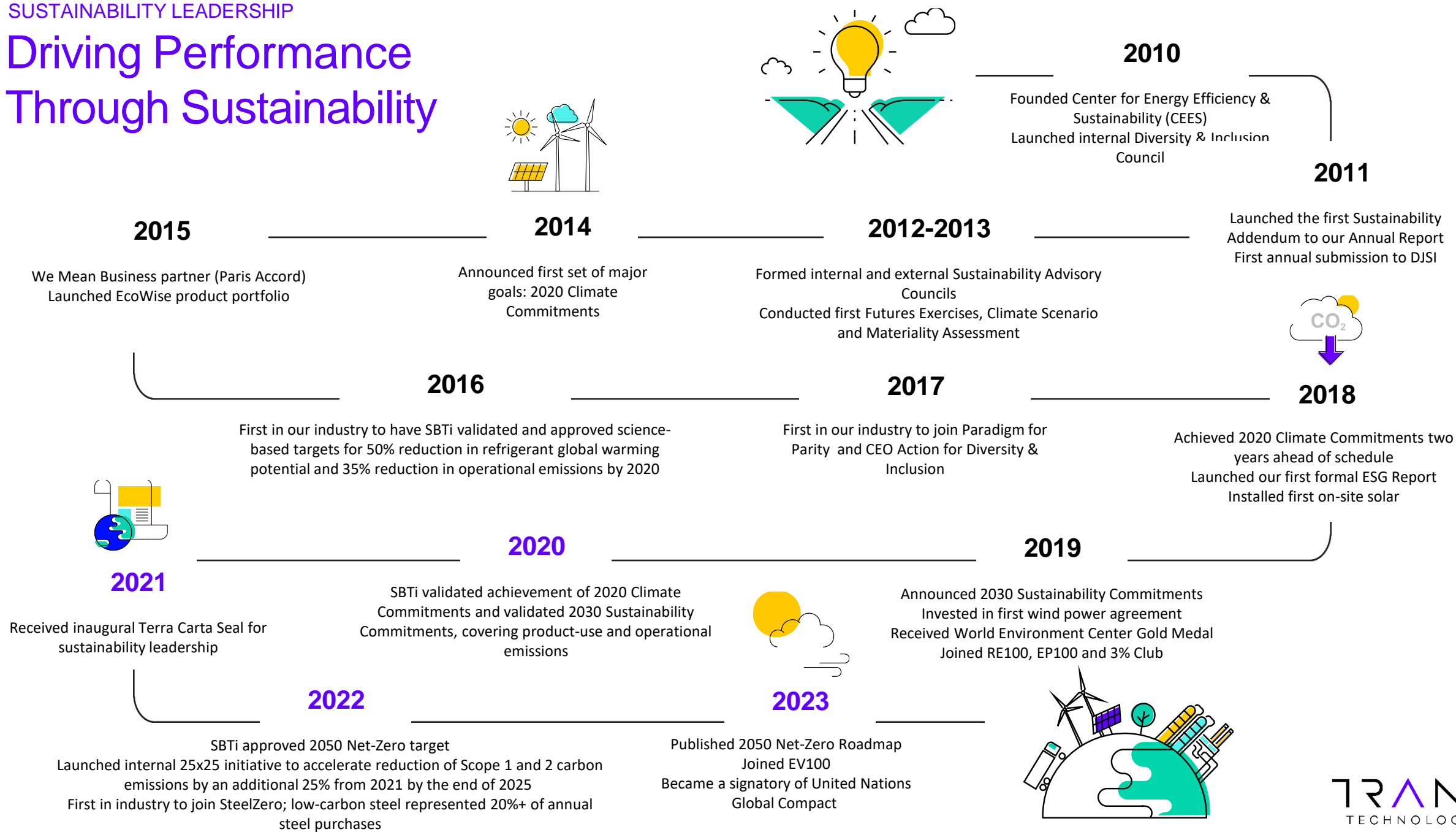
Targets Align with Global Priorities



2 Zero Hunger 	4 Quality Education 	5 Gender Equality 	6 Clean Water & Sanitation 	7 Affordable & Clean Energy 	8 Decent Work & Economic Growth 	9 Industry, Innovation & Infrastructure 	11 Sustainable Cities & Communities 	12 Responsible Consumption & Production 	13 Climate Action 
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We believe in ambitious goals founded in science.
Trane Technologies is 1st in industry to be 2050 Net-Zero Approved by the Science-Based Targets Initiative (SBTi)

Driving Performance Through Sustainability



Widely Recognized for Sustainability, Citizenship, Diversity, Inclusion & Engagement

Highly Regarded ESG Performance



13 Consecutive Years on the North America Index
3rd consecutive year on the World Index



2024 JUST 100:
3rd consecutive year on the JUST 100; Industry Leader for 2nd consecutive year



Named to A List
One of 362 companies currently on the A List*



97th Percentile
74/100; Gold Medal



Recognized in the inaugural edition
Ranks companies who promote corporate responsibility & advance sustainable practices



4th Consecutive Year
Recognized for reducing GHG emissions in our operations



Ethisphere 2024 World's Most Ethical Companies®
First-Time Honoree



Corporate Knights' 2024 Global 100
Ranked 23rd overall, leader in Building Products industry

People and Citizenship



Fortune World's Most Admired Companies
12 consecutive years



U.S. News & World Report Best Companies to Work For
Also named to the Best Companies to Work For – Manufacturing list



Best Workplaces for Women
First appearance on this list, ranked 39th overall



50/50 Women on Boards
Recognized for having a gender-balanced board

*CDP's A List is updated monthly, 362 companies are on the list as of July 1, 2024

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Q2 YoY Organic Revenues up 13%; Bookings up 19%

Organic* Revenue	2021					2022					2023					2024	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Americas	+9%	+19%	+4%	+14%	+11%	+13%	+13%	+19%	+14%	+15%	+8%	+9%	+11%	+7%	+9%	+15%	+16%
EMEA	+12%	+28%	+8%	+5%	+13%	+6%	+11%	+18%	+23%	+15%	+15%	+8%	+3%	+8%	+8%	+4%	+5%
Asia Pacific	+34%	+2%	+1%	+4%	+7%	+14%	-12%	+28%	+19%	+12%	+8%	+41%	-1%	flat	+10%	+16%	-3%
Total	+11%	+18%	+4%	+11%	+11%	+12%	+11%	+19%	+16%	+15%	+9%	+11%	+9%	+6%	+9%	+14%	+13%

Organic* Bookings	2021					2022					2023					2024	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Americas	+36%	+29%	+20%	+31%	+29%	+6%	+10%	+11%	flat	+7%	-4%	-8%	+7%	+13%	+2%	+20%	+23%
EMEA	+18%	+53%	+25%	+13%	+27%	flat	-12%	-10%	+2%	-5%	+10%	+14%	+12%	+10%	+11%	+7%	+10%
Asia Pacific	+14%	+12%	+11%	+18%	+14%	+14%	+16%	+3%	-6%	+7%	+13%	+6%	+12%	+2%	+8%	+6%	flat
Total	+31%	+30%	+20%	+27%	+27%	+6%	+7%	+8%	flat	+5%	-1%	-5%	+8%	+12%	+3%	+17%	+19%

*Organic revenues and bookings exclude acquisitions and currency

Q2 Non-GAAP Measures Definitions

Adjusted operating income in 2024 is defined as GAAP operating income adjusted for restructuring costs, a non-cash adjustment for contingent consideration, merger and acquisition related costs, and legacy legal liability. Adjusted operating income in 2023 is defined as GAAP operating income adjusted for restructuring costs, transformation costs, a non-cash adjustment for contingent consideration and merger and acquisition related costs. Please refer to the reconciliation of GAAP to non-GAAP measures on tables 2, 3 and 4 of the news release.

Adjusted operating margin is defined as the ratio of adjusted operating income divided by net revenues.

Adjusted earnings from continuing operations attributable to Trane Technologies plc (Adjusted net earnings) in 2024 is defined as GAAP earnings from continuing operations attributable to Trane Technologies plc adjusted for net of tax impacts of restructuring costs, a non-cash adjustment for contingent consideration, merger and acquisition related costs, and legacy legal liability. Adjusted net earnings in 2023 is defined as GAAP earnings from continuing operations attributable to Trane Technologies plc adjusted for an impairment of equity investment and the net of tax impacts of restructuring costs, transformation costs, a non-cash adjustment for contingent consideration and merger and acquisition related costs. Please refer to the reconciliation of GAAP to non-GAAP measures on tables 2 and 3 of the news release.

Adjusted continuing EPS in 2024 is defined as GAAP continuing EPS adjusted for net of tax impacts of restructuring costs, a non-cash adjustment for contingent consideration, merger and acquisition related costs, and legacy legal liability. Adjusted continuing EPS in 2023 is defined as GAAP continuing EPS adjusted for an impairment of equity investment and the net of tax impacts of restructuring costs, transformation costs, a non-cash adjustment for contingent consideration and merger and acquisition related costs. Please refer to the reconciliation of GAAP to non-GAAP measures on tables 2 and 3 of the news release.

Adjusted EBITDA in 2024 is defined as adjusted operating income adjusted for depreciation and amortization expense and other income / (expense), net. Adjusted EBITDA in 2023 is defined as adjusted operating income adjusted for depreciation and amortization expense, other income / (expense), net, excluding an impairment of equity investment. Please refer to the reconciliation of GAAP to non-GAAP measures on tables 4 and 5 of the news release.

Adjusted EBITDA margin is defined as the ratio of adjusted EBITDA divided by net revenues.

Q2 Non-GAAP Measures Definitions

Adjusted effective tax rate for 2024 is defined as the ratio of income tax expense adjusted for the net tax effect of adjustments for restructuring costs, a non-cash adjustment for contingent consideration, merger and acquisition related costs, and legacy legal liability divided by adjusted net earnings. Adjusted effective tax rate for 2023 is defined as the ratio of income tax expense adjusted for the net tax effect of adjustments for restructuring costs, transformation costs, a non-cash adjustment for contingent consideration and merger and acquisition related costs divided by adjusted net earnings. This measure allows for a direct comparison of the effective tax rate between periods.

Free cash flow in 2024 is defined as net cash provided by (used in) continuing operating activities adjusted for capital expenditures, cash payments for restructuring costs, legacy legal liability, and merger and acquisition related costs. Free cash flow in 2023 is defined as net cash provided by (used in) continuing operating activities adjusted for capital expenditures, cash payments for restructuring costs, transformation costs and merger and acquisition related costs. Please refer to the free cash flow reconciliation on table 8 of the news release.

- **Free cash flow conversion** is defined as the ratio of free cash flow divided by adjusted net earnings

Operating leverage is defined as the ratio of the change in adjusted operating income for the current period (e.g. Q2 2024) less the prior period (e.g. Q2 2023), divided by the change in net revenues for the current period less the prior period.

Organic revenue is defined as GAAP net revenues adjusted to eliminate currency fluctuations and the impact of acquisitions.

Organic bookings is defined as reported orders in the current period adjusted to eliminate currency fluctuations and the impact of acquisitions..

Working capital measures a firm's operating liquidity position and its overall effectiveness in managing the enterprise's current accounts.

- **Working capital** is calculated by adding net accounts and notes receivables and inventories and subtracting total current liabilities that exclude short-term debt, dividend payable and income tax payables.
- **Working capital as a percent of revenue** is calculated by dividing the working capital balance (e.g. as of June 30) by the annualized revenue for the period (e.g. reported revenues for the three months ended June 30 multiplied by 4 to annualize for a full year).