FY24 Q1 RECONCILIATIONS

DISCLAIMER

This presentation may contain certain supplemental financial measures of the performance of Clarios that have not been calculated in accordance with accounting principles generally accepted in the United States ("GAAP"), including, for example, EBITDA, Adjusted EBITDA and Free Cash Flow. EBITDA, Adjusted EBITDA and Free Cash Flow are not prepared with a view towards compliance with published guidelines of the SEC, and are not measures of net income, operating income or any other performance measure derived in accordance with GAAP, and are subject to important limitations. The use of the terms EBITDA, Adjusted EBITDA and Free Cash Flow vary from each other and from others in the industry. EBITDA, Adjusted EBITDA and Free Cash Flow have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of the financial performance of Clarios as reported under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP as measures of operating performance or as alternatives to cash flow from operating activities as measures of Clarios' liquidity.

Free cash flow = Net cash provided (used by) operating activities – capital expenditures + cash paid for interest

EBITDA RECONCILIATION

(US $MILLIONS)

	Three Months Ended December 31,	
	2023	2022
Net income attributable to the Company	$ 113	$ 97
Income attributable to noncontrolling interests	2	3
Net income	115	100
Income tax provision	75	73
Income before income taxes	190	173
Net financing charges	192	184
Intangible asset amortization	95	92
Depreciation	89	86
Impacts of purchase accounting (1)	1	1
Pension mark-to-market adjustment (2)	—	—
Core valuation change (3)	17	(14)
Factoring fees (4)	(35)	(29)
Other items (5)	4	2
Total Adjusted EBITDA	$ 553	$ 495

HISTORICAL EBITDA ADJUSTMENTS AND RECONCILIATION FOOTNOTES

(1) The amortization of the step-up in value of our equity method investments resulted in a reduction in equity income.

(2) Non-cash accounting impact of net mark-to-market gains related to pension and other postretirement benefit plans.

(3) Represents the non-cash change in value of battery cores primarily due to the change in the value of lead.

(4) Includes costs associated with ongoing receivable factoring programs. To mitigate long collection terms for accounts receivable from certain aftermarket customers, the Company actively engages in receivable factoring programs, through which accounts receivable are sold to third-party intermediaries in exchange for a fee based on a variable interest rate index plus a spread.

(5) Consists of other items including: (i) net costs related to strategic and operational initiatives and other items (($2) million and $5 million for the three months ended December 31, 2023 and 2022, respectively), (ii) gains on investments in marketable common stock ($21 million for the three months ended December 31, 2022), (iii) closure costs, stranded fixed costs and inefficiencies related to the ramp down in operations at one of the Company's North America recycling plants ($2 million and $3 million for the three months ended December 31, 2023 and 2022, respectively), (iv) mark-to-market adjustments related to fuel forward contracts which do not qualify for hedge accounting treatment ($4 million and $1 million loss for the three months ended December 31, 2023 and 2022, respectively), (v) dividends received from investments in marketable common stock ($1 million for the three months ended December 31, 2022), (vi) mark-to-market adjustments related to foreign currency forward contracts which do not qualify for hedge accounting treatment ($4 million and $1 million loss for the three months ended December 31, 2023 and 2022, respectively), (vii) change in estimated future TRA payments ($6 million increase for the three months ended December 31, 2022), (viii) loss on disposal and clean up costs related to certain assets ($5 million for the three months ended December 31, 2022), (ix) service cost, interest cost, and expected return on plan assets related to pension and other postretirement benefit plans ($3 million for both the three months ended December 31, 2023 and 2022), and (x) indirect recovery related to certain tax matters ($7 million for the three months ended December 31, 2023).

FREE CASH FLOW RECONCILIATION

(US $MILLIONS)

	Q1
FY24	
Net cash provided by operating activities	$ 107
Less: Capital expenditures	(92)
Add: Cash paid for interest	235
Free cash flow	$ 250
FY23	
Net cash used by operating activities	$ (11)
Less: Capital expenditures	(100)
Add: Cash paid for interest	215
Free cash flow	$ 104