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 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	**39-0875718**
(State or other jurisdiction of incorporation)	**(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:

Title of each class	Trading Symbol	Name of each exchange on which registered
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	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
		Emerging growth company	☐

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 July 30, 2024 the registrant had outstanding 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 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 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;
- 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 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;
- 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;

- 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;
- 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.

PART I—FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

REGAL REXNORD CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(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	$ 1,547.6	$ 1,768.6	$ 3,095.3	$ 2,992.7
Cost of Sales	976.6	1,204.8	1,971.2	2,030.8
Gross Profit	571.0	563.8	1,124.1	961.9
Operating Expenses	394.3	412.2	792.0	741.4
(Gain) Loss on Sale of Businesses	(17.2)	—	4.3	—
Total Operating Expenses	377.1	412.2	796.3	741.4
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
Earnings Per Share Attributable to Regal Rexnord Corporation:				
Basic	$ 0.94	$ 0.48	$ 1.24	$ 0.40
Assuming Dilution	$ 0.94	$ 0.48	$ 1.23	$ 0.39
Weighted Average Number of Shares Outstanding:				
Basic	66.5	66.3	66.5	66.2
Assuming Dilution	66.8	66.6	66.8	66.6

See Accompanying Notes to Condensed Consolidated Financial Statements

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

	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)

	June 30, 2024	December 31, 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 510.4	$ 574.0
Trade Receivables, Less Allowances of $31.5 million and $30.3 million in 2024 and 2023, Respectively	892.0	921.6
Inventories	1,309.9	1,274.2
Prepaid Expenses and Other Current Assets	269.0	245.6
Assets Held for Sale	20.6	368.6
Total Current Assets	3,001.9	3,384.0
Net Property, Plant and Equipment	970.1	1,041.2
Operating Lease Assets	157.7	172.8
Goodwill	6,496.8	6,553.1
Intangible Assets, Net of Amortization	3,869.4	4,083.4
Deferred Income Tax Benefits	36.6	33.8
Other Noncurrent Assets	75.2	69.0
Noncurrent Assets Held for Sale	—	94.1
Total Assets	$ 14,607.7	$ 15,431.4
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts Payable	$ 574.4	$ 549.4
Dividends Payable	23.3	23.2
Accrued Compensation and Employee Benefits	186.8	198.7
Accrued Interest	85.6	85.1
Other Accrued Expenses	316.1	325.2
Current Operating Lease Liabilities	36.4	37.2
Current Maturities of Long-Term Debt	4.3	3.9
Liabilities Held for Sale	—	103.7
Total Current Liabilities	1,226.9	1,326.4
Long-Term Debt	5,764.9	6,377.0
Deferred Income Taxes	934.3	1,012.7
Pension and Other Post Retirement Benefits	117.4	120.4
Noncurrent Operating Lease Liabilities	124.4	132.2
Other Noncurrent Liabilities	71.9	77.2
Noncurrent Liabilities Held for Sale	—	20.4
Contingencies (see Note 12 - Contingencies)		
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	0.7	0.7
Additional Paid-In Capital	4,656.4	4,646.2
Retained Earnings	2,015.5	1,979.8
Accumulated Other Comprehensive Loss	(316.7)	(282.4)
Total Regal Rexnord Corporation Shareholders' Equity	6,355.9	6,344.3
Noncontrolling Interests	12.0	20.8
Total Equity	6,367.9	6,365.1
Total Liabilities and Equity	$ 14,607.7	$ 15,431.4

See Accompanying Notes to Condensed Consolidated Financial Statements.

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

Three Months Ended	Common Stock $0.01 Par Value	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
March 31, 2024	$ 0.7	$ 4,647.2	$ 1,976.3	$ (369.7)	$ 21.0	$ 6,275.5
Net Income	—	—	62.5	—	0.5	63.0
Other Comprehensive Income (Loss)	—	—	—	(68.3)	(0.3)	(68.6)
Dividends Declared ($0.35 Per Share)	—	—	(23.3)	—	—	(23.3)
Stock Options Exercised	—	(0.3)	—	—	—	(0.3)
Businesses Divested	—	—	—	121.3	(9.2)	112.1
Share-Based Compensation	—	9.5	—	—	—	9.5
June 30, 2024	$ 0.7	$ 4,656.4	$ 2,015.5	$ (316.7)	$ 12.0	$ 6,367.9
March 31, 2023	$ 0.7	$ 4,619.2	$ 2,100.9	$ (300.2)	$ 35.1	$ 6,455.7
Net Income	—	—	32.1	—	1.1	33.2
Other Comprehensive Loss	—	—	—	(26.5)	(1.2)	(27.7)
Dividends Declared ($0.35 Per Share)	—	—	(23.2)	—	—	(23.2)
Stock Options Exercised	—	(0.7)	—	—	—	(0.7)
Replacement Equity-Based Awards Granted	—	(6.5)	—	—	—	(6.5)
Share-Based Compensation	—	14.5	—	—	—	14.5
Dividends Declared to Noncontrolling Interests	—	—	—	—	(8.4)	(8.4)
June 30, 2023	$ 0.7	$ 4,626.5	$ 2,109.8	$ (326.7)	$ 26.6	$ 6,436.9

See Accompanying Notes to Condensed Consolidated Financial Statements.

REGAL REXNORD CORPORATION
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	$ 0.7	$ 4,656.4	$ 2,015.5	$ (316.7)	$ 12.0	$ 6,367.9
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	$ 0.7	$ 4,626.5	$ 2,109.8	$ (326.7)	$ 26.6	$ 6,436.9

See Accompanying Notes to the Consolidated Financial Statements.

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

	Six Months Ended	
	June 30, 2024	**June 30, 2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 83.4	$ 27.7
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities (Net of Acquisitions and Divestitures):		
Depreciation	82.0	77.8
Amortization	173.2	135.7
Loss on Sale of Businesses	4.3	—
Noncash Lease Expense	22.2	19.7
Share-Based Compensation Expense	18.6	36.2
Financing Fee Expense	6.2	26.9
Benefit from Deferred Income Taxes	(53.8)	(54.2)
Other Non-Cash Changes	6.2	5.7
Change in Operating Assets and Liabilities, Net of Acquisitions and Divestitures		
Receivables	(16.8)	42.4
Inventories	(45.8)	154.7
Accounts Payable	24.9	(4.3)
Other Assets and Liabilities	(63.2)	(141.0)
Net Cash Provided by Operating Activities	241.4	327.3
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property, Plant and Equipment	(50.9)	(63.5)
Business Acquisitions, Net of Cash Acquired	—	(4,870.2)
Proceeds Received from Sales of Property, Plant and Equipment	1.3	6.1
Proceeds Received from Sale of Businesses, Net of Cash Transferred	374.8	—
Net Cash Provided by (Used in) Investing Activities	325.2	(4,927.6)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings Under Revolving Credit Facility	935.2	1,412.3
Repayments Under Revolving Credit Facility	(1,007.3)	(1,726.3)
Proceeds from Short-Term Borrowings	—	29.1
Repayments of Short-Term Borrowings	—	(32.8)
Proceeds from Long-Term Borrowings	—	5,532.9
Repayments of Long-Term Borrowings	(546.3)	(536.5)
Dividends Paid to Shareholders	(46.6)	(46.4)
Shares Surrendered for Taxes	(11.3)	(9.2)
Proceeds from the Exercise of Stock Options	3.8	1.5
Financing Fees Paid	—	(51.1)
Distributions to Noncontrolling Interests	—	(8.4)
Net Cash (Used in) Provided By Financing Activities	(672.5)	4,565.1
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(19.0)	6.3
Net (Decrease) Increase in Cash and Cash Equivalents	(124.9)	(28.9)
Cash and Cash Equivalents at Beginning of Period	635.3	688.5
Cash and Cash Equivalents at End of Period	$ 510.4	$ 659.6
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid For:		
Interest	$ 198.8	$ 99.5
Income taxes	$ 66.8	$ 116.9

See Accompanying Notes to Condensed Consolidated Financial Statements.

REGAL REXNORD CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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 June 30, 2024 and for the three and six months ended June 30, 2024 and 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 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 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 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 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.

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:

Three Months Ended

June 30, 2024	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
North America	$ 456.1	$ 314.6	$ 284.5	$ 20.6	$ 1,075.8
Asia	51.4	45.0	24.1	10.3	130.8
Europe	122.8	35.2	96.1	4.2	258.3
Rest-of-World	45.2	16.1	17.5	3.9	82.7
Total	$ 675.5	$ 410.9	$ 422.2	$ 39.0	$ 1,547.6

June 30, 2023	Industrial Powertrain Solutions	Power Efficiency Solutions	Automation & Motion Control	Industrial Systems	Total
North America	$ 491.0	$ 359.2	$ 310.2	$ 69.8	$ 1,230.2
Asia	51.9	44.9	26.6	40.8	164.2
Europe	120.7	41.8	107.1	15.5	285.1
Rest-of-World	35.1	14.2	29.2	10.6	89.1
Total	$ 698.7	$ 460.1	$ 473.1	$ 136.7	$ 1,768.6

Six Months Ended

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 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:

	June 30, 2024	December 31, 2023
Raw Material and Work in Process	67.8%	66.7%
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.

Property, Plant, and Equipment

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

	Useful Life in Years	June 30, 2024	December 31, 2023
Land and Improvements		$ 130.4	$ 139.2
Buildings and Improvements	3 - 50	387.4	414.5
Machinery and Equipment	3 - 15	1,199.7	1,219.4
Property, Plant and Equipment		1,717.5	1,773.1
Less: Accumulated Depreciation		(747.4)	(731.9)
Net Property, Plant and Equipment		$ 970.1	$ 1,041.2

As of June 30, 2024 and December 31, 2023, $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 $39.1 million and $60.8 million as of June 30, 2024 and December 31, 2023, respectively.

3. ACQUISITIONS AND DIVESTITURES

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 purchase price of $446.6 million, approximately 17% of which was deferred and was paid 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. Due to administrative requirements, the transfer of the Chinese subsidiaries of the industrial motors and generators business, (the “China Business”) was slightly deferred pending the completion of customary local filings and transfer documentation, which were completed during the second quarter.

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 recognized a cumulative loss of $92.0 million on the sale of the industrial motors and generators businesses, 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:

	April 30, 2024
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[(1)]	$ 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 yet been received.

The following table summarizes the carrying value of the disposal group and resulting loss on 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:

		December 31, 2023
Assets Held for Sale		
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
Liabilities Held for Sale		
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 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(1)	$	4,051.0
Stock based compensation(2)		23.1
Payment of Altra debt(3)		1,061.0
Pre-existing relationships(4)		(0.5)
Purchase price	$	5,134.6

(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.

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, 2023	Measurement period adjustments	As of March 31, 2024
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[2]	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[1]	(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)
Total Identifiable Net Assets	2,520.0	5.1	2,525.1
Goodwill	2,614.6	(5.1)	2,609.5
Purchase price	$ 5,134.6	$ —	$ 5,134.6

(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 $3.5 million and $9.9 million during the three and six months ended June 30, 2024, which includes legal, professional service and integration costs associated with the Altra Transaction. There were $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 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.

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 June 30, 2023. The 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 $9.5 million and $90.7 million for the three and six months ended 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) 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 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

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 June 30, 2024 and June 30, 2023:

	Three Months Ended			
June 30, 2024	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
Beginning Balance	$ 28.4	$ (24.8)	$ (373.3)	$ (369.7)
Other Comprehensive (Loss) Income before Reclassifications	(7.4)	(0.5)	(55.7)	(63.6)
Tax Impact	1.8	0.1	—	1.9
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(8.8)	0.1	121.3	112.6
Tax Impact	2.1	—	—	2.1
Net Current Period Other Comprehensive (Loss) Income	(12.3)	(0.3)	65.6	53.0
Ending Balance	$ 16.1	$ (25.1)	$ (307.7)	$ (316.7)

June 30, 2023	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
Beginning Balance	$ 35.4	$ (13.7)	$ (321.9)	$ (300.2)
Other Comprehensive Income (Loss) before Reclassifications	4.9	—	(29.3)	(24.4)
Tax Impact	(1.2)	—	—	(1.2)
Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	(0.7)	(0.6)	—	(1.3)
Tax Impact	0.2	0.2	—	0.4
Net Current Period Other Comprehensive Income (Loss)	3.2	(0.4)	(29.3)	(26.5)
Ending Balance	$ 38.6	$ (14.1)	$ (351.2)	$ (326.7)

	Six Months Ended			
June 30, 2024	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
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)

June 30, 2023	Hedging Activities	Pension and Post Retirement Benefit Adjustments	Foreign Currency Translation Adjustments	Total
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 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 six months ended June 30, 2024:

	Total		Industrial Powertrain Solutions		Power Efficiency Solutions		Automation & Motion Control	
Balance as of December 31, 2023	$	6,553.1	$	3,747.0	$	753.9	$	2,052.2
Acquisitions		(5.1)		(5.8)		—		0.7
Translation Adjustments		(51.2)		(25.8)		(2.8)		(22.6)
Balance as of June 30, 2024	$	6,496.8	$	3,715.4	$	751.1	$	2,030.3
Cumulative Goodwill Impairment Charges[(1)]	$	223.6	$	18.1	$	200.4	$	5.1

(1) Excludes impairment charges related to Industrial Systems.

Intangible Assets

Intangible assets consist of the following:

		June 30, 2024						December 31, 2023					
	Weighted Average Amortization Period (Years)	Gross Value		Accumulated Amortization		Net Carrying Amount		Gross Value		Accumulated Amortization		Net Carrying Amount	
Customer Relationships	15	$	3,991.3	$	858.6	$	3,132.7	$	4,028.5	$	746.2	$	3,282.3
Technology	13		299.6		108.8		190.8		302.6		92.9		209.7
Trademarks	10		702.0		156.1		545.9		712.1		120.7		591.4
Total Intangibles		$	4,992.9	$	1,123.5	$	3,869.4	$	5,043.2	$	959.8	$	4,083.4

Amortization expense recorded for the three and six months ended June 30, 2024 was $86.5 million and $173.2 million, respectively. Amortization expense recorded for the three and six months ended June 30, 2023 was $89.4 and $135.7 million, respectively. Amortization expense for 2024 is estimated to be $348.5 million.

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

Year	Estimated Amortization	
2025	$	346.3
2026		342.9
2027		342.9
2028		342.9
2029		340.9

6. SEGMENT INFORMATION

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

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 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 designed and produced integral motors, alternators for industrial applications, and sold aftermarket parts and kits to support such products. These products 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 from operations. Corporate costs have been allocated to each segment based on the net sales of each segment.

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

Segment Information

	Three Months Ended					
June 30, 2024	**Industrial Powertrain Solutions**	**Power Efficiency Solutions**	**Automation & Motion Control**	**Industrial Systems[(1)]**	**Eliminations**	**Total**
External Sales	$ 675.5	$ 410.9	$ 422.2	$ 39.0	$ —	$ 1,547.6
Intersegment Sales	1.8	0.6	5.3	0.2	(7.9)	—
Total Sales	677.3	411.5	427.5	39.2	(7.9)	1,547.6
Gross Profit	270.5	121.2	169.2	10.1	—	571.0
Operating Expenses	180.7	76.1	127.4	10.1	—	394.3
Gain on Sale of Businesses	—	—	—	(17.2)	—	(17.2)
Total Operating Expenses	180.7	76.1	127.4	(7.1)	—	377.1
Income from Operations	89.8	45.1	41.8	17.2	—	193.9
Depreciation and Amortization	70.7	10.6	45.6	0.1	—	127.0
Capital Expenditures	14.3	7.4	6.5	4.2	—	32.4
June 30, 2023						
External Sales	$ 698.7	$ 460.1	$ 473.1	$ 136.7	$ —	$ 1,768.6
Intersegment Sales	4.4	3.5	5.9	0.7	(14.5)	—
Total Sales	703.1	463.6	479.0	137.4	(14.5)	1,768.6
Gross Profit	224.4	133.8	176.2	29.4	—	563.8
Operating Expenses	184.2	74.0	127.6	26.4	—	412.2
Income from Operations	40.2	59.8	48.6	3.0	—	151.6
Depreciation and Amortization	74.4	11.8	47.6	3.2	—	137.0
Capital Expenditures	19.7	8.4	14.3	2.4	—	44.8

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

Segment Information

	Six Months Ended					
June 30, 2024	**Industrial Powertrain Solutions**	**Power Efficiency Solutions**	**Automation & Motion Control**	**Industrial Systems[(1)]**	**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
June 30, 2023						
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 June 30, 2024 and December 31, 2023:

	Industrial Powertrain Solutions	**Power Efficiency Solutions**	**Automation & Motion Control**	**Industrial Systems**	**Total**
Identifiable Assets as of June 30, 2024	$ 7,807.9	$ 1,987.2	$ 4,812.6	$ —	$ 14,607.7
Identifiable Assets as of December 31, 2023	8,009.4	2,036.4	4,909.2	476.4	15,431.4

7. DEBT AND BANK CREDIT FACILITIES

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

	June 30, 2024	December 31, 2023
Senior Notes	$ 4,700.0	$ 4,700.0
Term Facility	866.0	1,053.5
Land Term Facility	130.0	486.8
Multicurrency Revolving Facility	26.0	98.1
Altra Notes	18.1	18.1
Finance Leases	70.3	70.5
Other	7.0	7.5
Less: Debt Issuance Costs	(48.2)	(53.6)
Total	5,769.2	6,380.9
Less: Current Maturities	4.3	3.9
Long-Term Debt	$ 5,764.9	$ 6,377.0

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.

Weighted average interest rates on the Term Facility and Land Term 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 %

As of June 30, 2024, the Company had no standby letters of credit issued under the Multicurrency Revolving Facility, and $1,544.0 million of available borrowing capacity. For the three months ended June 30, 2024 and June 30, 2023 under the Multicurrency Revolving Facility, the average daily balance in borrowings was $67.4 million and $425.2 million, 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. The Company paid a non-use fee of 0.25% as of 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.

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 June 30, 2024.

Finance leases

The weighted average discount rate associated with the Company's finance leases was 5.2% as of June 30, 2024 and 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 $4,769.6 million and $4,802.4 million as of June 30, 2024 and December 31, 2023, respectively, compared to a carrying value of $4,700.0 million as of 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	0.5	0.6	1.0	0.9
Interest Cost	5.4	5.7	10.8	11.3
Expected Return on Plan Assets	(5.0)	(6.7)	(10.0)	(13.4)
Amortization of Prior Service Cost and Net Actuarial Loss (Gain)	0.1	(0.6)	0.3	(1.1)
Special Termination Benefits	—	—	0.2	—
Net Periodic Benefit Expense (Income)	$ 1.0	$ (1.0)	$ 2.3	$ (2.3)

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.

For the three months ended June 30, 2024 and June 30, 2023, the Company contributed $1.8 million and $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 in 2023.

For the three months ended June 30, 2024 and June 30, 2023, the Company contributed $10.8 million and $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

The Company recognized approximately $9.5 million and $14.5 million in share-based compensation expense for the three months ended June 30, 2024 and 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 $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 for share-based compensation expense was $1.5 million and $2.5 million for the three months ended June 30, 2024 and 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 six months ended June 30, 2024, the Company granted the following share-based incentive awards:

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

10. INCOME TAXES

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. The effective tax rate for the six months ended June 30, 2024 and June 30, 2023 was 34.9% and 44.5%, 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 related expenses from the Altra acquisition, partially offset by the impact of the sale of the industrial motors and generators businesses.

As of June 30, 2024 and December 31, 2023, the Company had approximately $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 $1.2 million and $1.1 million of accrued interest as of June 30, 2024 and December 31, 2023, respectively.

11. EARNINGS PER SHARE

Diluted earnings per 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 six months ended June 30, 2024 and June 30, 2023, respectively. The following table reconciles the basic and diluted shares used in earnings per share calculations for the three and six months ended June 30, 2024 and 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	66.5	66.3	66.5	66.2
Effect of Dilutive Securities	0.3	0.3	0.3	0.4
Denominator for Diluted Earnings Per Share	66.8	66.6	66.8	66.6

12. CONTINGENCIES

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:

- 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.

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 June 30, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Beginning Balance	$ 34.2	$ 41.5	$ 34.5	$ 28.8
Less: Payments	(5.6)	(6.9)	(11.3)	(10.3)
Provisions	4.9	3.8	10.5	10.0
Acquisitions	—	—	—	9.8
Translation Adjustments	(0.1)	0.9	(0.3)	1.0
Ending Balance	$ 33.4	$ 39.3	$ 33.4	$ 39.3

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 June 30, 2024 or 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 June 30, 2024 and December 31, 2023, the Company had $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:

	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:

	June 30, 2024	December 31, 2023
Copper	$ 50.2	$ 37.5
Aluminum	0.5	1.4

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 June 30, 2024 and December 31, 2023 were:

	June 30, 2024			
	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Other Accrued Expenses	Other Noncurrent Liabilities
Designated as Hedging Instruments:				
Interest Rate Swap Contracts	$ —	$ 9.1	$ —	$ —
Currency Contracts	3.1	—	4.1	0.7
Commodity Contracts	2.0	—	2.4	0.5
Not Designated as Hedging Instruments:				
Currency Contracts	1.4	—	1.6	—
Total Derivatives	$ 6.5	$ 9.1	$ 8.1	$ 1.2

	December 31, 2023		
	Prepaid Expenses and Other Current Assets	Other Noncurrent Assets	Other Accrued Expenses
Designated as Hedging Instruments:			
Interest Rate Swap Contracts	$ —	$ 5.3	$ —
Currency Contracts	13.1	0.2	1.0
Commodity Contracts	1.0	0.1	0.6
Not Designated as Hedging Instruments:			
Currency Contracts	1.3	—	5.9
Total Derivatives	$ 15.4	$ 5.6	$ 7.5

Derivatives Designated as Cash Flow Hedging Instruments:

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

	Three Months Ended							
	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)	$ (0.6)	$ (7.3)	$ 0.5	$ (7.4)	$ (5.3)	$ 4.4	$ 5.8	$ 4.9
Amounts Reclassified from Other Comprehensive Income (Loss):								
Gain (Loss) Recognized in Cost of Sales	—	7.4	—	7.4	(2.8)	2.0	—	(0.8)
Gain Recognized in Interest Expense	—	—	1.4	1.4	—	—	1.5	1.5

	Six Months Ended							
	June 30, 2024				June 30, 2023			
	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total	Commodity Forwards	Currency Forwards	Interest Rate Swaps	Total
Gain (Loss) Recognized in Other Comprehensive Income (Loss)	$ 0.1	$ (4.7)	$ 3.7	$ (0.9)	$ 0.2	$ 24.7	$ 2.1	$ 27.0
Amounts Reclassified from Other Comprehensive Income (Loss):								
(Loss) Gain Recognized in Cost of Sales	(1.8)	14.7	—	12.9	(7.8)	4.0	—	(3.8)
Gain Recognized in Interest Expense	—	—	2.9	2.9	—	—	2.8	2.8

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 were:

	Three Months Ended			
	June 30, 2024		June 30, 2023	
	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards
Loss recognized in Cost of Sales	$ —	$ —	$ (0.1)	$ —
Loss recognized in Operating Expenses	—	(2.4)	—	(10.6)

	Six Months Ended			
	June 30, 2024		June 30, 2023	
	Commodity Forwards	Currency Forwards	Commodity Forwards	Currency Forwards
Gain recognized in Cost of Sales	$ —	$ —	$ 0.1	$ —
Gain (Loss) recognized in Operating Expenses	—	7.7	—	(12.5)

The AOCI balance related to hedging activities consists of a $16.1 million gain net of tax as of June 30, 2024 which includes $9.7 million of net current deferred gains expected to be reclassified to the Consolidated Statement of Comprehensive Income 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 June 30, 2024 and December 31, 2023.

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:

	June 30, 2024		
	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	$ 15.6	$ (2.2)	$ 13.4
Liabilities	9.3	(2.2)	7.1

	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

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 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 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 June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023	Classification
Assets:			
Prepaid Expenses and Other Current Assets:			
Derivative Currency Contracts	$ 4.5	$ 14.4	Level 2
Derivative Commodity Contracts	2.0	1.0	Level 2
Other Noncurrent Assets:			
Assets Held in Rabbi Trust	15.1	12.7	Level 1
Derivative Currency Contracts	—	0.2	Level 2
Derivative Commodity Contracts	—	0.1	Level 2
Interest Rate Swap	9.1	5.3	Level 2
Liabilities:			
Other Accrued Expenses:			
Derivative Currency Contracts	5.7	6.9	Level 2
Derivative Commodity Contracts	2.4	0.6	Level 2
Other Noncurrent Liabilities:			
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.

15. RESTRUCTURING ACTIVITIES

The Company incurred restructuring and restructuring-related costs on projects during the three and six months ended June 30, 2024 and 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 June 30, 2024 and June 30, 2023:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Beginning Balance	$ 20.8	$ 10.1	$ 29.1	$ 15.1
Acquisition(1)	—	—	—	0.2
Provision(2)	9.9	14.0	18.0	19.0
Less: Payments	14.0	5.8	30.4	16.0
Ending Balance	$ 16.7	$ 18.3	$ 16.7	$ 18.3

(1) Excludes $12.4 million of severance related to the Altra Transaction, which was paid in the second quarter 2023.
(2) Excludes equipment related write-offs and restructuring related depreciation adjustments.

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

	Three 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	$ 1.7	$ 2.0	$ 3.7	$ 7.4	$ 2.3	$ 9.7
Facility Related Costs	0.2	0.5	0.7	2.1	0.2	2.3
Other Expenses	3.7	1.2	4.9	1.9	0.1	2.0
Total Restructuring Costs	$ 5.6	$ 3.7	$ 9.3	$ 11.4	$ 2.6	$ 14.0

	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	$ 5.8	$ 3.0	$ 8.8	$ 9.7	$ 2.9	$ 12.6
Facility Related Costs	2.9	0.5	3.4	3.0	0.2	3.2
Other Expenses	5.3	1.3	6.6	3.1	0.1	3.2
Total Restructuring Costs	$ 14.0	$ 4.8	$ 18.8	$ 15.8	$ 3.2	$ 19.0

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

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 $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.

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

A description of our 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.

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.

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. See Note 3 - Held for Sale, Acquisitions and Divestitures of the Notes to the Condensed Consolidated Financial Statements for further 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 cyclicality, our business units experience different levels of variation in gross profit from quarter to quarter based on factors specific to each business. Generally, our 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 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.

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 $3.70 to $4.10. The change reflects a more measured recovery in discrete factory automation markets, weaker mix in PES motors, and modestly higher interest costs.

Results of Operations

	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(1)	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(1)	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(1)	(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(1)	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 June 30, 2024 Compared to June 30, 2023

Net sales decreased $221.0 million or 12.5% for the second quarter of 2024 compared to the second quarter of 2023. The decrease consisted of an organic sales decline of 6.9% and a negative foreign currency translation impact of 0.6%. In addition, the $221.0 million decrease includes an impact worth $94.9 million related to the sale of the industrial motors and generators 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 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 $65.4 million and a decrease of $16.3 million in operating expenses driven by the divestiture of the industrial motors and generators businesses.

IPS net sales for the six months ended June 30, 2024 were $1,318.9 million, an increase of $205.8 million or 18.5% as compared to the six months ended June 30, 2023. The increase consisted of acquisition growth of 21.8%, offset by an organic sales decline of 3.0% and a negative foreign currency translation impact of 0.3%. The acquisition growth of by $243.2 million was due to the acquisition of Altra. The $33.7 million decrease in organic sales was driven by lower sales volumes due to weakness in the construction equipment, alternative energy, and agriculture markets. Gross profit increased $133.5 million or 33.2% as compared to the six months ended June 30, 2023 primarily driven by $92.4 million from the acquisition of Altra, acquisition-related cost synergies, and the absence of $31.6 million of acquisition-related inventory step-up amortization in 2024. Total operating expenses for the six months ended June 30, 2024 increased $27.7 million or 8.3% as compared to the six months ended June 30, 2023 primarily due to $60.0 million from the acquisition of Altra, partially offset by a decrease of $41.2 million of transaction and integration costs.

PES net sales for the six months ended June 30, 2024 were $796.2 million, a decrease of $133.4 million or 14.4% as compared to the six months ended June 30, 2023. The decrease primarily consisted of an organic sales decline of 14.0% and a negative foreign currency translation impact of 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 sales volumes partially offset by management's control over discretionary spending and lower freight costs. Total operating expenses for the six months ended June 30, 2024 are relatively consistent with the six months ended June 30, 2023.

AMC net sales were $822.4 million, an increase of $146.1 million or 21.6% as compared to the six months ended June 30, 2023. The increase consisted of acquisition growth of 29.5%, offset by an organic sales decline of 7.5% and a negative foreign currency translation impact of 0.4%. The acquisition growth of $199.3 million was 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 $77.5 million or 30.8% compared to the six months ended June 30, 2023 primarily driven by $82.8 million from the acquisition of Altra, the absence of $12.5 million of acquisition-related inventory step-up amortization in 2024 and acquisition-related cost synergies, partially offset by the decline in organic sales. Total operating expenses for the six months ended June 30, 2024 increased $38.9 million as compared to the six months ended June 30, 2023 primarily due to $62.0 million from the acquisition of Altra, partially offset by a decrease of $25.2 million of transaction and integration costs.

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 $4.3 million loss on the sale during the six months ended June 30, 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 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 the impact of the sale of the industrial motors and generators businesses.

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 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 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 $241.4 million for the six months ended June 30, 2024, a $85.9 million decrease from the six months ended June 30, 2023. This decrease was driven primarily by lower cash generated by working capital.

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

In fiscal 2024, we anticipate capital spending for property, plant and equipment to be approximately $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 $672.5 million for the six months ended June 30, 2024, compared to $4,565.1 million provided by financing activities for the six months ended June 30, 2023. We had net debt payments of $618.4 million during the six months ended June 30, 2024, compared to net debt borrowings of $4,678.7 million during the six months ended June 30, 2023. The net debt payments in the current year primarily resulted from payments of $187.5 million on the term loan, $356.8 million on the land term loan and $72.1 million net repayments made on the revolver during the six months ended 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 and $314.0 million net repayments on the revolver. There were no share repurchases for the six months ended June 30, 2024 and June 30, 2023. There were $46.6 million of dividends paid for the six months ended June 30, 2024, compared to $46.4 million of dividends paid in the prior year. There were no financing fees paid in the six months ended June 30, 2024, compared to $51.1 million of fees paid in the prior year.

Our working capital was $1,775.0 million as of June 30, 2024, compared to $2,057.6 million as of December 31, 2023. As of June 30, 2024 and December 31, 2023, our current ratio (which is the ratio of our current assets to current liabilities) was 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 June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
Cash and Cash Equivalents	$ 510.4	$ 574.0
Trade Receivables, Net	892.0	921.6
Inventories	1,309.9	1,274.2
Working Capital	1,775.0	2,057.6
Current Ratio	2.4:1	2.6:1

As of June 30, 2024, $492.8 million of our cash 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 June 30, 2024, we have repatriated approximately $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.

As of June 30, 2024, the Company had no standby letters of credit issued under the Multicurrency Revolver Facility, and $1,544.0 million of available borrowing capacity. For the three months ended June 30, 2024 and June 30, 2023 under the Multicurrency Revolving Facility, the average daily balance in borrowings was $67.4 million and $425.2 million, respectively, and the weighted average interest rate was 7.2% and 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.

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 June 30, 2024 and December 31, 2023. The December 31, 2023 balance sheet information includes balances of the industrial motors and generators businesses which were classified as held for sale in the Condensed Consolidated Balance Sheet at that time:

	June 30, 2024	December 31, 2023
Total Current Assets	1,205.9	1,285.0
Goodwill	4,207.6	4,262.6
Intangible Assets, Net of Amortization	2,271.5	2,374.0
Other Noncurrent Assets	1,025.7	1,062.8
Total Assets	7,504.8	7,699.4
Total Current Liabilities	662.1	697.0
Long-Term Debt	5,739.6	6,351.3
Other Noncurrent Liabilities	3,687.0	4,246.1
Total Liabilities	9,426.6	10,597.4
Due from Non-Guarantor Subsidiaries	522.3	526.4
Due to Non-Guarantor Subsidiaries	3,032.9	3,453.1

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

	Six Months Ended June 30, 2024
Net Sales	1,682.9
Gross Profit	646.4
Income from Operations	143.4
Interest Expense	243.9
Net Loss	(98.3)
Net Loss Attributable to Regal Rexnord Corporation	(98.3)
Net Sales to Non-Guarantor Subsidiaries	130.8
Interest Expense Due to Non-Guarantors	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.

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 June 30, 2024, excluding the impact of interest rate swaps, we had $4,795.4 million of fixed rate debt and $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 June 30, 2024 would result in a $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 June 30, 2024 are as follows:

Instrument	Notional Amount	Maturity	Rate Paid	Rate Received	Fair Value
Swap	$250.0	March 2027	3.0%	SOFR (3 Month)	$ 9.1

As of June 30, 2024 and December 31, 2023, an interest rate swap asset of $9.1 million and $5.3 million, respectively, was included in Other Noncurrent Assets. There was an unrealized gain of $11.1 million (a $4.2 million gain on the terminated swaps and a $6.9 million gain on the active swaps) and $10.6 million, net of tax, as of 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 June 30, 2024, derivative currency assets (liabilities) of $4.5 million, $(5.7) and $(0.7) million are recorded in Prepaid Expenses and Other Current Assets, 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 loss on the effective portions of the hedges of $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 June 30, 2024 and December 31, 2023 respectively, were recorded in AOCI. As of June 30, 2024 and December 31, 2023, we had $6.2 million and $10.2 million, respectively, net of tax, currency gains on closed hedge instruments in AOCI that will be realized in earnings when the hedged items impact earnings.

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 June 30, 2024:

			Gain (Loss) From	
Currency	**Notional Amount**	**Fair Value**	**10% Appreciation of Counter Currency**	**10% Depreciation of Counter Currency**
Chinese Renminbi	$ 327.7	$ 0.1	$ 32.8	$ (32.8)
Mexican Peso	97.9	(1.1)	9.8	(9.8)
Euro	475.6	(1.2)	47.6	(47.6)
Indian Rupee	35.4	0.2	3.5	(3.5)
British Pound	4.0	—	0.4	(0.4)

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 $2.0 million, $(2.4) million and $(0.5) million were recorded in Prepaid Expenses and Other Current Assets, Other Accrued Expenses and Other Noncurrent Liabilities, respectively, as of 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 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 June 30, 2024 and December 31, 2023, respectively, was recorded in AOCI. As of June 30, 2024, we had $0.8 million derivative commodity gains on closed hedge instruments. As of December 31, 2023, we had $1.6 million, net of tax, derivative commodity losses on closed hedge instruments in AOCI that were realized in earnings when the hedged items impacted earnings.

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 June 30, 2024:

			Gain (Loss) From	
Commodity	**Notional Amount**	**Fair Value**	**10% Appreciation of Commodity Prices**	**10% Depreciation of Commodity Prices**
Copper	$ 50.2	$ (0.9)	$ 5.0	$ (5.0)
Aluminum	0.5	—	0.1	(0.1)

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 $16.1 million of gains as of June 30, 2024 which includes $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.

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

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 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 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.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
22	List of Guarantor Subsidiaries of Guaranteed Securities.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
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).

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: August 1, 2024

REGAL REXNORD CORPORATION
(Registrant)

/s/ Alexander P. Scarpelli

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

Date: 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: 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: 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 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: August 1, 2024