



NEWS RELEASE

## Regal Rexnord Corporation Completes Previously Announced Acquisition Of Arrowhead Systems

11/23/2021

BELOIT, Wis., Nov. 23, 2021 /PRNewswire/ -- Regal Rexnord Corporation (NYSE: RRX) today announced that it has completed its acquisition of Arrowhead Systems, a global leader in providing industrial process automation solutions, in an all-cash transaction valued at \$297 million.

"We are excited to welcome Arrowhead to Regal Rexnord," said Louis Pinkham, Regal Rexnord's Chief Executive Officer. "Arrowhead aligns nicely with our strategy to transform Regal Rexnord into a faster-growing, higher-margin enterprise. Its highly engineered automation and palletizer products and solutions – many of which directly support rising consumer demand for more environmentally friendly packaging – are differentiated and highly valued by its customers, evident in its strong organic sales growth rates and mid-30's gross margins."

"The business is also nicely complementary to our legacy Regal Rexnord motion control offering, which includes various engineered components and subsystems, supporting attractive revenue and cost synergies estimated at \$12 million and an ROIC exceeding 10%, both by year 5."

Arrowhead joins Regal Rexnord as part of its Motion Control Solutions (MCS) segment.

### About Regal Rexnord

Regal Rexnord Corporation is a global leader in the engineering and manufacturing of industrial powertrain solutions, power transmission components, electric motors and electronic controls, air moving products and specialty electrical components and systems, serving customers around the world. Through longstanding technology leadership and an intentional focus on producing more energy-efficient products and systems, Regal Rexnord helps create a better tomorrow – for its customers and for the planet.

Regal Rexnord is comprised of four operating segments: Motion Control Solutions, Climate Solutions, Commercial Systems and Industrial Systems. Regal Rexnord is headquartered in Beloit, Wisconsin and has manufacturing, sales, and

service facilities worldwide. For more information, visit [RegalRexnord.com](http://RegalRexnord.com).

### Forward Looking Statements

This press release contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which reflect Regal Rexnord's current estimates, expectations and projections about Regal Rexnord's future results, performance, prospects and opportunities. Such forward-looking statements may include, among other things, statements about the merger with the PMC Business or the acquisition of Arrowhead, the benefits and synergies of the transactions described in this communication relating to the acquisitions of the PMC Business and Arrowhead (the "Transactions"), future opportunities for Regal Rexnord, and any other statements regarding Regal Rexnord's future operations, anticipated business levels, future earnings, planned activities, anticipated growth, market opportunities, strategies, competition and other expectations and estimates for future periods. Forward-looking statements include statements that are not historical facts and can be identified by forward-looking words such as "anticipate," "believe," "confident," "estimate," "expect," "plan," "may," "will," "project," "forecast," "would," "could," "should," and similar expressions. These forward-looking statements are based upon information currently available to Regal Rexnord and are subject to a number of risks, uncertainties, and other factors that could cause actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Important factors that could cause actual results to differ materially from the results referred to in the forward-looking statements Regal Rexnord makes in this communication include: risks relating to any unforeseen changes to or the effects on liabilities, future capital expenditures, revenue, expenses, synergies, indebtedness, financial condition, losses and future prospects; the possibility that Regal Rexnord may be unable to achieve expected synergies and operating efficiencies in connection with the Transactions within the expected time-frames or at all and to successfully integrate the PMC Business and Arrowhead; expected or targeted future financial and operating performance and results; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the Transactions; Regal Rexnord's ability to retain key executives and employees; the continued financial and operational impacts of and uncertainties relating to the COVID-19 pandemic on customers and suppliers and the geographies in which they operate; uncertainties regarding the ability to execute restructuring plans within expected costs and timing; the ability to obtain the anticipated tax treatment of the acquisition of the PMC Business and related transactions; actions taken by competitors and their ability to effectively compete in the increasingly competitive global electric motor, drives and controls, power generation and power transmission industries; the ability to develop new products based on technological innovation, such as the Internet of Things, and marketplace acceptance of new and existing products, including products related to technology not yet adopted or utilized in geographic locations in which Regal Rexnord does business; fluctuations in commodity prices and raw material costs; dependence on significant customers; seasonal impact on sales of products into HVAC systems and other residential applications; risks associated with global manufacturing, including risks associated with public health crises; issues and costs arising from the integration of acquired companies and businesses and the timing and impact of purchase accounting adjustments; Regal Rexnord's overall debt levels and

its ability to repay principal and interest on its outstanding debt, including debt assumed or incurred in connection with the Transactions; prolonged declines in one or more markets, such as heating, ventilation, air conditioning, refrigeration, power generation, oil and gas, unit material handling or water heating; 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 Regal Rexnord cannot control; product liability and other litigation, or claims by end users, government agencies or others that products or customers' applications failed to perform as anticipated, particularly in high volume applications or where such failures are alleged to be the cause of property or casualty claims; unanticipated liabilities of acquired businesses; unanticipated adverse effects or liabilities from business exits or divestitures; unanticipated costs or expenses that may be incurred related to product warranty issues; dependence on key suppliers and the potential effects of supply disruptions; 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 or intangible assets; losses from failures, breaches, attacks or disclosures involving information technology infrastructure and data; cyclical downturns affecting the global market for capital goods; changes in the method of determining London Interbank Offered Rate ("LIBOR"), or the replacement of LIBOR with an alternative reference rate; and other risks and uncertainties including, but not limited, to those described in the section entitled "Risk Factors" in Regal Rexnord's joint proxy statement/prospectus-information statement on file with the Securities and Exchange Commission, in Regal Rexnord's Annual Report on Form 10-K on file with the SEC and from time to time in other filed reports including Regal Rexnord's Quarterly Reports on Form 10-Q. For a more detailed description of the risk factors associated with Regal Rexnord, please refer to Regal Rexnord's Annual Report on Form 10-K for the fiscal year ended January 2, 2021 on file with the SEC and subsequent SEC filings. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this communication are made only as of the date of this communication, and Regal Rexnord undertakes no obligation to update any forward-looking information contained in this communication or with respect to the announcements described herein to reflect subsequent events or circumstances.

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