



The world  
depends on data  
we power and cool<sup>TM</sup>

Annual Report  
**2024**

**Letter from Giordano Albertazzi and David M. Cote**

# To Our Shareholders

As we reflect on the world's rapidly accelerating innovation and growth over the past year, two things have become abundantly clear: technology remains at the forefront of nearly every aspect of our lives and business, and the global demand for data has never been greater and will continue to grow. We believe this demand will drive data center capacity growth at a scale the industry has never experienced, requiring more of Vertiv's industry-leading solutions and services. We are ready!

Vertiv remains committed to delivering systems, solutions, and services that not only address today's challenges, but also enable our customers to be ready for tomorrow's technologies and opportunities in an ever-evolving and rapidly growing industry.

The year's strong financial performance validates our strategic direction and our pursuit of operational excellence and execution. We expanded our manufacturing footprint and capacity, enhanced our systems and services offerings, and further deepened our strategic relationships with our customers, suppliers, and technology partners alike.

Our continued investment in engineering, research and development has strengthened our innovation pipeline, resulting in technologies that support AI and high-density computing deployment at scale, while enabling future-ready data center infrastructure. We're well-positioned to capitalize on the robust market opportunities ahead and create sustained short- and long-term value for our shareholders.





## 2024: By the numbers<sup>(1)</sup>

The story of 2024 is one of strong execution and transformation, building on the momentum we established in 2023 and propelling our long-term financial framework forward. What began as a journey to institutionalize operational excellence has evolved into a remarkable demonstration of Vertiv's ability to deliver sustained, profitable growth at scale.

Our financial performance is proof of this transformation. Net sales reached a record ~\$8.0 billion, representing ~17% growth over 2023, driven by robust demand across our portfolio and deepening customer relationships. This strong top-line performance, combined with our relentless focus on operational execution, translated into substantial profitability improvements. Operating profit grew 57% to \$1,367 million, while adjusted operating profit grew 47% to \$1,552 million. Perhaps the most telling performance metric was our adjusted operating margin expansion of approximately 410 basis points to 19.4% – a clear indication that our laser focus on operational improvement initiatives are delivering meaningful results.

The strength of our execution is particularly evident in our cash generation. Adjusted free cash flow reached ~\$1.1 billion, a 46% increase from the previous year, even as we continued to invest aggressively in innovation and capacity expansion. This robust cash generation, combined with disciplined capital management, enabled us to achieve a 2024 year-end net leverage ratio of 1.0x, providing us with financial flexibility to pursue growth opportunities.

These numbers represent the translation of our strategic focus and the executional dedication of our global team. Our ability to scale efficiently while maintaining operational discipline is also enabling us to achieve the longer-term financial targets from our five-year framework, such as targeting organic growth of 12-14% annually and delivering adjusted operating margins of 25% by 2029, up from approximately 19% in 2024.

## A growing market aligned with Vertiv's strengths

The digital world is experiencing an unprecedented transformation. We project the data center market to grow at a 10-13% compound annual growth rate over the next five years, with the cloud and colocation segment surging even more aggressively at 15-17%. This is not just growth – it's a fundamental reshaping of the digital infrastructure landscape, driven by the convergence of AI adoption, acceleration in data generation, and the critical need for high-density and expedited computing capabilities.

Our investments in global manufacturing capacity and capabilities, including strategic expansions across multiple geographies, demonstrate our commitment to meeting both current and future demand. In the hyperscale and colocation segments, where the ability to scale is paramount, Vertiv's ability to deliver consistently at a global level sets us apart as a true and trusted partner for our customers.

The convergence of ongoing digitization, energy transition technology, and the AI revolution has created a perfect alignment of opportunity. Vertiv isn't just positioned to benefit from these trends – we are essential to enabling them. With our superior capabilities, global presence, and relentless focus on innovation, we are not only participating in the market's transformation – we are leading it.

<sup>(1)</sup>This letter contains certain non-GAAP metrics. For reconciliations to the relevant GAAP measures and an explanation of the non-GAAP measures and reasons for their use, please refer to Annex A in the Company's proxy statement, filed on April 25, 2025.

# Leading innovation

Our ability to provide end-to-end solutions across the entire power train and thermal chain is a critical advantage in meeting the unprecedented need for power and cooling, as well as helping our customers scale and meet the challenges of high-density computing with more demanding data workloads. Our unique ability to seamlessly integrate and customize complex systems on a global scale makes us the definitive choice for the most demanding infrastructure challenges.

In the critical race to manage AI's thermal challenges, Vertiv is setting the pace. Our acquisition of CoolTerra and the launch of the industry-leading Vertiv™ CoolChip CDU systems enable the next generation of AI computing. We have created and are expanding an engineering group with the best and brightest minds in the industry while evolving the portfolio and capacity at unprecedented speed.

We're redefining deployment speed and efficiency through our innovative prefabricated modular solutions. The Vertiv™ PowerNexus delivers game-changing space efficiency and deployment capabilities that transform how our customers scale their operations. We enable growth, we simplify on-site building, and we optimize our customers' time to revenue.





# Key industry collaboration

## *Partnering with key industry leaders to build the future of AI infrastructure*

Vertiv's strategic collaborations are key to shaping the future of digital infrastructure. By working alongside the most influential technology providers, we accelerate innovation, simplify complexity, and guide customers through the infrastructure transformation demanded by AI.

As a Solution Advisor in the NVIDIA Partner Network (NPN), Vertiv delivers expert design, deployment, and operational support for the digital infrastructure that powers NVIDIA technologies. This designation places us among an elite group of global leaders helping customers adopt next-generation compute architectures with confidence.

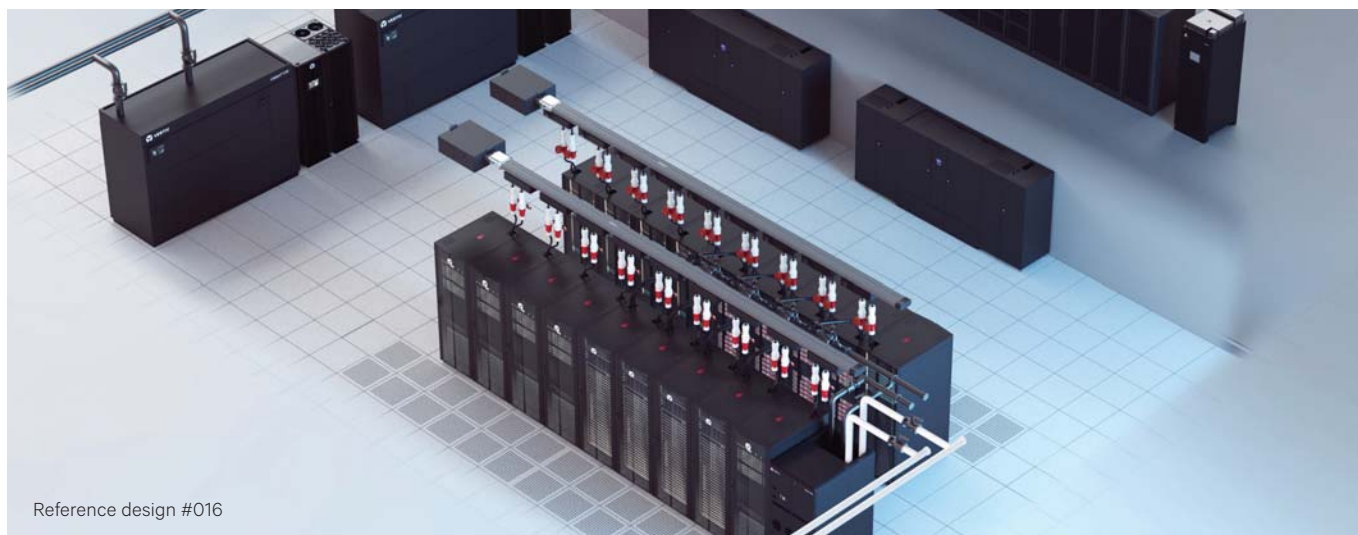
Together with NVIDIA, we develop reference architectures that enable enterprises to evolve traditional data centers into AI factories—future-ready environments designed to power AI-driven products, services, and experiences. Our co-developed critical power and cooling reference architectures, exemplified by the NVIDIA GB200 NVL72 design, are engineered to deliver:

- Rapid Deployment and Retrofit – Modular designs that simplify integration into both new builds and retrofit environments, while maximizing space efficiency.
- Energy-Efficient Cooling – Advanced thermal strategies that support high-density compute workloads while reducing environmental impact.
- Installation and Operations Services – Provide seamless implementation, optimized performance, and ongoing operational confidence with our industry-leading scale of ~4,000 field service engineers and specialist project delivery teams.

Our partnership with Compass Datacenters, a leading developer of hyperscale campuses, further underscores our role in thermal innovation. Together, we introduced Vertiv™ CoolPhase Flex, a first-of-its-kind hybrid cooling solution that combines refrigerant-based air and liquid cooling into a single, flexible system—supporting a wide range of thermal demands while simplifying deployment.

Vertiv's long history of partnering with the world's most trusted OEMs, cloud providers, and solution integrators reflects our unique ability to scale innovation and deliver real business value. These relationships, combined with our AI infrastructure expertise, help customers move quickly and decisively.

Through our five AI imperatives—*be transformative, be efficient, be first, be confident, and be future-ready*—we provide our customers with a proven framework for navigating the infrastructure challenges of AI and unlocking long-term growth.



Reference design #016

# Expansion through operational excellence

In 2024, we continued to develop and deploy the Vertiv Operating System (VOS) across the company, realizing operational efficiencies and productivity improvements throughout the business. We're rigorously adopting lean methodologies to reduce waste, increase velocity and improve productivity throughout the organization and building resiliency into everything Vertiv does – from our supply chain to how we design and develop our products. These are foundational elements of our relentless pursuit of operational excellence, embedded in every facet of our culture. While there's headroom ahead, VOS serves as a competitive differentiator by empowering us to provide stronger customer service through shorter cycle times, superior order and project management, and much more. VOS is more than a core tenet of our value story. It's a competitive differentiator.

We expanded our capacity, footprint, and capabilities to meet both current commitments and accelerating customer demand for data center infrastructure. In doing so, we're expediting our time to market through prefabricated and pre-engineered solutions.

Our capacity increased across our portfolio of technologies, including switchgear and busbar, thermal management, and integrated modular solutions. Our new manufacturing facilities in Pune, India and Pelzer (South Carolina, USA) demonstrate our commitment to having the right capacity in the right places. For example, our facility in South Carolina significantly enhances our ability to deliver integrated modular solutions, while reducing on-site labor requirements and time to market through prefabricated and pre-engineered solutions.

We also completed the acquisition of BSE in 2024, which expands our global thermal solutions portfolio with proven technologies in chillers, heat pumps, heat-recovery solutions, and air-handling units. Vertiv can scale these important technologies to give customers portfolio choice and global capacity to meet their needs. Scale matters, particularly in the fast-growing hyperscale and colocation segments of the market, and Vertiv's unique ability to scale efficiently and globally is a key competitive advantage recognized by our partners and customers.





# Looking ahead

We concluded 2024 on a high note, setting the stage for an even greater trajectory in 2025 and beyond. Our team embodies an execution mindset, a bias towards velocity, and a sense of urgency in leading the industry towards a connected digital future.

2025 will be a year of robust acceleration at Vertiv and in the data center industry. This potential for ongoing value creation is especially pronounced given the growth driven by the AI and high-performance computing tailwinds. As the provider of end-to-end power and cooling solutions and services, Vertiv is uniquely positioned to capitalize on this growth and deliver critical digital infrastructure to support the digital revolution that is still in its earliest days. On the heels of another strong financial performance in 2024, we look forward to continuing to move the industry forward and raise the bar for what's possible in an ever-changing world.

A stylized, handwritten signature in black ink.

**Giordano Albertazzi**  
Chief Executive Officer

A stylized, handwritten signature in black ink.

**David M. Cote**  
Executive Chairman

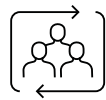
## Forward-Looking Statements

This letter contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27 of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements relating to our long-term financial targets, projections regarding the data center market, our capacity, expectations with respect to growth, recently completed acquisitions, and research and development, and others. These statements are only predictions and actual events or results may differ materially from those in the forward-looking statements set forth herein. Readers are referred to Vertiv's filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q for a discussion of these and other important risk factors concerning Vertiv and its operations. Vertiv is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

# Vertiv at-a-glance



~\$8.0B  
USD revenue<sup>1</sup>



~31,000  
employees globally



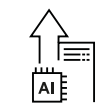
23  
factories - global footprint & supply chain



310+  
service centers



~4,000  
field service engineers



60  
years in the industry



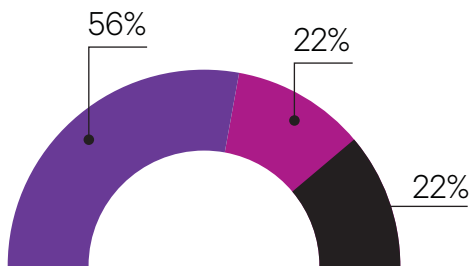
20+  
years avg. customer relationships



#1  
in thermal management<sup>3</sup>

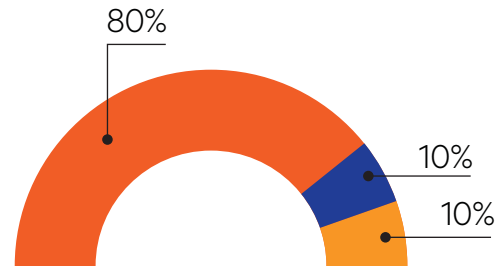


#1  
in 3-phase large UPS<sup>4</sup> and power switching & distribution<sup>5</sup>



**Geography<sup>1</sup>**

- Americas
- APAC
- EMEA



**Market Segment<sup>1,2</sup>**

- Data Centers
- Communications Networks
- Commercial & Industrial

Note: 1 Based on FY 2024 revenue; 2 Market segment rounded to 5%; 3 Dell'Oro Data Center Physical Infrastructure reporting 2024. 4 Omdia UPS Hardware Market Tracker 2024, >250kva. 5 Omdia Data Center Power Distribution Tracker 2024. All else, company information as of December 31, 2024.



# Financial performance<sup>(1)</sup>

2022 | 2023 | **2024**

Adjusted Diluted EPS  
(\$)



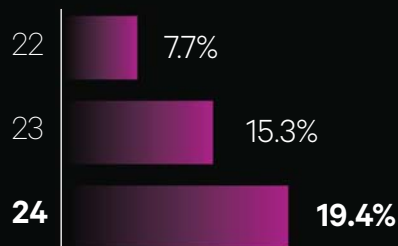
Net Sales  
(\$ Millions)



Adjusted Operating Profit  
(\$ Millions)



Adjusted Operating Margin  
(%)



Backlog  
(\$ Billions)

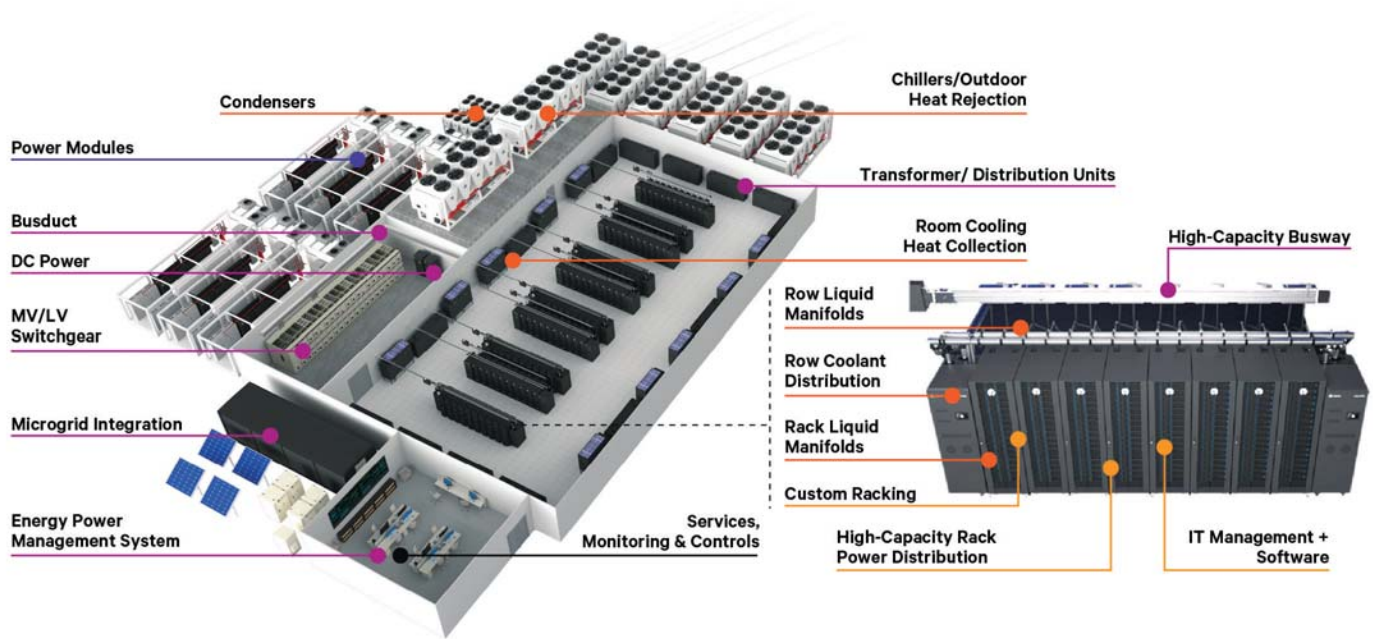


Adjusted Free Cash Flow  
(\$ Millions)



<sup>(1)</sup>This letter contains certain non-GAAP metrics. For reconciliations to the relevant GAAP measures and an explanation of the non-GAAP measures and reasons for their use, please refer to Annex A in the Company's proxy statement, filed on April 25, 2025.

# A portfolio of infrastructure, services and software solutions



- Power Management
- Thermal Management
- IT Systems
- Infrastructure Solutions
- Services

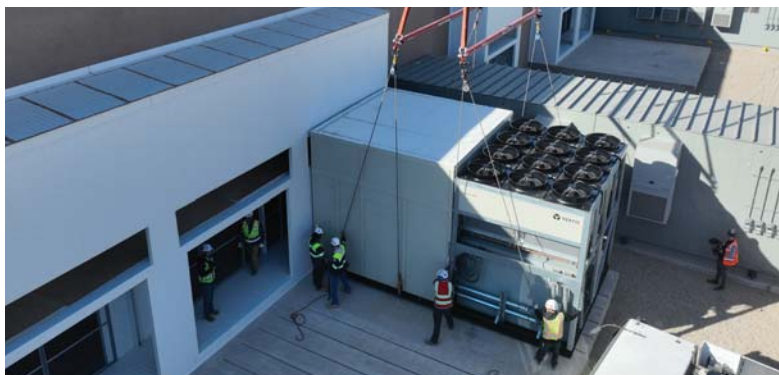


*"Vertiv enables customers' success by delivering customized infrastructure solutions and innovative technologies. From complete power systems to thermal management to integrated data center solutions, our comprehensive portfolio offers reliability, optimizes efficiency, and scales with our customers' needs. We provide mission-critical infrastructure that powers, cools, and supports the world's most important data centers and digital applications."*

**- Scott Armul, Executive Vice President, Global Portfolio and Business Units**



# Innovations in the portfolio



Vertiv's robust and innovative product portfolio is geared toward the dynamic needs of the data center industry. Developed in partnership with Compass Datacenters, Vertiv™ CoolPhase Flex stands out as a cutting-edge solution designed to provide the ultimate flexibility to support hybrid cooling while delivering the highest levels of efficiency. This system incorporates advanced thermal technology that can flex between air and liquid cooling to adapt to various IT workloads while enabling optimal performance and energy efficiency. Positioned for an AI-driven world, Vertiv™ CoolPhase Flex is the definition of future-ready.



## Fast-track AI innovation

Enabling speed, flexibility, and confidence in AI infrastructure deployment

Vertiv™ 360AI is a purpose-built portfolio of advanced power, cooling, and service solutions engineered to accelerate the design and deployment of AI infrastructure. Vertiv has leveraged the reference architectures built with NVIDIA for GB200 to deliver a holistic digital infrastructure solution for cooling and power. With Vertiv™ 360AI, customers gain access to a complete infrastructure portfolio—from power delivery to facility-level integrated power, cooling, and service into a unified solution. This future-ready architecture is designed for megawatt-scale densification, helping organizations deploy faster and more efficiently than ever before. And this is just the beginning. Vertiv remains closely

aligned with the rapid pace of AI innovation and GPU technology roadmaps. Beyond 130 kW per rack, Vertiv™ 360AI is engineered to scale—enabling our customers to be ready for what's next.

Our solutions go beyond hardware. Vertiv™ 360AI includes comprehensive reference designs, schematics, and detailed design documentation, enabling a smooth and accelerated path from concept to deployment. Combined with our deep domain expertise, Vertiv empowers customers to confidently embrace the AI revolution.

### That is what we call solutions.

Vertiv™ PowerNexus

Vertiv™ Trinergy™

Vertiv™ MegaMod™ CoolChip

Vertiv™ CoolChip Fluid Network

Vertiv™ AFC Chiller





## Supply chain resiliency

Vertiv's Supply Chain Resiliency structures enable delivery to our customers in a sustainable manner, despite an uncertain and unpredictable world. Vertiv strategically evaluates and plans its supply base capacity to provide scalability and growth, delivering timely, high-quality solutions to meet customer demands. Strategic mandates including dual-sourcing and our "Local+1" multi-region strategy link through to systematic implementation of our trademarked Vertiv™ BOM Health program. Our Procurement and Operations

teams collaborate with technology leaders to cultivate suppliers that support emerging technologies in a dynamic market. Vertiv operationalizes a Risk Alerts system to identify disruptive events and emerging risks with Vertiv's suppliers and sub-suppliers. Vertiv's Responsible Business specialists engage the supply base to drive responsible environmental and social practices, enabling continuity of suppliers' ability to deliver to Vertiv by reducing compliance, market access, and environmental risks.



*"Vertiv has embedded operational resiliency tools including Vertiv™ BOM Health, Risk Alerts, and Local+1 into the fundamentals of how we manage our supply base. Vertiv embeds strategic design principles in our supply base management to continuously improve our supply chain resiliency in scalable, measurable, repeatable ways. Vertiv looks to suppliers who will lead in offering speed of delivery to our customers in a resilient and sustainable manner."*

**- Paul Ryan, Chief Procurement Officer**



# Vertiv global capabilities

Vertiv's global and advanced capabilities empower us to increase efficiency and optimize performance on behalf of our customers. In 2024, one of the most notable proof points for this global network of solutions was the launch of two new Vertiv™ CoolChip CDU (coolant distribution unit) systems. Designed for hyperscale, colocation and enterprise applications, these additions to our liquid cooling product portfolio advance the deployment of liquid cooled infrastructure while providing newfound flexibility for data centers. Through this expansion, we delivered upon our promise to expand our liquid cooling capacity by 45 times.

The development of our Vertiv Pelzer facility in South Carolina is another example of how we bolstered our global footprint. The opening of this key addition to our North American manufacturing operations enabled us to both increase manufacturing capacity and deliver a diverse array of infrastructure solutions—from integrated modular solutions to modular power systems.



Vertiv Pelzer Facility, South Carolina, USA

# Vertiv Operating System (VOS)

Vertiv Operating System (VOS) stands as the foundation of Vertiv's operational excellence and cultural identity, establishing market leadership in our dynamic industry. VOS empowers us to exceed customer expectations through streamlined processes, accelerated innovation, and best-in-class project delivery. By fostering continuous improvement and scalable efficiency, VOS drives Vertiv's sustainable growth and operational mastery.



*"The Vertiv Operating System (VOS) is the engine of our success, driving operational excellence, fueling innovation, and enabling world-class execution from the manufacturing floor to our customer's door. Leveraging the power of AI, advanced automation, lean methodologies, and a relentless focus on continuous improvement, VOS enables our short- and long-term capacity growth, allowing us to anticipate and serve the demands of a rapidly growing industry. Above all, VOS advances our commitment to delivering system-level solutions and superior service to our customers and underpins a lasting competitive edge for Vertiv."*

**- Anders Karlborg, Executive Vice President, Manufacturing,  
Logistics and Operational Excellence**





# Talent management

The data center industry relies heavily on skilled professionals to provide operational efficiency and innovation. Effective talent management is crucial for attracting, retaining, and developing top talent to meet the demands of a rapidly evolving data center industry. In an era where data is invaluable, managing people strategically is as important as the digital infrastructure they support.



*“Developing high-performing teams is one of our top priorities, as this is what drives innovation and fosters success across functions. In a landscape where technology is constantly evolving, talent has never been more important as we look to meet customer demands and power the next generation of digital infrastructure. Empowering employees both professionally and personally allows us to sustain the agile and efficient workplace culture that’s needed to succeed in today’s complex working world.”*

**- Frank Poncheri, Chief Human Resources Officer**



# Vertiv Board of Directors

**David M. Cote**

Executive Chairman

**Giordano Albertazzi**

Chief Executive Officer, Vertiv Holdings Co.

**Joseph J. DeAngelo**

Former Chairman and Chief Executive Officer,  
HD Supply Holdings, Inc.

**Joseph van Dokkum**

Former Operating Partner, Kleiner Perkins  
Former President and Chief Executive Officer,  
Siemens Power Transmission and Distribution

**Roger Fradin**

Former President and Chief Executive Officer,  
Honeywell Automation and Control Solutions

**Jakki L. Haussler**

Non-Executive Chairman and former CEO  
of Opus Capital Management, LLC

**Jacob Kotzubei**

Co-President, Platinum Equity

**Matthew Louie**

Managing Director, Platinum Equity

**Edward L. Monser**

Former President and Chief Operating Officer,  
Emerson Electric Co.

**Steven S. Reinemund**

Retired Dean of Business at Wake Forest  
University and Retired Chairman and Chief  
Executive Officer of PepsiCo, Inc.

# Vertiv Executive Officers

**Giordano Albertazzi**

Chief Executive Officer

**Scott Armul**

Executive Vice President,  
Global Portfolio and Business Units

**David J. Fallon**

Chief Financial Officer

**Edward Cui**

President – Greater China

**Stephanie Gill**

Chief Legal Counsel and  
Corporate Secretary

**Anders Karlborg**

Executive Vice President, Manufacturing,  
Logistics and Operational Excellence

**Stephen Liang**

Chief Technology Officer and  
Executive Vice President

**Philip O'Doherty**

Managing Director, E&I Engineering

**Frank Poncheri**

Chief Human Resources Officer

**Paul Ryan**

Chief Procurement Officer

**Anand Sanghi**

President – Americas

**Karsten Winther**

President – Europe, Middle East & Africa



# Contact information

## Investor Contact

[ir@vertiv.com](mailto:ir@vertiv.com)

## Transfer Agent

**Transfer agent:** Computershare

U.S. Toll-free 877-373-6374 (Domestic ONLY) or 781-575-3100 (International)

**Contact:** [www-us.computershare.com/investor/Contact/Enquiry](http://www-us.computershare.com/investor/Contact/Enquiry)

**Website:** [www.computershare.com/investor](http://www.computershare.com/investor)

**Overnight Mailing:** Computershare Investor Services

150 Royall St., Suite 101, Canton, MA, 02021, United States

**Regular Mail Delivery:** Computershare Investor Services

PO Box 43006, Providence, RI, 02940-3006, United States

## Investor Materials

Vertiv's Investor Relations website contains background on our company, financial information, frequently asked questions and our online annual report, as well as other useful information.

For investor information, please visit our website at [investors.vertiv.com](http://investors.vertiv.com)

## Vertiv on NYSE

Vertiv's stock trades on the New York Stock Exchange under the symbol **VRT**

[THIS PAGE INTENTIONALLY LEFT BLANK]

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549  
FORM 10-K

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from \_\_\_ to \_\_\_

Commission File No. 001-38518

Vertiv Holdings Co

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

81-2376902  
(I.R.S Employer  
Identification No.)

505 N. Cleveland Ave., Westerville, Ohio 43082

(Address of principal executive offices including zip code)

614-888-0246

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	VRT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(D) of the Act. Yes ☐ No ☒

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of Common Shares (the only common equity of the registrant) held by non-affiliates (for this purpose, executive officers and directors of the registrant are considered affiliates) as of June 30, 2024 (the last business day of the most recently completed second quarter) was approximately \$30,843,122.938

As of February 10, 2025, there were 380,775,581 shares of our Class A common stock, par value \$0.0001, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for use in connection with its 2025 Annual Meeting of Shareholders, which is to be filed no later than 120 days after December 31, 2024, are incorporated by reference into Part III of this Annual Report on Form 10-K.

## **TABLE OF CONTENTS**

<b>PART I.</b>		<b>PAGE</b>
<u>Item 1.</u>	<u>Business</u>	<u>6</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>15</u>
<u>Item 1B.</u>	<u>Unresolved Staff Comments</u>	<u>31</u>
<u>Item 1C.</u>	<u>Cybersecurity</u>	<u>32</u>
<u>Item 2.</u>	<u>Properties</u>	<u>34</u>
<u>Item 3.</u>	<u>Legal Proceedings</u>	<u>34</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>35</u>
<b>PART II.</b>		
<u>Item 5.</u>	<u>Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>36</u>
<u>Item 6.</u>	<u>[Reserved]</u>	<u>37</u>
<u>Item 7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>38</u>
<u>Item 7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>45</u>
<u>Item 8.</u>	<u>Financial Statements and Supplementary Data</u>	<u>46</u>
<u>Item 9.</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>46</u>
<u>Item 9A.</u>	<u>Controls and Procedures</u>	<u>46</u>
<u>Item 9B.</u>	<u>Other Information</u>	<u>48</u>
<u>Item 9C.</u>	<u>Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	<u>48</u>
<b>PART III.</b>		
<u>Item 10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>	<u>48</u>
<u>Item 11.</u>	<u>Director and Executive Compensation</u>	<u>49</u>
<u>Item 12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>49</u>
<u>Item 13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>49</u>
<u>Item 14.</u>	<u>Principal Accounting Fees and Services</u>	<u>49</u>
<b>PART IV.</b>		
<u>Item 15.</u>	<u>Exhibits, Financial Statement Schedules</u>	<u>50</u>
<u>Item 16.</u>	<u>Form 10-K Summary</u>	<u>53</u>

*Unless the context otherwise indicates or requires, references to “the Company,” “Vertiv,” “we,” “us” and “our” refer to Vertiv Holdings Co, a Delaware corporation, and its consolidated subsidiaries.*

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K (“Annual Report”), and other statements that Vertiv may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and as such are not historical facts. Such statements may include, without limitation, those regarding our future financial performance or position, capital structure, indebtedness, business performance, strategy and plans, and expectations and objectives of Vertiv management for future operations and financial performance. These statements constitute projections, forecasts and forward-looking statements, and are not guarantees of results or performance. There can be no assurance that future developments affecting Vertiv will be those that Vertiv has anticipated. Such statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this Annual Report, words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strive,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. When Vertiv discusses its strategies or plans, it is making projections, forecasts or forward-looking statements. Such statements are based on the beliefs of, as well as assumptions made by and information currently available to, Vertiv’s management.

Forward-looking statements included in this Annual Report speak only as of the date of this Annual Report or any earlier date specified for such statements. Vertiv undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. All subsequent written or oral forward-looking statements attributable to Vertiv or persons acting on Vertiv’s behalf are qualified in their entirety by this Cautionary Note Regarding Forward-Looking Statements.

These forward-looking statements involve a number of risks, uncertainties (some of which are beyond Vertiv’s control) or other assumptions, which may change over time, and that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Factors that may cause actual results to differ materially from historical performance include, but are not limited to: risks relating to the continued growth of our customers’ markets; long sales cycles for certain Vertiv products and solutions as well as unpredictable placing or cancelling of customer orders; failure to realize sales expected from our backlog of orders and contracts, disruption of our customer’s orders or the markets; less favorable contractual terms with large customers; risks associated with governmental contracts; failure to mitigate risks associated with long-term fixed price contracts; competition in the industry in which we operate; failure to obtain performance and other guarantees from financial institutions; failure to properly manage supply chain, difficulties with third-party manufacturers and increases in costs of material, freight and/or labor, and changes in the costs of production; competition in the infrastructure technologies; risks associated with information technology disruption or cybersecurity incidents; risks associated with the implementation and enhancement of information systems; failure to realize the expected benefit from any rationalization, restructuring and improvement efforts; disruption of, or changes in, Vertiv’s independent sales representatives, distributors and original equipment manufacturers; increase of variability in our effective tax rate costs or liabilities associated with product liability due to global operations subjecting us to income and other taxes in the United States (“U.S.”) and numerous foreign entities; the global scope of Vertiv’s operations, especially in emerging markets; failure to benefit from future significant corporate transactions; risks associated with Vertiv’s sales and operations in emerging markets including economic, political and production level risk; risks associated with future legislation and regulation of Vertiv’s customers’ markets both in the United States and abroad; our ability to comply with various laws and regulations including but not limited to, laws and regulations relating to data protection and data privacy; failure to properly address legal compliance issues, particularly those related to imports/exports, anti-corruption laws, and foreign operations; risks associated with foreign trade policy, including tariffs and global trade conflict; risks associated with litigation or claims against the Company, including the risk of adverse outcomes to any legal claims and proceedings; our ability to protect or enforce our proprietary rights on which our business depends; third party intellectual property infringement claims; liabilities associated with environmental, health and safety matters; failure to achieve environmental, social and governance goals; failure to realize the value of goodwill and intangible assets; exposure to fluctuations in foreign currency exchange rates; failure to remediate material weaknesses in our internal controls over financial reporting; our level of indebtedness and the ability to incur additional indebtedness; our ability to comply with the covenants and restrictions contained in our credit agreements, including restrictive covenants that restrict operational flexibility; our ability to comply with the covenants and restrictions contained in our credit agreements is not fully within our control; our ability to access funding through capital markets; resales of Vertiv securities may cause volatility in the market price of our securities; our organizational documents contain provisions that may discourage unsolicited takeover proposals; our certificate of incorporation includes a forum selection clause, which could discourage or limit stockholders’ ability to make a claim against it; the ability of our subsidiaries to pay dividends; factors relating to the business, operations and financial

performance of Vertiv and its subsidiaries, including: global economic weakness and uncertainty; our ability to attract, train and retain key members of our leadership team and other qualified personnel; the adequacy of our insurance coverage; fluctuations in interest rates materially affecting our financial results and increasing the risk our counterparties default in our interest rate hedges; our incurrence of significant costs and devotion of substantial management time as a result of operating as a public company; and other risks and uncertainties indicated in this Annual Report including those under the heading “Item 1A. Risk Factors.”

## Risk Factor Summary

Investing in Vertiv’s common stock involves a high degree of risk. You should carefully consider all information in this Annual Report prior to investing in Vertiv common stock. These risks are discussed more fully in the section titled “Item 1A. Risk Factors.” These risks and uncertainties include, but are not limited to, the following:

- Risks relating to the continued growth of our customers’ markets;
- The long sales cycles for certain Vertiv products and solutions offerings, as well as unpredictable placing or canceling of customer orders;
- Failure to realize sales expected from our backlog of orders and contracts;
- Disruption of our customers’ orders or the markets;
- Less favorable contractual terms with large customers;
- The risks associated with governmental contracts;
- Any failure to mitigate risks associated with long-term fixed price contracts;
- We operate in a highly competitive environment;
- Any failure to obtain performance and other guarantees from financial institutions;
- Failure to properly manage our supply chain difficulties with third-party manufacturers and increases in costs of materials, labor, freight and changes in costs of production;
- Competition in the infrastructure technologies;
- Risks associated with information technology disruption or cyber-security incidents;
- Risks associated with the implementation and enhancement of information systems;
- Failure to realize the expected benefit from any rationalization, restructuring, and improvement efforts;
- Disruption of, or changes in, our independent sales representatives, distributors and original equipment manufacturers;
- Increase of variability in our effective tax rate due to global operations subjecting us to income and other taxes in the U.S. and numerous foreign entities;
- Costs or liabilities associated with product liability and damage to our reputation and brands;
- The global scope of our operations, especially in emerging markets;
- Any failure to benefit from future significant corporate transactions;
- Risks associated with our operations in emerging markets including economic, political, and production level risk;
- Risks associated with wars, conflicts, and other types of geopolitical tensions;
- Risks associated with future legislation and regulation of our customers’ markets both in the United States and abroad;
- Our ability to comply with various laws and regulations, including, but not limited to, laws and regulations relating to data protection and data privacy;
- Failure to properly address legal compliance issues, particularly those related to imports/exports, anti-corruption laws, and foreign operations;
- Risks associated with foreign trade policies, including tariffs or global trade conflicts;
- Risks associated with litigation or claims against the Company, including the risk of adverse outcomes in any such legal claims or proceedings;
- Our ability to protect or enforce our intellectual property and proprietary rights on which our business depends and risk of third-party intellectual property infringement claims;
- Liabilities associated with environmental, health and safety matters;
- Risks related to various environmental, social, and governance (“ESG”)- related matters, metrics and goals which may impact our business and reputation;
- Failure to realize the value of goodwill and intangible assets;
- Exposure to fluctuations in foreign currency exchange rates;
- Any failure to remediate material weaknesses in our internal controls over financial reporting;
- Our level of indebtedness;
- Incurrence of additional indebtedness;
- Our ability to comply with the covenants and restrictions contained in our credit agreements, including restrictive covenants that restrict operational flexibility;
- Our ability to comply with the covenants and restrictions contained in our credit agreements are not fully within our control;

- Our ability to access funds through capital markets;
- Resales of our securities may cause volatility in the market price of our securities;
- Provisions contained in our organizational documents that may discourage unsolicited takeover proposals;
- A forum selection clause included in our Certificate of Incorporation, which could discourage or limit stockholders' ability to make a claim against us;
- The ability of our subsidiaries to pay dividends;
- Risks associated with global macroeconomics conditions in the areas in which we operate;
- Our ability to attract, train and retain key members of its leadership team and other qualified personnel;
- The adequacy of our insurance coverage;
- Fluctuations in interest rates materially affecting our financial results and increasing the risk our counterparties default on our interest rate hedges; and
- Our incurrence of significant costs and devotion of substantial management time as a result of operating as a public company.

The discussion of risk factors contained in "Item 1A. Risk Factors" herein includes forward-looking statements. These risks, which may be affected by a number of factors, whether currently known or unknown, including but not limited to those described herein, may impact our actual financial condition, operating results and prospects, and are important to understanding other statements included in this Annual Report. Additional risks and uncertainties not presently known to us or that we presently deem less significant may also impact our business operations. If any of the events or circumstances described in the following risk factors occur, in whole or in part, our business, operating results, financial condition, cash flows, and prospects could be materially and adversely affected and vary materially from past, or anticipated future, results. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Because of the risk factors included herein, as well as other factors affecting our financial condition and operating results, past financial performance should not be considered a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

## **PART I.**

(Dollars in millions except for per share data and as otherwise noted)

### **Item 1. Business**

#### **Overview**

Vertiv is a global leader in the design, manufacturing and servicing of critical digital infrastructure for data centers, communication networks, and commercial and industrial environments. Our customers operate in some of the world's most critical and growing industries, including cloud services, financial services, healthcare, transportation, manufacturing, energy, education, government, social media, and retail.

Driven by passion and innovation, Vertiv believes there is a better way to meet the world's accelerating demand for data, including the impact of emerging technologies such as artificial intelligence. We collaborate with our customers to envision and build future-ready infrastructures. Our portfolio of hardware, software, analytics and services aim to enable our customers' vital applications to run continuously, perform optimally and scale with business needs.

#### **Our Company**

Our roots trace back to 1946 and the beginning of the information age, when Ralph Liebert founded the precursor to the Liebert Corporation, which was established in 1965 as the industry's first manufacturer of computer room air conditioning. In 1987, Liebert was acquired by Emerson Electric Co, which later formed its Network Power business in 2000 to integrate critical infrastructure technologies, including Liebert and previously acquired ASCO, a provider of power transfer switches, under one brand. Over the next decade, Emerson Network Power expanded through acquisitions of Avansys, Marconi's outside plant and power system, Knurr AG, a leading provider of enclosure systems, and Avocent, a leading provider of IT management software and keyboard, video and mouse (or "KVM") solutions. In 2016, Emerson Network Power was spun off as a standalone business and ultimately became Vertiv.

Vertiv became publicly-traded on February 7, 2020, with its shares listed on the New York Stock Exchange (NYSE:VRT), through a business combination with GS Acquisition Holdings Corp ("GSAH"), a special purpose acquisition company later renamed Vertiv Holdings Co (the "Business Combination").

#### **Our Business**

Vertiv designs, manufactures, sells, installs, maintains, and services critical digital infrastructure technologies and rapidly deployable customized solutions to meet the specific business requirements and needs of a diverse group of customers. Our global footprint comprises engineering, manufacturing, operations, sales and service locations in more than 40 countries across the Americas, Asia Pacific and Europe, Middle East & Africa. We provide the hardware, software and services to facilitate an increasingly interconnected marketplace of digital systems where large amounts of indispensable data need to be transmitted, analyzed, processed and stored. Whether this growing quantity of data is managed centrally in hyperscale/cloud locations, distributed at the edge of the network, processed in an enterprise location or managed via a hybrid platform, the underpinnings and operations of all those locations rely on our critical digital infrastructure and services.

Our broad range of offerings includes AC and DC power management products, switchgear and busbar products, thermal management products, integrated rack systems, modular solutions, and management systems for monitoring and controlling digital infrastructure. These comprehensive offerings are integral to the reliable operation of the technologies used for services, such as e-commerce, online banking, file sharing, video on-demand, energy storage, wireless communications, Internet of Things and online gaming. In addition, through our global services network, we provide lifecycle management services, predictive analytics and professional services for deploying, maintaining and optimizing these products and their related systems. Our most prominent brands include Vertiv, Liebert, NetSure, Geist, Energy Labs, ERS, Albér, and Avocent.

We manage our business across three reportable segments based on our main geographic regions—the Americas, Asia Pacific and Europe, Middle East & Africa. For the year ended December 31, 2024, Vertiv's net sales was \$8,011.8, of which 56% was transacted in the Americas; 22% was transacted in Asia Pacific; and 22% was transacted in Europe, Middle East & Africa. This compares with net sales for the year ended December 31, 2023 of \$6,863.2, of which 56% was transacted in the Americas, 22% was transacted in Asia Pacific, and 22% in Europe, Middle East & Africa.

## Backlog

Vertiv's estimated combined order backlog was \$7,178.8 and \$5,526.7 as of December 31, 2024 and 2023, respectively. The backlog consists of product and services for which a customer purchase order or purchase commitment has been received and which has not yet been delivered. Orders may be subject to cancellation or rescheduling by the customer. The following table shows estimated backlog by business segment at December 31, 2024 and 2023, respectively.

(Dollars in millions)	December 31, 2024	December 31, 2023
Americas	\$ 4,672.4	\$ 3,365.2
Asia Pacific	911.4	616.4
Europe, Middle East & Africa	1,595.0	1,545.1
<b>Total Backlog</b>	<b>\$ 7,178.8</b>	<b>\$ 5,526.7</b>

The majority of the combined backlog as of December 31, 2024 is considered firm and is expected to be shipped within one year. Expanding lead-times caused by continuing global supply chain challenges, combined with continued strong demand have contributed to an increase in customer orders being placed in advance of our ability to fulfill them, which has added \$1.7 billion to our backlog since December 31, 2023. We do not believe that Vertiv's backlog estimates as of any date are necessarily indicative of our net sales for any future period. Additionally, our current backlog estimates are subject to a number of risks, as further detailed in "Item 1A. Risk factors—Risks relating to our customers and our industry—We may not realize all of the sales expected from our backlog of orders and contracts."

## Strategic Priorities

Our businesses are focused on the following strategic priorities:

- **Maintain Customer Focus**
  - Enhance the customer experience through best in-class tools, commercial, technical, delivery, and service execution.
  - Nurture strong customer relationships.
  - Create superior customer value enabling demand and margin expansion.
- **Achieve Operational Excellence**
  - Continuous process improvement mindset to achieve speed, efficiency, efficacy, and scalability.
  - Achieve pervasive and efficient development and deployment of advanced IT tools and automation.
  - Adopt a rigorous management operating process and cadence.
- **Build a High-Performance Culture**
  - Foster a culture of accountability, collaboration, and speed.
  - Develop a widespread sense of urgency and reward performance.
  - Deliver on commitments and execute agreed plans.
- **Foster Innovation**
  - Be a market leader in our technology and service domains, and continue to differentiate through our new products.
  - Develop and introduce processes with effectiveness and velocity.
  - Develop system-level strength that leverages our unique product and services portfolio.
- **Reinforce Financial Strength**
  - Achieve long- and short-term margin and profit expansion combined with fixed cost constant culture.
  - Drive cash and balance sheet strength through rigorous resource allocation and management.
  - Generate profitable growth and focus on continuous variable cost optimization and develop superior pricing capabilities.

## Our Customers

Our customers operate in some of the world's most critical industries. We primarily serve customers across three main end markets: (1) data centers (including hyperscale/cloud, colocation, and enterprise), (2) communication networks and (3) commercial and industrial applications.

**Data Centers:** The primary purpose of a data center is to process, store and distribute data. There are a host of different sizes and types of data centers, but primarily they can be broken down into the following classifications:

- **Cloud/Hyperscale:** These facilities are massive in scale, can span multiple acres and are primarily used to support cloud applications. This portion of the industry is growing rapidly with drivers such as adoption of cloud based

data services and artificial intelligence workloads. Examples of companies in this space include Microsoft, Amazon Web Services, and Google Cloud.

- **Colocation:** These facilities range in size and offer clients a location where they can place their information technology (“IT”) equipment, while the building and critical digital infrastructure is owned by the colocation company. This portion of the industry is on a significant growth trajectory. Examples of companies in this space include Digital Realty, Equinix, Compass, and QTS.
- **Enterprise:** This classification refers to the “Fortune 1000” scale businesses that have their own on-premises data centers. Examples of companies in this space include Goldman Sachs, J.P. Morgan, Walmart and Allianz. The growth of the enterprise market, based on data centers and square footage, has generally been flat for the past three years.

*Communication Networks:* This space is comprised of wireline, wireless, and broadband companies. These companies create content and are ultimately responsible for distributing voice, video, and data to businesses and consumers. They deliver this data through an intricate network of wireline and wireless mediums. Additionally, some of these companies’ locations act as data centers where the data is delivered, processed and stored. This sector has a generally low single-digit growth profile and generally aligned with telecom capex investment and new mobile deployment cycles.

*Commercial and Industrial:* This space is comprised of commercial and industrial environments where our products keep critical systems running. Examples include transportation, manufacturing, and oil and gas. These applications are growing in their need for intelligent infrastructure and may be regulated or need to satisfy some level of compliance. The growth in this area generally aligns with changes in gross domestic product, and can be further driven by increased automation and digitalization in both light and heavy industrial application environments.

We engage these industries and end users through our global network of direct sales professionals, independent sales representatives, channel partners and original equipment manufacturers. Many of our installations are completed in collaboration with our customers and we work with them from the initial planning phase through delivery and servicing of the completed solution. This depth of interaction supports key customer relationships, sometimes spanning multiple decades.

## **Our Offerings**

We design, manufacture and service critical digital infrastructure technology primarily for data centers, communication networks and commercial and industrial environments. Our principal offerings include:

### *Products*

We identify delivery of products as performance obligations. Such products include AC and DC power management, thermal management, low/medium voltage switchgear, busbar, integrated modular solutions, racks, single phase UPS, rack power distribution, rack thermal systems, configurable integrated solutions, energy storage solutions, hardware, and software for managing I.T. equipment.

### *Services & spares*

Global services include both pre-sale and after-sales services, for example, preventative maintenance, project management, acceptance testing, engineering and consulting, performance assessments, remote monitoring, training, spare parts, and critical digital infrastructure software. We provide consistent service delivery for critical facilities in all regions of the world with service provided by knowledgeable, local specialists. Regular service of critical equipment supports maximum uptime and often reduces total cost of ownership for customers. We provide full support of critical digital infrastructures when and where our customers need us. Vertiv services are used primarily in data centers, communications facilities, government agencies, utilities, and industrial plants. Across the globe, we operate over 300 service centers and deploy approximately 4,000 service engineers.

## Competition

The majority of our competitors target a specific offering or a specific geographic location. Competition in our markets is primarily on the basis of reliability, quality, price, service and customer relationships. Across our three geographic segments, we encounter two principal types of competitors: niche players (e.g., Delta Electronics, Inc., Stulz GmbH, Johnson Controls International PLC, and Socomec Holding SA) and large-scale global competitors (e.g., Schneider Electric, S.E., Eaton Corporation Plc, Legrand SA, and Huawei Investment & Holding Co., Ltd.) We believe we differentiate ourselves through: (i) application expertise and customer collaboration to envision and build future-ready infrastructure; (ii) most complete portfolio and continual innovation; (iii) proven superior reliability and quality; (iv) truly global presence and ability to scale for our customers' operating flexibility and resilience; and (v) our industry-leading global service network to safeguard uptime and support.

## Sales and Marketing

Our customers are located across the globe. We go to market through multiple channels to ensure that we map our coverage to our customers' buying behaviors and preferences. Our primary selling method is direct sales, and we have approximately 3,000 salespeople located around the world. We also utilize a robust network of channel partners, distributors, I.T. resellers, and value-added retailers. This network helps extend our global reach to all corners of the world.

## Customer Service and Support

We ensure continuous uptime of our customers' operations so they can perform at their peak and maximize resources. There are five key characteristics that differentiates Vertiv's customer service and support from competitors:

- **Expertise:** For over 50 years, Vertiv's long-tenured service personnel have been trusted advisors to industry leaders and companies of all sizes.
- **Reliability & Safety:** We provide around the clock, direct access to approximately 4,000 field services engineers and approximately 300 technical support team members.
- **Response Time:** Vertiv boasts a first-time fix rate of more than 90% during site emergency visits, allowing customers to quickly gain assistance wherever and whenever.
- **Global Coverage:** We provide a standardized support approach across the globe with more than 300 service centers, keeping our customer sites connected.
- **Broad Capabilities:** Vertiv offers customers a complete lifecycle of capabilities such as project launch, remote monitoring, on-site project management, energy consumption management and preventive maintenance.

## Engineering, Research and Development

We are committed to outpacing our competitors and being first to market with new product developments and improvements. In 2024, Vertiv spent \$352.1 on engineering, research and development ("ER&D"). We focus our ER&D budget on engineering continuous improvement and new product innovation. Our global product leaders manage global product lines and engineering organizations with the goal to remain ahead of market trends by leveraging input from our regions, technology partners, and customers. These global groups are also supported by in-region product and engineering teams which are responsible for understanding and adapting our offerings to local market and customer requirements. These teams work closely with our sales and service network, enabling us to obtain and act upon customer feedback to continuously improve our offerings.

## Facilities, Operations, and Supply Chain

Our ability to serve our customers on both a global and local level is a key success factor, and we have built, and continue to expand, our manufacturing and operations footprint and capacity with that principle in mind. We have significant manufacturing and operations facilities in the Americas, Asia Pacific and Europe, Middle East & Africa. This well-diversified global network of facilities allows for improved service level cost, capacity to meet demand, and working capital optimization. Our manufacturing facilities are supported by regional engineering and configuration centers where, if our customers desire, we can tailor our products to the local market and to a given customer's specific requirements.

We have established a robust supply chain that is complementary to our manufacturing and operations footprint. We have historically experienced some supply chain constraints as well as material, freight and labor cost increases. In addition to providing high quality service to our customers, we follow a diversification strategy to avoid over concentration or a significant dependence on a particular supplier or region. Despite this strategy, it is possible that we may from time to time experience critical part shortages which may drive the need for additional spot buys at increased costs, as well as increased costs associated with premium freight to meet customer commitments. Additionally, logistical issues may delay the receipt of materials and, in some cases, we may not be able to procure critical parts at any price, creating production and delivery challenges pressuring the top and bottom line. We continue to take action to enhance our supply chain, such as qualifying new suppliers, and advancing our pricing plan.

## **Vertiv Operating System**

The Vertiv Operating System (“VOS”) leverages a proven foundational approach to operational excellence and executes it at scale to drive greater efficiency, quality, competitive advantage and superior customer experience. We believe VOS provides a clear operating model and a systemic way to run the business across the entire organization through rigorous operating cadences, leverages lean or continuous improvement techniques focused on waste and cycle-time reduction, streamlined processes, and promotes the dissemination of best practices. Our enterprise approach is articulated in four main pillars: the deployment of the operating system based on pervasive lean techniques propagation; the development of an accountable and lean organization aligned to Vertiv strategic objectives; the creation and maintenance of a simple yet robust global operating model; the empowerment of the organization run day-by-day continuous improvement and complex business process transformation. While continuous improvement relies heavily on each Vertiv employee adopting a “lean” mindset, dissemination of best practices and especially global process convergence require ownership and sponsorship to happen. As a consequence, for each of our seven main interconnected processes (opportunity-to-order, order-to-cash, procure-to-pay, sales inventory and operations planning, order-to-fulfillment, new product development and introduction, and multiple service processes), we have assigned clear business ownership at the global and regional level.

## **Human Capital Resources**

As of December 31, 2024, we employed approximately 31,000 full-time and part-time employees. Approximately 41% of our employees are in our manufacturing operations.

### *Our Culture*

Our high-performance culture creates an environment where employees are empowered to collaborate, learn, and teach others through their experiences. We seek people with high integrity who put a premium on learning through experience and those who embrace our core principles, which include safety, integrity and respect, and we expect our employees to emulate and display our core behaviors, which include fostering a customer-first mindset, leading by example and driving continuous improvement.

### *Investing in our People*

Our employees are critical to achieving our business objectives and investing in them is a key component to success. We offer leadership development programs for employees at the early career levels in finance, human resources, sales, services and engineering. We also offer customized programs for target populations to further develop their professional skills, and specialized partnership programs with local universities that lead to obtaining bachelor's and/or master's degrees in technology.

Our offerings include:

- Finance, Human Resources, Sales, Engineering, and Field Services Leadership Development Rotational Programs for early-career employees based in the Americas, Asia, India, or Europe, Middle-East, and Africa reporting units
- Specialized partnership programs with local universities in India for high-potential engineers to earn a post-secondary baccalaureate and/or a graduate degree
- Programs for identified high-potential leaders in early-, mid-, senior-, and leadership-ready positions across multiple functions globally that focus on training in the areas of operational and strategic thinking, offers the opportunity to participate and lead global projects, and obtain global networking & visibility to executive leadership
- Specialized training for employees based in our support hubs, located in the Philippines, India, and Romania, around key business skills including customer service, finance fundamentals and customer service mindset

- VOS training is delivered globally. This training, known as VOS Academy, is offered virtually for salaried employees and all hourly employees receive training at our global manufacturing sites

### *Our Strategy*

We are committed to attracting, hiring and developing the best and brightest talent and focus significant resources on supporting and managing our global employee population. We believe that we offer our employees competitive pay packages and a broad range of company-paid benefits, and recognize that our success is based in large part on the talents and dedication of those we employ.

Vertiv Career Framework was launched in 2023. This framework is intended to highlight a simple and consistent way to organize, reward, and develop careers. Based on global principles with local application, we have created career tracks aligned to market competitive pay practices. Full implementation is intended to occur over the next several years and will highlight a pragmatic pay for performance approach that supports our high-performance culture.

To best facilitate our retention strategy, we have made significant investments in Total Rewards and Talent Acquisition (or "TA").

TA will continue to be a differentiator for Vertiv's high growth aspirations. Building on the renewed foundation from 2023, our TA team has successfully hired over 3,000 new salaried employees in 2024, with a special emphasis on Engineering, Services, and Operations. To better facilitate speed and simplicity, we are automating the hiring process through Oracle systems, resulting in reduced job requisition creation time and overall time to fill.

Attracting employees is only half our mission. For those new employees, once onboarded, and those employees with many years of dedicated service, the human resource team is focused on delivering a robust talent management system with pillars centered on engagement, development, and inclusion.

### *Employee Engagement*

Fully engaged employees are a key driver of employee productivity and job satisfaction. We engage our employees across the organization through our quarterly enterprise-wide town halls, employee recognition programs, and company-sponsored volunteer events. "The CEO Award", an employee recognition award given several times throughout the year by CEO Giordano Albertazzi to recognize individuals who unlock value for our customers, who overcome challenges to solve problems, or who create meaningful, lasting results for our business, has recently completed year two. These individuals embody our core principals and behaviors and keep us on track to achieve our goals through their commitment to our strategic priorities. They understand their role in helping Vertiv achieve its full potential. At an enterprise level, Vertiv was recognized in our APAC region in two different forums. Greater China earned "2024 Best Employer Selection" by Forbes China, and Philippines was awarded as a "Great Place to Work" by UKG.

### *Employee Development*

We also provide development and training programs for our employees, including evolved product training for our sales and services organizations, "Leading@Vertiv" for our management level employees, and "MyFirst90Days" for newly hired employees as key human capital measures and objectives. Additionally, our salaried and services employees participate in our comprehensive annual performance review process meant to encourage a direct conversation where candid feedback can be shared to help our employees develop, achieve their career goals, and drive our high-performance culture. That performance management cycle has been simplified and fully automated to Oracle systems, linking objective setting to employee feedback, annual performance ratings and compensation awards. A true pillar to drive a high-performance culture.

### *Inclusion*

We believe that innovative solutions are often developed from having diverse viewpoints and perspectives at the table. We endeavor to foster a workplace that supports and promotes inclusion and cultivates respect. Since going public in 2020, Vertiv has continued to take actions to cultivate its inclusion processes and programs. One of the best success cases includes establishing employee-led, executive leadership team-sponsored, Employee Resource Groups open to all employees and that are intended to provide opportunities for personal and professional growth, networking, mentorship, and community outreach.

## *Employee Safety*

A safe and healthy workplace is essential to flourish as a business, and accordingly, safety is one of Vertiv's core principles. Vertiv prioritizes the health and safety of our global workforce and anyone who enters our facilities or interacts with our products. We believe we have an effective employee health and safety strategy, as evidenced by our strong safety record relative to certain peers, including our total recordable injury rate of 0.37 and our lost time injury rate of 0.19 for the twelve months ended December 31, 2024. In connection with our commitment to safety, we aim to provide the tools, training, and other resources needed to achieve our goal of reducing and controlling workplace risks. For example, we recently launched an effective safety engagement campaign called "We Lead with Safety". The campaign is centered on further strengthening our interdependent culture, where everyone will speak up regarding safety, for themselves and others, whether at work or elsewhere. Reinforcing "why" we are committed to safety, documenting our procedures and engaging the appropriate local safety teams has positioned us well relative to our safety performance.

## **Intellectual Property**

Our ability to create, obtain and protect intellectual property is important to the success of our business and our ability to compete. We create intellectual property ("IP") in our operations globally, and we actively work to protect and enforce our IP rights. We consider our trademarks to be valuable assets, including well-known marks within the industry such as Vertiv, Liebert, NetSure, Geist, Energy Labs, ERS, Albér, and Avocent.

In addition, we integrate licensed third-party technology and IP into certain aspects of our products. Although certain third-party proprietary IP rights are important to our success, we do not believe that we are materially dependent on any particular third-party IP rights.

As of December 31, 2024 Vertiv had approximately 3,000 registered patents and approximately 1,200 pending, published or allowed patent applications, and approximately 1,800 registered trademarks and approximately 300 pending trademark applications.

## **Raw Materials**

We obtain raw materials and supplies from a variety of sources and generally from more than one supplier. From time to time, we have experienced part shortages, supply chain constraints, and import or export restrictions or tariffs, in addition to logistical issues which have delayed receipt of materials, as well as increased the costs of certain raw materials. We continue to address these challenges associated with our sources, supplies and costs of raw materials. Refer to the "Facilities, Operations, and Supply Chain" discussion above.

## **Environmental, Health and Safety and Responsible Business Practices**

Meeting the growing demand for data and critical digital infrastructure while simultaneously mitigating environmental impacts from our operations and products, and governing and managing our business in a responsible manner, are at the heart of our approach to sustainability and responsible business matters.

Mitigating environmental impacts encompasses actions taken to minimize resource consumption and greenhouse gas ("GHG") emissions, manage materials and waste in our own operations, and provide customers with innovative products and solutions that help them minimize their own energy and water use, carbon footprint, and waste. We continue to work to shrink the carbon footprint of our operations, and we continue to minimize and, where possible, eliminate waste through source reduction and recycling. Throughout our global facilities we continue to implement processes, and to refine, procedures, and policies to track and mitigate environmental impacts. We also solicit local teams to identify action plans for the conservation of energy and water, and the reduction of GHG emissions.

Governing and managing our business in a responsible manner includes, but is not limited to, encouraging inclusion, respecting human rights, developing our employees, implementing data privacy and cybersecurity measures, establishing policies, procedures, and codes of conduct that spell out expectations for our own behavior and that of our suppliers, and working to protect the interests of our company, stockholders, and other stakeholders.

We are subject to a broad range of foreign and domestic environmental, health and safety laws, regulations and requirements, including those relating to the discharge of regulated materials into the environment, the generation and handling of hazardous substances and wastes, human health and safety and the content, composition and take back of our products. We maintain a robust environmental, health and safety compliance program, including policies and standards, dedicated staff, and periodic auditing and training. We also have a program for complying with the European Union Restriction on the Use of Certain Hazardous Substances and Waste Electrical and Electronic Equipment Directives, the China Restriction of Hazardous Substances law, the European Union Registration, Evaluation, Authorization and Restriction of Chemicals regulation, and similar requirements.

At sites which we own, lease or operate, or have previously owned, leased or operated, or where we have disposed or arranged for the disposal of hazardous materials, we could incur liability for any potential contamination, and could in the future be liable for additional contamination. Compliance with laws regulating contamination and the discharge of materials into the environment or otherwise relating to the protection of the environment has not had a material effect on our capital expenditures, earnings or competitive position.

### **Private Placement Warrants**

Simultaneously with the closing of the initial public offering ("IPO") of GSAH in June 2018 (prior to the Business Combination in 2020), GSAH closed the private placement of an aggregate of 10,533,333 warrants, each exercisable to purchase one share of Class A common stock at an exercise price of \$11.50 per share (the "Private Placement Warrants"), initially issued to GS DC Sponsor I LLC, a Delaware limited liability company.

On February 24, 2023, 5,266,666 warrants were exercised on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 1,368,194 shares of Class A common stock. On December 6, 2024, 5,266,667 warrants were exercised on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 4,812,521 shares of Class A common stock. As of December 31, 2024, there are no outstanding Private Placement Warrants.

### **Related Agreements**

#### *Amended and Restated Registration Rights Agreement*

On the closing date of the Business Combination, we entered into an amended and restated registration rights agreement (the "Registration Rights Agreement"), with the initial stockholders of GSAH, VPE Holdings, LLC, an affiliate of Platinum Equity Advisors, LLC (the "Vertiv Stockholder"), and certain other investors, including entities affiliated with our Executive Chairman (collectively, the "RRA Parties"), pursuant to which the RRA Parties are entitled to registration rights in respect of certain shares of Vertiv's Class A common stock and certain other of our equity securities that are held by the RRA Parties from time to time.

The Vertiv Stockholder and certain other RRA Parties, including an entity controlled by our Chairman (the "Cote Sponsor Member") is entitled to make up to two demand registrations in any 12 month period in connection with an underwritten shelf takedown offering, in each case subject to certain offering thresholds, applicable lock-up restrictions and certain other conditions. In addition, the RRA Parties have certain "piggy-back" registration rights. The Registration Rights Agreement includes customary indemnification and confidentiality provisions. We will bear the expenses incurred in connection with the filing of any registration statements filed pursuant to the terms of the Registration Rights Agreement.

On February 7, 2020, we filed a registration statement on Form S-1, as amended (the "Registration Statement on Form S-1"), to meet our obligations under the Registration Rights Agreement. The Vertiv Stockholder sold shares of our Class A common stock in the following secondary offerings: (i) 26.0 million shares in August 2020; (ii) 18.0 million shares in November 2020; (iii) 23.1 million shares in November 2021; and (iv) 20.0 million shares in August 2023.

### **Stockholders Agreement**

On the closing date of the Business Combination, the Company, the Cote Sponsor Member, the Vertiv Stockholder, and certain other members entered into a Stockholders Agreement (the "Stockholders Agreement").

The Stockholders Agreement provides that so long as we have either of the Executive Chairman or the Chief Executive Officer as a named executive officer, we shall take certain actions to include such Executive Chairman or the Chief Executive Officer on the slate of nominees recommended by the Board of Directors for election. Following a sale of Class A common stock on February 27, 2024, the Vertiv Stockholder holds none of our outstanding Class A common stock.

## Corporate Information

Our principal executive offices are located at 505 N. Cleveland Ave., Westerville, Ohio, 43082, and our telephone number is (614) 888-0246. Our website is [www.vertiv.com](http://www.vertiv.com).

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are filed with the Securities and Exchange Commission (the “SEC”). We are subject to the informational requirements of the Exchange Act, and we file or furnish reports, proxy statements and other information with the SEC. Such reports and other information we file with the SEC are available free of charge at [www.vertiv.com](http://www.vertiv.com) when such reports are available on the SEC’s website. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov). We periodically provide other information for investors on our corporate website, including press releases and other information about financial performance, information on corporate governance and details related to our annual meeting of stockholders. Our references to website URLs are intended to be inactive textual references only. The information found on, or that can be accessed from or that is hyperlinked to, our website does not constitute part of, and is not incorporated into, this Annual Report.

This Annual Report contains some of our trademarks, service marks and trade names, including, among others, Vertiv, Liebert, NetSure, Geist, Energy Labs, ERS, Albér, and Avocent. Each one of these trademarks, service marks or trade names is either (1) our registered trademark, (2) a trademark for which we have a pending application, or (3) a trade name or service mark for which we claim common law rights. All other trademarks, trade names or service marks of any other company appearing in this Annual Report belong to their respective owners. Solely for convenience, the trademarks, service marks and trade names referred to in this Annual Report are presented without the TM, SM and ® symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our respective rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

**Upon the written request of any record holder or beneficial owner of Common Stock entitled to vote at the Annual Meeting, we will, without charge, provide a copy of our Annual Report, including the financial statements and the financial statement schedules, for the fiscal year ended December 31, 2024, as filed with the SEC. Requests should be directed to [ir@vertiv.com](mailto:ir@vertiv.com).**

## Item 1A. Risk Factors

*An investment in our securities involves risks and uncertainties. You should carefully consider the following risks as well as the other information included in this Annual Report, including “Cautionary Statement About Regarding Forward-Looking Statements,” “Risk Factor Summary,” “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report, before investing in our securities. We operate in a changing environment that involves numerous known and unknown risks and uncertainties that could materially adversely affect our operations. Any of the following risks could materially and adversely affect our business, financial condition, results of operations or prospects. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition, results of operations or prospects. In such a case, the trading price of our securities could decline and you may lose all or part of your investment in us. Unless the context otherwise requires, all references in this subsection to the “Company,” “Vertiv,” “we,” “us” or “our” refer to Vertiv Holdings Co and its consolidated subsidiaries following the Business Combination, other than certain historical information which refers to the business of Vertiv prior to the consummation of the Business Combination.*

### **Risks Related to Our Customers and Our Industry**

***We rely on the continued growth of our customers’ networks, in particular data center and communication networks, to grow our business, operations and revenue, and any decreases in demand in these networks could lead to a decrease in our product offerings.***

A substantial portion of our business depends on the continued growth of our current and potential customers’ data centers and communication networks. If these networks do not continue to grow, whether as a result of changes in the economy, capital spending, building capacity in excess of demand, delays in receiving required permits and approvals, or for any other reason, overall demand could decrease for our product offerings, which would have an adverse effect on our business, results of operations and financial condition.

***The long sales cycles for certain Vertiv products and solutions offerings, as well as unpredictable placing or canceling of customer orders, particularly large orders, may cause our revenues and operating results to vary significantly from quarter-to-quarter, which could make our future operational results less predictable.***

A customer’s decision to purchase certain of our products or solutions, particularly products new to the market or long-term end-to-end solutions, may involve a lengthy contracting, design and qualification process. In particular, customers deciding on the design and implementation of large deployments may have lengthy and unpredictable procurement processes that may delay or impact expected future orders, including customers canceling orders based on changes to their businesses. As a result, the order booking and sales recognition process is often uncertain and unpredictable, with some customers placing large orders with short lead times on little advance notice and others requiring lengthy, open-ended processes that may change depending on global or regional economic weakness. This unpredictability may cause our revenues and operating results to vary unexpectedly from quarter-to-quarter and year-to-year, making our future operational results less predictable.

***We may not realize all of the sales expected from our backlog of orders and contracts.***

Our backlog consists of the value of product and service orders for which we have received a customer purchase order or purchase commitment and which have not yet been delivered. As of December 31, 2024 and 2023, Vertiv’s estimated combined order backlog was \$7.2 billion and \$5.5 billion, respectively. The majority of our combined backlog is considered firm and expected to be delivered within one year. Our customers have the right in some circumstances, usually with penalties or other termination consequences, to reduce or defer firm orders in backlog. If customers terminate, reduce or defer firm orders, the revenue we expect to generate from our backlog may not be fully realized. Additionally, because of our significant backlog, there may be significant delays between the time that we alter the prices we charge customers for our offerings and new orders and the time such price changes are reflected in our financial results.

***Any disruption or consolidation of our customers’ markets or reduction in customer spending on technology could result in declines in the sales volume and prices of our products.***

The disruption of our customers’ markets could occur due to a number of factors, including government policy changes, industry consolidations or the shifting of market size and power among customers. Such consolidations or other disruptions may result in certain parties gaining additional purchasing leverage and, consequently, increasing the product pricing pressures facing our business. Such changes could impact spending as customers evolve their strategies or integrate acquired operations. For example, if industry consolidation results in there being fewer customers, the loss of

any one customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants. Any reduction in customer spending on technological development as a result of these and other factors could have an adverse effect on our business, results of operations and financial condition.

***Large companies, such as communication network and cloud/hyperscale and colocation data center providers, often require more favorable terms and conditions in our contracts, which could result in downward pricing pressures on our business.***

Large companies, such as communication network and cloud/hyperscale and colocation data center providers, comprise a material portion of our customer base and generally have greater purchasing power than smaller entities. Accordingly, these customers often have enhanced leverage that allow them to require more favorable terms and conditions in their contracts with us. Consolidation among such large customers could further increase their buying power and ability to require more onerous terms. In addition, these customers may impose substantial penalties for any product or service failures caused by us or the failure by us to timely deliver products ordered by those customers. As we seek to sell more products to such customers, we may be required to agree to such terms and conditions more frequently, which may include terms that affect the timing of our cash flows and ability to recognize revenue, and could have an adverse effect on our business, results of operations and financial condition.

***Our contracts with governmental customers are subject to increased pressures to reduce expenses, may contain additional or more onerous terms and conditions that are not common among commercial customers, and may subject us to increased risk of audits, investigations, sanctions and penalties by such governmental parties, which could result in various civil and criminal penalties, administrative sanctions, and fines and suspensions.***

We derive a portion of our revenue from contracts with governmental customers, including the U.S. federal, state and local governments. There is pressure on such governmental customers and their respective agencies to reduce spending and some of our contracts at the state and local levels are subject to government funding authorizations. These factors combine to potentially limit the revenue we derive from such contracts.

Additionally, government contracts are generally subject to audits and investigations which could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from future government business. Such contracts are also subject to various laws and regulations that apply to doing business with governmental entities, such as country-specific sourcing requirements. The laws relating to government contracts may differ from other commercial contracting laws and our government contracts may contain pricing and other terms and conditions that are less favorable to the Company than those in commercial contracts.

***We have long-term, fixed-price contracts (including long-term, turnkey projects). Our failure to mitigate certain risks associated with fulfillment of such contracts may result in excess costs and penalties.***

Long-term, fixed-price contracts (including but not limited to turnkey projects) may have a duration greater than twelve months that involve substantial risks, which may result in excess costs and penalties. These fulfillment risks include but are not limited to:

- unanticipated technical problems with equipment, requiring us to incur added expenses to remedy such problems;
- changes in costs or shortages of components, materials, labor or construction equipment;
- recognition of revenues over the term of the contract;
- project modifications and changes to the scope of work resulting in unanticipated costs;
- delays caused by local weather or other conditions beyond our control;
- changes in regulations, permits or government policy;
- the failure of suppliers, subcontractors or consortium partners to perform; and
- penalties, if we cannot complete all or portions of the project within contracted time limits and performance levels.

Our failure to mitigate these risks may result in excess costs and penalties and may have an adverse effect on our results of operations and financial condition.

***The areas in which we provide our product and solution offerings are highly competitive, and we experience competitive pressures from numerous and varied competitors.***

We encounter competition from numerous and varied competitors targeting all areas of our business on a global and regional basis. We compete with other providers primarily on the basis of our technology, reliability, quality, price, service and customer relationships. A significant element of our competitive strategy is focused on delivering reliable, high-quality products and solutions at the best relative global cost. If our products, services, and cost structure do not enable us to compete successfully based on any of those criteria, we may experience a decline in product sales and a corresponding loss of customers.

Our competitors, any of which could introduce new technologies or business models that disrupt significant portions of our markets and cause our customers to move a material portion of their business away from us to such competitors, primarily include:

- Large-scale, global competitors with broad product portfolios and service offerings. These competitors may have greater financial, technical and marketing resources available to them compared to the resources allocated to our products and services that compete against their products and services. Competitors within this category include Schneider Electric, S.E., Eaton Corporation Plc, Legrand SA, and Huawei Investment & Holding Co., Ltd, each of which have a large, global presence and compete directly in the markets in which we operate. Industry consolidation may also impact the competitive landscape by creating larger, more homogeneous and potentially stronger competitors in the markets in which we operate.
- Offering-specific competitors with products and services that compete globally but with a limited set of product offerings. These competitors may be able to focus more closely on a particular segment of the market and apply targeted financial, technical and marketing resources in ways that we cannot, potentially leading to stronger brand recognition, technological advancement and more competitive pricing within that targeted segment.
- Regional or country-level competitors are competitors that compete with us in a limited geographic area.

***Failure to obtain performance and other guarantees from financial institutions, may prevent us from bidding on or obtaining certain contracts, or cause our costs with respect to such contracts to be higher.***

In accordance with industry practice, for certain project opportunities we are required to provide guarantees, including bid-bonds, advance payment and performance guarantees. Some customers require these guarantees to be issued by a financial institution, and historic global financial conditions have in the past, and may in the future, make it more difficult and expensive to obtain these guarantees. If we cannot obtain such guarantees on commercially reasonable terms or at all, we could be prevented from bidding on or obtaining such large project contracts, or our costs for such contracts could be higher and, in either case, could have an adverse effect on our business, results of operations and financial condition.

## Risks Related to Our Business Operations

***We are subject to various changes in costs of production, including some that are beyond our control, the impacts of which may be exacerbated if we fail to properly manage our supply chain and inventory.***

Our operations, particularly our manufacturing and service operations, depend on the availability and prices of raw materials, components, products and services from third-party suppliers, and such suppliers' ability to timely deliver the quantities and quality required at reasonable prices. Additionally, our operations depend on our ability to accurately anticipate these needs and prices. We have a large number of providers to support our global operations and breadth of offerings. In addition, certain of our suppliers are also competitors with us in one or more parts of our business and those suppliers may decide to discontinue business with us. As described in our prior filings, at times in the past we did not accurately anticipate the magnitude of inflationary increases in costs of our materials, freight and labor, as a result of which such cost increases were not immediately reflected in the prices for our offerings. Other supply chain issues that we historically have faced, and may face in the future include, but are not limited to, the following:

- Volatility in the supply or price of raw materials, freight and labor. Our products rely on a variety of raw materials and components, including steel, copper, aluminum and various electronic components. We may experience a shortage of, or a delay in receiving, such materials or components because of strong demand, supplier constraints or other operational disruptions. Moreover, prices for some of these materials and components have historically been volatile and unpredictable. We also rely upon labor and third-party freight services to produce and deliver our offerings to our customers. In the past few years, we experienced significant increases in material, freight and labor costs. If we are unable to secure necessary supplies at reasonable prices or acceptable quality, we may be unable to manufacture products, fulfill service orders or otherwise operate our business. We may also be unable to offset unexpected increases in material and component costs with our own price increases without suffering reduced volumes, revenues or operating income.
- Contractual terms. As a result of long-term price or purchase commitments in contracts with our suppliers, we may be obligated to purchase materials, components or services at prices higher than those available in the current market, which may put us at a disadvantage to competitors who have access to components or services at lower prices, impact our gross margin, and, if these issues impact demand, may result in additional charges for inventory obsolescence. In addition, to secure the supply of certain materials and components on favorable terms, we may make strategic purchases of materials and components in advance or enter into non-cancelable commitments. If we fail to anticipate demand properly, we may have an oversupply which could result in excess or obsolete materials or components.
- Contingent workers. In some locations, we rely on third-party suppliers for the provision of contingent workers, and our failure to manage such workers effectively could adversely impact our results of operations. We may also be subject to labor shortages, oversupply, or fixed contractual terms relating to the contingent workforce, and our ability to manage the size of, and costs for, such contingent workforce may be further constrained by local laws or future changes to such laws.
- Single-source suppliers. We obtain certain materials or components from single-source suppliers due to technology, availability, price, quality or other considerations. Replacing a single-source supplier could delay production of some products because replacement suppliers, if available, may be subject to capacity constraints or other output limitations.

Any of these risks could have an adverse effect on our results of operations and financial condition.

In addition, our operations depend upon disciplined inventory management, as we balance the need to maintain strategic inventory levels to ensure competitive lead times against the risk of inventory obsolescence because of rapidly changing technology and customer requirements. Excess or obsolete inventory, whether procured pursuant to an inaccurate customer forecast or otherwise, would result in a write-off of such inventory, causing an increase in costs of goods sold and a decline in our gross margins.

***If we fail to anticipate technology shifts, market needs and opportunities, and fail to develop appropriate products, product enhancements and services in a timely manner to meet those changes, we may not be able to compete effectively against our global competitors and, as a result, our ability to generate revenues will suffer.***

We believe that our future success will depend in part upon our ability to anticipate technology shifts, such as the growth in artificial intelligence, and to enhance and develop new products and services that meet or anticipate such technology changes. Any such developments will require continued investment in engineering, capital equipment, marketing, customer service and technical support. For example, we will need to anticipate potential market shifts to more efficient products, alternative power architectures, cooling technologies (such as liquid cooling) and energy storage that could diminish the demand for our existing offerings or affect our margins.

Also, our primary global competitors are sophisticated companies with significant resources that may develop superior products and services or may adapt more quickly to new technologies and technology shifts, industry changes or evolving customer requirements. If we fail to anticipate technology changes, shifting market needs or keep pace with our competitors' products, or if we fail to develop and introduce new products or enhancements in a timely manner, we may lose customers and experience decreased or delayed market acceptance and sales of present and future products and our ability to generate revenues will suffer.

***Disruptions to the various information security systems upon which our operations and our products and our services rely, especially cyber-security incidents, including data security breaches, ransomware or computer viruses, could harm our business, reduce our revenue, increase our expenses, damage our reputation and adversely impact our performance.***

We rely on our information systems and those of third parties for processing customer orders, shipping products, billing our customers, tracking inventory, supporting finance and accounting functions, financial statement preparation, payroll services, benefit administration and other general aspects of our business. These information systems, including sensitive data stored through cloud-based services that may be hosted by third parties and in data center infrastructure maintained by third parties, may be vulnerable to attack or breach. Any such attack or breach could compromise such information systems, resulting in fraud, ransom attack or theft of our, or our customers', proprietary or sensitive information which could be accessed, publicly disclosed, misused, stolen or lost. This could impede our sales, disrupt or prevent manufacturing, distribution or other critical functions or harm our customers, and the financial costs we could incur to eliminate or alleviate these security risks could be significant and may be difficult to anticipate or measure. Moreover, such a breach could cause reputational and financial harm and subject us to liability to our customers, suppliers, business partners or any affected individual.

As our business increasingly interfaces with employees, customers, vendors and suppliers using information technology systems and networks, we are subject to an increased risk to the secure operation of these systems and networks. Our evolution into smart products, Internet of Things, business-to-consumer, and e-commerce subjects us to increased cyber and technology risks. The secure operation of our information technology systems and networks and ensuring that we have skilled personnel to assist in ensuring continued security, is critical to our business operations and strategy. Information technology security threats from user error to attacks designed to gain unauthorized access to our systems, networks and data are increasing in frequency and sophistication.

In addition, the products we produce or elements of such products that we procure from third parties may contain defects, vulnerabilities, or weaknesses in design, architecture or manufacture, which could lead to system security vulnerabilities in our products and compromise the network security of our customers. If an actual or perceived breach of network security occurs, regardless of whether the breach is attributable to our products or services, the market perception of the effectiveness of our products or services could be harmed.

The manner in which a customer implements or operates the products they purchase from us may be contrary to information security or cybersecurity industry best practices or manuals regarding use. Such implementation or improper use may lead to a cybersecurity breach and, regardless of whether the breach is attributable to our products or services, the market perception of the effectiveness of our products or services could be harmed.

***Implementations of new information systems and enhancements to our current systems may be costly and disruptive to our operations.***

Our implementation of new information systems and enhancements to current systems, including those relating to our enterprise resource plan, human capital management and product lifecycle systems, are costly and have in the past and may in the future be disruptive to our operations. Problems, disruptions, delays or other issues in the design and implementation of these systems or enhancements have in the past and could in the future adversely impact our forecasting and planning abilities, and our ability to process customer orders, ship products, provide service and support

to our customers, bill and collect in a timely manner from our customers, fulfill contractual obligations, accurately record and transfer information, recognize revenue, file securities, governance and compliance reports in a timely manner or otherwise run our business. If we are unable to successfully design and implement these new systems, enhancements, and processes as planned, if the length of time or costs are greater than anticipated, if they result in further disruptions, or if they do not operate as anticipated, our business, results of operations and financial condition could be negatively impacted. Additionally, the benefits of these new systems may not be realized until they are fully implemented and testing has been completed.

***We may not realize the expected benefits from any rationalization, restructuring, and improvement efforts that we have taken or may take in the future.***

We have and continue to undertake rationalization, restructuring, and realignment initiatives to reduce our overall cost base and improve efficiency. There can be no assurance that we will fully realize the benefits of such efforts as anticipated, and we may incur additional and/or unexpected costs to realize them. These actions could yield other unintended consequences, such as distraction of management and employees, business disruption, reduced employee morale and productivity, and unexpected employee attrition, including the inability to attract or retain key personnel. If we fail to achieve the expected benefits of any rationalization, restructuring, or realignment initiatives and improvement efforts, or if other unforeseen events occur in connection with such efforts, our business, results of operations and financial condition could be negatively impacted.

***Disruption of, or consolidation or changes in, the markets or operating models of our independent sales representatives, distributors and original equipment manufacturers could have a material adverse effect on our results of operations.***

We rely, in part, on independent sales representatives, distributors, resellers, and original equipment manufacturers for the distribution of our products and services, some of whom operate on an exclusive basis. If the financial condition or operations of these third parties weaken, including as a result of a shift away from the go-to-market operating model they currently follow, and they are unable to successfully market and sell our products, our revenue and gross margins could be adversely affected. In addition, if there are disruptions or consolidation in their markets, such parties may be able to improve their negotiating position and renegotiate historical terms and agreements for the distribution of our products or terminate relationships with us in favor of our competitors. Changes in the negotiating position of such third parties in future periods could have an adverse effect on our results of operations.

***Unanticipated changes in domestic or global tax provisions, the adoption of new tax legislation or exposure to additional tax liabilities could cause increased variability in our effective tax rate and impact our financial performance.***

Variability in the mix and profitability of domestic and international activities, identification and resolution of various tax uncertainties, changes in tax laws and rates or other regulatory actions regarding taxes including the implementation of any global minimum tax for corporations, and the extent to which we are able to realize net operating loss and other carryforwards included in deferred tax assets and avoid potential adverse outcomes included in deferred tax liabilities, among other matters, may significantly impact our effective income tax rate in the future. Our effective tax rate in any given financial reporting period may be materially impacted by mix and level of earnings or losses by jurisdiction as well as the discrete recognition of taxable events and exposures. Changes in tax laws and rates or other regulatory actions may significantly impact the positions taken with regard to tax contingencies and we may be subject to audit and review by tax authorities, which may result in future taxes, interest and penalties. Additionally, final laws enacting the Organization for Economic Co-operation and Development's global minimum tax framework ("Pillar Two Laws") are effective beginning in 2024 in the European Union and other countries where we do business. The Company faces uncertainty related to the potential implementation of Pillar Two Laws in other countries where we operate. We are continuing to monitor the legislative process and evaluate the potential impact of implementation of Pillar Two Laws by other countries. We are regularly subject to audits by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. Economic and political pressures to increase tax revenue in various jurisdictions may make resolving tax disputes more difficult and may lead to unpredictability in our tax estimates. The results of an audit or litigation could adversely affect our financial statements in the period or periods for which that determination is made and may have negative impacts on future periods as well. Additionally, actions brought by such foreign taxing authorities could impact our licenses, permits, or certifications in that jurisdiction, which could affect our ability to operate in that jurisdiction. If we lost our ability to operate in jurisdictions, especially those where we have manufacturing facilities, our results of operations and financial performance could be materially impacted.

***Any failure of our product offerings could subject us to substantial liability, including product liability claims, which could damage our reputation or the reputation of one or more of our brands.***

The product offerings that we provide are complex, and our regular testing and quality control efforts may not be effective in controlling or detecting all quality issues or errors, particularly with respect to faulty components manufactured by third parties. Defects could expose us to product warranty claims, including substantial expense for the recall and repair or replacement of a product or component, and product liability claims, including liability for personal injury or property damage. We are not generally able to limit or exclude liability for personal injury or property damage to third parties under the laws of most jurisdictions in which we do business, and in the event of such incident, we could spend significant time, resources and money to resolve any such claim. We may be required to pay for losses or injuries purportedly caused by the design, manufacture, installation or operation of our products or by solutions performed by us or third parties.

An inability to cure a product defect could result in the failure of a product line, temporary or permanent withdrawal from a product or market, delays in customer payments or refusals by our customers to make such payments, increased inventory costs, product reengineering expenses and our customers' inability to operate their enterprises. Such defects could also negatively impact customer satisfaction and sentiment, generate adverse publicity, reduce future sales opportunities and damage our reputation or the reputation of one or more of our brands. Any of these outcomes could have an adverse effect on our results of operations and financial condition.

***The global scope of our operations, especially in emerging markets, poses specific risks and challenges with respect to operations, compliance with laws and enforcement of consistent company-wide standards and procedures.***

As of December 31, 2024, we employed approximately 31,000 people globally and had manufacturing facilities in the Americas, Asia Pacific and Europe, Middle East & Africa. We generate substantial revenue outside of the US, including sales in emerging markets, and expect that foreign revenue will continue to represent a significant portion of our total revenues. In order to manage our day-to-day operations, we must overcome cultural and language barriers and assimilate different business practices. In addition, we are required to create compensation programs, employment policies and other administrative programs that comply with the laws of multiple countries, as well as, contractual labor requirements with unions in countries where we operate with local labor unions. We also must communicate and monitor company-wide standards and directives across our global network. Our failure to successfully manage our geographically diverse operations and our contractual and regulatory obligations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with company-wide standards and procedures.

Serving a global customer base requires that we place more materials, production and service assets in emerging markets to capitalize on market opportunities and maintain our cost position. Newer geographic markets may be relatively less profitable due to the investments needed to enter such markets and local pricing pressures, and we may have difficulty establishing and maintaining the operating infrastructure necessary to support the high growth rates associated with some of those markets. Manufacturers in countries that have lower production costs, such as China and India, may become competitors in key emerging markets and could offer their products in established markets. These actions may have a negative effect on our pricing, market share and operating results in these markets. In addition, foreign governments may decide to implement tax and other policies that favor their domestic manufacturers at the expense of international manufacturers. Similarly, the recent imposition of additional tariffs by the U.S., and the tariffs being proposed, on various countries, as well as the potential imposition of retaliatory tariffs or additional tariffs by the U.S. on other countries or regions, could increase our cost of doing business internationally, perhaps significantly, and may lead to further challenges for us in the various foreign markets in which we operate.

Operations in emerging markets can also present risks that are not encountered in countries with well-established economic and political systems, including:

- changes or instability in a region's economic or political conditions, including actual or anticipated military or political conflicts, could make it difficult for us to anticipate future business conditions, cause operational delays, complicate permitting and other regulatory matters and make our customers less willing to make cross-border investments;
- unpredictable or more frequent foreign currency exchange rate fluctuations;
- inadequate infrastructure, including lack of adequate power and water supplies, transportation, raw materials and parts;
- foreign state takeovers of our facilities, trade protectionism, state-initiated industry consolidation or other similar government actions or control;

- changes in and compliance with international, national or local regulatory and legal environments, including laws and policies affecting trade, economic sanctions, foreign investment, labor relations, foreign anti-bribery and anti-corruption;
- the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems;
- longer collection cycles and financial instability among customers;
- trade regulations, tariffs, boycotts and embargoes, which could impair our ability to obtain materials necessary to fulfill contracts, pursue business or establish operations in such countries;
- difficulty of obtaining adequate financing and/or insurance coverage;
- fluctuations in freight costs, limitations on shipping and receiving capacity, and other disruptions in the transportation and shipping infrastructure;
- political or social instability that may hinder our ability to send personnel abroad or cause us to move our operations to facilities in countries with higher costs and less efficiencies;
- difficulties associated with repatriating earnings generated or held abroad in a tax-efficient manner, changes in tax laws, or tax inefficiencies; and
- exposure to wage, price and capital controls, local labor conditions and regulations, including local labor disruptions and rising labor costs which we may be unable to recover in our pricing to customers.

Consequently, our exposure to these conditions which may exist in or otherwise impact the emerging markets that we enter may have an adverse effect on our business, results of operations and financial condition.

***Any failure by us to identify, manage, integrate and complete acquisitions, divestitures and other significant transactions successfully could harm our financial results, business and prospects.***

As part of our business strategy, we have in the past and may, from time to time in the future, acquire businesses or interests in businesses, including non-controlling interests, or form joint ventures or create strategic alliances. Whether we realize the anticipated benefits from such activities depends, in part, upon the successful integration between the businesses involved, the performance and development of the underlying products, capabilities or technologies, our correct assessment of assumed liabilities and the management of the operations. Accordingly, our financial results could be adversely affected by unanticipated performance and liability issues, our failure to achieve synergies and other benefits we expected to obtain, transaction-related charges, amortization related to intangibles, and charges for impairment of long-term assets.

Our ability to realize the expected synergies and benefits of an acquisition include, among other things, our ability to complete the timely integration of operations and systems, organizations, standards, controls, procedures, policies and technologies, difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from the combination; and difficulties in managing the expanded operations of a significantly larger and more complex combined business.

With any acquisition or divestiture, we may encounter unexpected integration or divestiture-related costs, fail to realize all the benefits anticipated or be subject to other factors that adversely affect preliminary estimates. In addition, even if the operations of the two businesses are integrated or divested successfully, the full benefits of the acquisition or divestiture may not be realized, including the synergies, cost savings or sales or growth opportunities that we expect. The occurrence of any of these events, individually or in combination, could have a material adverse effect on the combined or remaining business's financial condition and operating results.

Additionally, achieving benefits of any acquisition or divestiture may require certain related one-time costs, charges and expenses, which may be material and have not yet been quantified. We expect to incur significant, non-recurring costs in connection with consummating acquisitions or divestitures, combining the operations of target companies or separating the operations of divested businesses, and achieving desired synergies and cost savings. These fees and costs may be substantial. No assurances can be made that the costs of achieving the anticipated cost synergies will not rise materially, or that synergies will be realized in the amounts expected, in the timeframes we currently anticipate, or at all. We can provide no assurance that we will be successful in generating growth, maintaining or increasing our cash flows or profitability or achieving cost savings and revenue enhancements in connection with the items reflected by these adjustments, and our inability to do so could have a material adverse effect on our business, cash flows, results of operations and financial position.

***Our operations depend on production facilities, including the expansion of existing facilities and opening of new facilities, throughout the world, which subjects us to varying degrees of risk of disrupted production.***

We operate manufacturing facilities worldwide and continue to expand and open new facilities in different locales. Our manufacturing facilities and operations could be disrupted by a natural disaster, labor strike, shortages in suppliers, components and parts, war, political unrest, terrorist activity, economic upheaval, changes in governmental regulations,

including but not limited to regulations regarding taxes, tariffs, custom duties, restricted and/or sanctioned parties, government mandated shutdowns or shelter in place orders, or public health concerns. Some of these conditions are more likely in certain geographic regions in which we operate. Any such disruption could cause delays in the manufacture and/or shipments of products, performance of services, and the loss of sales and customers, and insurance proceeds may not adequately compensate for losses.

***Wars, conflicts and other types of geopolitical tensions, and any resulting sanctions by the U.S., European Union and other countries may contribute to inflation, market disruptions and increased volatility in commodity prices more acutely in the U.S. and Europe and a slowdown in global economic growth.***

War and conflict, such as the current conflict in the middle east and the invasion of Ukraine by Russia in February 2022, and any resulting sanctions by the U.S., European Union, and other countries may have a broad range of adverse impacts on global business and financial markets, some of which may have adverse impacts on our business. These include increased inflation, significant market disruptions, increased volatility in commodity prices, the imposition of additional tariffs by the U.S. on certain of its trading partners, which could trigger retaliatory tariffs by those trading partners, and the possibility of additional potential tariffs or other trade restrictions by the U.S. on other jurisdictions. Although the duration and extent of military and other conflict is highly unpredictable, and the magnitude of the potential economic impact may not readily be quantified military and other hostile actions and resulting sanctions could have a negative effect on our financial condition and operating results. Further, war and conflicts could lead to instability and volatility in global markets and industries that could negatively impact our operations. The U.S. government and other governments in jurisdictions in which we operate may impose severe sanctions and export controls. While it is difficult to anticipate the duration and extent of any conflict, or the impact of any prolonged conflict and commensurate sanctions and penalties may have on our operations, any sanctions imposed or actions taken by the U.S. or other countries, and any retaliatory measures could increase our costs, reduce our sales and earnings or otherwise have an adverse effect on our operations.

## **Legal and Regulatory Risks**

***Future legislation and regulation governing Internet-related services, other related communications services information technologies, and critical infrastructure could disrupt our customers' markets resulting in declines in sales volume and prices of our products and otherwise have an adverse effect on our business operations and performance.***

Various laws and governmental regulations, both in the U.S. and abroad, governing Internet-related services, related communications services, information technologies, and the construction and location of data centers and other critical infrastructure remain largely unsettled, even in areas where there has been some legislative action. There are anticipated regulations forthcoming in the U.S. and other countries where our customers operate in the areas of cybersecurity, data privacy and data security, artificial intelligence, and critical infrastructure construction, permitting and energy consumption any of which could impact us and our customers. Future legislation and regulation could impose additional costs on our business, disrupt our customers' markets or require us to make changes in our operations which could adversely affect our operations and performance.

***Any failure to comply with evolving data privacy and data protection laws and regulations or to otherwise protect personal data, may adversely impact our business and financial results.***

To conduct our operations, we regularly move data across borders, and consequently we are subject to a number of continuously evolving and developing privacy and data protection laws and regulations around the world. These include, for example, the General Data Protection Regulation ("GDPR") in Europe, the California Privacy Rights and Enforcement Act of 2020 ("CPRA") in the U.S., and the Personal Information Protection Law ("PIPL") in China. These laws impose numerous obligations on data controllers and processors. Breaches could result in substantial fines, regulatory investigations, reputational damage, orders to cease/change our use of data, enforcement notices, and potential civil claims including class action type litigation. We seek to comply with and abide by all laws and regulations to which we are subject and devote significant time and resources to our compliance efforts. Despite such efforts, there is a risk that we may be subject to fines and penalties, litigation and reputational harm if we fail to properly process or protect the data or privacy of third parties or comply with data privacy and data protection regimes.

***Our international operations expose us to specific legal compliance issues relating to anti-corruption laws and regulations of the U.S. government and various other international jurisdictions, and our failure to comply with those regulations could adversely impact our business.***

We are subject to various anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), which prohibit payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. We operate in several less-developed regions that are recognized as having a greater risk of potentially corrupt

business environments and, in certain circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. Our legal compliance and ethics programs and policies, including our code of business conduct, existing policies on anti-bribery, export controls, environmental and other legal compliance, and periodic training on these matters, mandate compliance with anti-corruption laws and are designed to reduce the likelihood of a compliance violation. In the event that we have reason to believe that our employees or business partners have or may have violated applicable laws, regulations or policies, including anti-corruption laws, we are required to investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Nevertheless, such a violation could still occur, disrupting our business through fines, penalties, diversion of internal resources, negative publicity and possibly severe criminal or civil sanctions.

***We are subject to governmental export and import controls and sanction programs that could subject us to liability or impair our ability to compete in international markets.***

We, and certain of our products (including components of such products), are subject to applicable import laws, export controls and economic sanctions laws and regulations, including rule changes, evolving enforcement practices, and other government actions. Changes in import and export control or trade sanctions laws, the imposition of tariffs on certain U.S. trading partners, the potential for retaliatory tariffs, or the imposition of additional tariffs or other trade restrictions, will increase our costs, and may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in claims for breach of existing contracts and modifications to existing compliance programs and training schedules. While we train our employees to comply with these regulations and have systems in place designed to prevent compliance failure, we cannot provide assurance that a violation will not occur, whether knowingly or inadvertently. Violations may result in penalties, including fines, debarments from export and import privileges, and loss of authorizations needed to conduct aspects of our international business, and may harm our ability to enter into contracts with our customers and suppliers who have contracts with the U.S. government. A violation of the laws and regulations enumerated above could have an adverse effect on our business, results of operations and financial condition.

***Changes in U.S. or foreign trade policies, including additional tariffs or global trade conflicts, could increase the cost of our products, which could adversely impact the competitiveness of our products.***

There is currently significant uncertainty about the future relationship between the U.S. and various other countries with respect to trade policies and tariffs. For example, the new U.S. administration has instituted substantial changes to U.S. foreign trade policy with respect to China and other countries, including a significant increase in tariffs on goods imported into the U.S. and the possibility of imposing further restrictions on international trade. This new administration has taken a different approach to U.S. foreign trade policy than their predecessors, so there remains uncertainty as to whether, and to what degree, trade between the U.S. and other countries, including countries in which we operate, will be impacted by these policy shifts. Changes in policy or continued uncertainty could depress economic activity and restrict our access to suppliers or customers. Furthermore, counter- or retaliatory tariffs imposed against the U.S. could impact our sales internationally. Tariffs implemented on our products (or on materials, parts or components we use to manufacture our products or to provide service for our products) have in the past increased the cost of our products manufactured in the U.S. and imported into the U.S. The imposition of additional tariffs on our products (or on materials, parts or components we use to manufacture our products or to provide service for our products) by the U.S. or other countries, the cost of our products manufactured in other countries subject to additional tariffs and imported into the U.S. or other countries in which we operate would increase as a result of new tariffs that are implemented, and could increase further to the extent that retaliatory tariffs or similar additional trade restrictions are implemented. In the event we are unable to pass the increased costs resulting from any tariffs along to our customers, it could have a material adverse effect on our business, profitability, and our earnings.

***We are subject to risks related to legal claims and proceedings filed by or against us, and adverse outcomes in these matters may materially harm our business.***

We are subject to various claims, disputes, investigations, demands, arbitration, litigation, or other legal proceedings. Legal claims and proceedings may relate to labor and employment matters, commercial contracts, intellectual property, disputes with customers and suppliers, product liability or defects, environmental, health and safety matters, property damage, theft, personal injury, fiduciary duties of our directors and officers, securities matters, and various other matters. Legal matters are inherently uncertain, and we cannot predict the duration, scope, outcome or consequences. In addition, legal matters are expensive and time-consuming to defend, settle, and/or resolve, and may require us to implement certain remedial measures that could prove costly or disruptive to our business and operations. The unfavorable resolution of one or more of these matters could have an adverse effect on our business, results of operations and financial condition.

***Our financial performance may suffer if we cannot continue to develop, commercialize or enforce the intellectual property rights on which our businesses depend, or if we are unable to gain and maintain access to relevant intellectual property rights of third parties through license and other agreements, or are subjected to successful third-party claims of infringement.***

Our business relies on a substantial portfolio of global intellectual property rights. Intellectual property laws vary by jurisdiction and we may be unable to protect or enforce our proprietary rights adequately in all cases, or do so without undue cost. In addition, our intellectual property rights could be challenged, invalidated, infringed or circumvented. The existence of many patents in our fields, the secrecy of some pending patent applications, and the rapid rate of issuance of new patents makes it economically impractical to make conclusive advance determinations of whether a product or any of its components infringes the patent rights of others. We also rely on maintenance of proprietary information (such as trade secrets, know-how and other confidential information) to protect certain intellectual property, which can be difficult to maintain as confidential. Confidentiality agreements may not provide an adequate remedy in the event of an unauthorized disclosure, and the enforceability of such confidentiality agreements may vary from jurisdiction to jurisdiction. Failure to obtain or maintain trade secrets, protection of know-how and other confidential information could adversely impact our business.

We also rely on licensing certain intellectual property rights from third parties, which requires that we monitor and manage our use of third-party and open-source software components to comply with applicable license terms. Our ability to comply with such license terms may be affected by factors that we can only partially influence or control. The continuation of good licensing relationships with our third-party licensors is important to our business. If any of our third-party licensors are acquired by our competitors, the applicable licensed intellectual property may no longer be available to us or available only on less favorable terms, which could adversely impact our business, results of operations and financial condition.

In addition, third party claims of infringement by us or customers using our product, regardless of the merit of these claims, can be time-consuming, costly to defend, and may require that we develop or substitute non-infringing technologies, redesign affected products, divert management's attention and resources away from our business, require us to enter into settlement or license agreements that may not be commercially reasonable, pay significant damage awards, including treble damages if we were found to be willfully infringing, or temporarily or permanently cease engaging in certain activities or offering certain products or services in some or all jurisdictions, and any of the foregoing could adversely impact our business.

Our customer contracts and certain of our intellectual property license agreements often include obligations to indemnify our customers and licensees against certain claims of intellectual property infringement, and these obligations may be uncapped. If claims of intellectual property infringement are brought against such customers or licensees in respect of the intellectual property rights, products or services that we provide to them, we may be required to defend such customers or licensees and/or pay some or all of the costs these parties may incur related to such litigation or claims.

***We are subject to environmental, health and safety matters, laws and regulations, including regulations related to the composition and take back of our products and our ownership, lease or operation of our facilities which could subject us to significant costs or liabilities.***

We are subject to a broad range of foreign and domestic environmental, health and safety laws, regulations and requirements, including those relating to the discharge of regulated materials into the environment, the generation and handling of hazardous substances and wastes, human health and safety, and the content, composition and take back of our products. For example, the European Union Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive and similar laws and regulations of China and other jurisdictions limit the content of certain hazardous materials such as lead, mercury, and cadmium in the manufacture of electrical equipment, including our products. Additionally, the EU, China and other jurisdictions have adopted or proposed versions of the Waste Electrical and Electronic Equipment Directive, which requires producers of electrical and electronic equipment to assume responsibility for collecting, treating, recycling and disposing of products when they have reached the end of their useful life, as well as Registration, Evaluation, Authorization and Restriction of Chemical Substances regulations, which regulate the handling and use of certain chemical substances that may be used in our products.

If we fail to comply with applicable environmental, health and safety laws and regulations, we may face administrative, civil or criminal fines or penalties, the suspension or revocation of necessary permits, and requirements to install additional pollution controls. Furthermore, current and future environmental, health and safety laws, regulations and permit requirements could require us to make changes to our operations or incur significant costs relating to compliance. For example, as climate change issues become more prevalent, foreign, federal, state and local governments and our customers have been responding to these issues. The increased global focus on environmental sustainability may result

in new regulations and customer requirements, or changes in current regulations and customer requirements, which could materially adversely impact our business, results of operations and financial condition.

In addition, we handle hazardous materials in the ordinary course of operations which increases the risk that there may be spills or releases of hazardous materials into the environment. We have significant manufacturing facilities in North and South America, in Asia-Pacific and in Europe, Middle East & Africa. At sites which we own, lease or operate, or have previously owned, leased or operated, or where we have disposed or arranged for the disposal of hazardous materials, we may have current liability exposure for contamination, and could in the future be liable for additional contamination. We have been, and may in the future be, required to participate in the remediation or investigation of, or otherwise bear liability for, such contamination and be subject to claims from third parties who were damaged or injured by such contamination.

***We are subject to risks related to various environmental, social and governance ("ESG")-related matters, metrics, and goals, which may impact our business and reputation.***

Businesses including ours are facing increasing scrutiny in ESG-related areas, which may include renewable resources, environmental stewardship, supply chain management, climate change, safety, diversity, equity and inclusion ("DEI"), workplace conduct, human rights, philanthropy and support for local communities. If we fail to meet applicable standards or expectations with respect to these issues across all of our services and in all of our operations and activities, including any metrics and goals that we set for ourselves and disclose publicly or we fail to disclose publicly, our reputation and brand image could be damaged, and our business, financial condition and results of operations could be adversely impacted. Our reputation also may be harmed by the perceptions that our customers, employees, and other stakeholders have about our action or inaction on ESG issues.

Certain organizations that provide corporate governance and other corporate risk information to investors and stakeholders have developed, and others may in the future develop, scores and ratings to evaluate companies based in whole or part on various ESG metrics. We do not control these organizations or the content and opinions included in their reports and cannot assure that their analysis would be positive or accurate. Many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision.

If we communicate to the market certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives and goals, or we could be criticized for the scope of such initiatives or goals. The expectations and assumptions underlying any such initiatives and goals would be necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and measuring and reporting on many ESG matters.

In addition, in recent years "anti-ESG" sentiment has gained momentum across the U.S., with several states and Congress having proposed or enacted "anti-ESG" policies, legislation, or initiatives or issued related legal opinions, and the President of the United States of America having recently issued an executive order opposing DEI initiatives in the private sector. Such anti-ESG and anti-DEI-related policies, legislation, initiatives, litigation, legal opinions, and scrutiny could result in us facing additional compliance obligations, becoming the subject of investigations and enforcement actions, or sustaining reputational harm.

## **Risks Related to Our Financial Position, Investments and Indebtedness**

***Our results of operations may be adversely affected if we fail to realize the full value of our goodwill and intangible assets.***

As of December 31, 2024, we had total goodwill and net intangible assets of \$2,808.2 which constituted approximately 31% of our total assets in the aggregate. We assess goodwill and indefinite lived assets for impairment annually, and we conduct an interim evaluation of definite lived and indefinite lived assets whenever events or changes in circumstances, such as operating losses or a significant decline in earnings associated with the acquired business or asset, indicate that these assets may be impaired. Our ability to realize the value of goodwill and net intangible assets will depend on the future cash flows of the businesses to which they relate. If we are not able to realize the value of the goodwill and net intangible assets, this could adversely affect our results of operations and financial condition, and also result in an impairment of those assets.

***We are exposed to fluctuations in foreign currency exchange rates, and our hedging activities may not protect us against the consequences of such fluctuations on our earnings and cash flows.***

As a result of our global operations, our business, results of operations and financial condition may be adversely affected by fluctuations in currency exchange rates, most notably if the U.S. dollar strengthens against the primary foreign currencies, which could adversely impact our revenue growth in future periods. For example, if the U.S. dollar strengthens against other currencies such as the euro, our revenues reported in U.S. dollars would decline. In addition, for U.S. dollar-denominated sales, an increase in the value of the U.S. dollar would increase the real cost to customers of our products in markets outside the U.S., which could result in price concessions in certain markets, impact our competitive position or have an adverse effect on demand for our products and consequently on our business, results of operations and financial condition.

***The presence of a material weakness in internal control over financial reporting could result in material misstatements in our financial statements.***

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual consolidated financial statements will not be prevented or detected on a timely basis.

As of December 31, 2024 management has concluded that the Company's internal control over financial reporting was effective. Notwithstanding this conclusion, we have had material weaknesses in the past, and we cannot assure you that we will not have additional material weaknesses in our internal control over financial reporting in the future.

If we are unable to remediate any future material weaknesses identified, our ability to record, process and report financial information accurately, and to prepare financial statements within the time periods specified by the rules and forms of the Securities and Exchange Commission, could be adversely affected. This failure could negatively affect the market price and trading liquidity of our Class A common stock, cause investors to lose confidence in our reported financial information, subject us to civil and criminal investigations and penalties and generally materially and adversely impact our business and financial condition.

***Our level of indebtedness could adversely affect our financial condition and prevent us from making payments on our debt obligations.***

We have debt, including existing outstanding indebtedness under the Term Loan Facility (as defined herein). As of December 31, 2024, we had approximately \$2,097.0 of senior secured indebtedness outstanding under the Term Loan Facility, \$850.0 of Senior Secured Notes due 2028 (the "Notes") outstanding and \$784.9 of undrawn commitments (which undrawn commitments are available subject to customary borrowing base and other conditions), and subject to separate sublimits for letters of credit, swingline borrowings and borrowings made to certain non-U.S. subsidiaries) under the ABL Revolving Credit Facility (as defined herein) (net of letters of credit outstanding in the aggregate principal amount of \$15.1, and taking into account the borrowing base limitations set forth in the ABL Revolving Credit Facility), which, if drawn would constitute senior secured indebtedness.

Our level of indebtedness could have important consequences, including making it more difficult for us to satisfy our obligations; increasing our vulnerability to adverse economic and industry conditions; limiting our ability to obtain additional financing for future working capital, capital expenditures, raw materials, strategic acquisitions and other general corporate requirements; exposing us to interest rate fluctuations because the interest on the debt under the Senior Secured Credit Facilities is imposed, and debt under any future debt agreements may be imposed, at variable rates, which may affect the yield requirements of investors who invest in our shares, adversely impacting the price of our shares and our ability to issue equity or incur additional debt; requiring us to dedicate a portion of our cash flow from operations to payments on our debt (including interest and scheduled repayments on the outstanding term loan borrowings under the Term Loan Facility, interest payments on the Notes or any future debt agreements with similar requirements), thereby reducing the availability of our cash flow for operations and other purposes; making it more difficult for us to satisfy our obligations to our lenders, resulting in possible defaults on and acceleration of such indebtedness; limiting our ability to refinance indebtedness or increasing the associated costs; requiring us to sell assets to reduce debt or influencing our decision about whether to do so; limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate or preventing us from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our business; and placing us at a competitive disadvantage compared to any competitors that have less debt or comparable debt at more favorable terms and that, as a result, may be better positioned to withstand economic downturns.

***Despite our current levels of indebtedness, we have the ability to incur more indebtedness, which could further intensify the risks described above.***

We may be able to incur additional debt in the future and the terms of the credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes will not prohibit us from doing so subject to certain limitations. We have the ability to draw upon the undrawn portion of our \$800.0 ABL Revolving Credit Facility (subject to customary borrowing base and other conditions, and subject to separate sublimits for letters of credit, swingline borrowings and borrowings made to certain non-U.S. subsidiaries) and the ability to increase the aggregate availability thereunder by up to \$200.0 (subject to receipt of commitments and satisfaction of certain other conditions). We also have the ability to draw upon the uncommitted accordion provided under the Term Loan Facility (subject to the receipt of commitments and satisfaction of certain other conditions), which, as of the date of closing of the Term Loan Facility, permitted incremental term loans thereunder or certain equivalent debt outside of the Term Loan Facility documentation of up to (i) the greater of \$325.0 and 60% of “Consolidated EBITDA” (as defined in the Term Loan Facility), plus (ii) the sum of all voluntary prepayments, repurchases and redemptions of the Term Loan Facility and certain permitted indebtedness that is secured on a pari passu basis with the Term Loan Facility, in each case, to the extent not financed with the incurrence of certain additional long-term indebtedness, plus (iii) an unlimited amount so long as, on a pro forma basis (x) with respect to indebtedness secured on a pari passu basis with the Term Loan Facility, the “Consolidated First Lien Net Leverage Ratio” (as defined in the Term Loan Facility) of Vertiv Group (as defined herein) and its restricted subsidiaries would not exceed 3.75:1.00 and (y) with respect to indebtedness incurred outside of the Term Loan Facility documentation and secured on a junior basis with the Term Loan Facility or unsecured, the “Consolidated Total Net Leverage Ratio” (as defined in the Term Loan Facility) of Vertiv Group (as defined herein) and its restricted subsidiaries would not exceed, subject to certain exceptions, 5.25:1.00. If new debt is added to our current debt levels, the related risks that we now face could intensify and we may not be able to meet all our respective debt obligations. In addition, the credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes do not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

***Restrictive covenants in the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes, and any future debt agreements, could restrict our operating flexibility.***

The credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes contain covenants that limit certain of our subsidiaries’ ability to take certain actions. These restrictions may limit our ability to operate our businesses, and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise.

The credit agreements governing the Senior Secured Credit Facilities and the indenture governing the Notes restrict (subject to exceptions), among other things, our ability to incur additional indebtedness; pay dividends or other payments on capital stock; guarantee other obligations; grant liens on assets; make loans, acquisitions or other investments; transfer or dispose of assets; make optional payments of, or otherwise modify, certain debt instruments; engage in transactions with affiliates; amend organizational documents; engage in mergers or consolidations; enter into arrangements that restrict certain of our subsidiaries’ ability to pay dividends; change the nature of the business conducted by Vertiv Group and its restricted subsidiaries; and designate our subsidiaries as unrestricted subsidiaries. Additionally, the activities which may be carried out by Holdings (as defined herein) are subject to limitations.

In addition, under the ABL Revolving Credit Facility, if availability goes below a certain threshold, Vertiv Group and its restricted subsidiaries are required to comply with a minimum “Consolidated Fixed Charge Coverage Ratio” (as defined in the ABL Revolving Credit Facility) of 1.00 to 1.00.

***Our ability to comply with the covenants and restrictions contained in the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes and any future debt agreements, is not fully within our control and breaches of such covenants or restrictions could trigger adverse consequences.***

Our ability to comply with the covenants and restrictions contained in the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes and any future debt agreements, may be affected by economic conditions and by financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants and restrictions in future periods will also depend substantially on the pricing and sales volume of our products, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy, among other factors. The breach of any of these covenants or restrictions could result in a default under the credit agreements governing the Senior Secured Credit Facilities, the indenture governing the Notes or any future debt, including as a result of a cross-default, that would permit the applicable note holders or lenders to terminate any outstanding commitments and declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In that case, the applicable borrowers may be unable to borrow under the Senior Secured

Credit Facilities, the Notes, or any future debt, may not be able to repay the amounts due under the Senior Secured Credit Facilities, the Notes, or any future debt, may not be able to make interest payments on the Senior Secured Credit Facilities of the Notes and may not be able to make cash available to us, by dividend, debt repayment or otherwise, to enable us to make payments on any future debt, meet other corporate needs or pay dividends. In addition, the lenders under the Senior Secured Credit Facilities, the noteholders of the Notes or any future secured debtholder, could proceed against the collateral securing that indebtedness. This could have serious consequences to our financial position, results of operations and/or cash flows and could cause us to become bankrupt or insolvent.

***Our business plan is dependent on access to funding through the capital markets.***

Our ability to invest in our businesses, make strategic acquisitions and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short-term borrowings. Volatility in the capital markets may increase costs associated with issuing other debt instruments, or affect our ability to access those markets. Any decline in the ratings of our corporate credit or any indications from the rating agencies that their ratings on our corporate credit are under surveillance or review with possible negative implications could adversely impact our ability to access capital. If we are unable to continue to access the capital markets, our ability to effectively execute our business plan could be adversely affected, which could have a material adverse effect on our business and financial results. Additionally, if our customers, suppliers or financial institutions are unable to access the capital markets to meet their commitments to us, our business could be adversely impacted.

**Risks Related to the Ownership of our Securities**

***Resales of our securities may cause the market price of our securities to drop significantly, even if our business is doing well.***

As restrictions on resale end and registration statements remain available for use, the sale or possibility of sale of shares by the former owners of E&I and other investors could have the effect of increasing the volatility in our share price or the market price of our securities could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them. We cannot predict the size of any such future sales of shares or the effect, if any, that future sales would have on the market price of our shares. Sales of our Class A common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause our stock price to fall and make it more difficult for holders to sell shares of our Class A common stock.

***Anti-takeover provisions contained in our Organizational Documents could impair a takeover attempt.***

Our Organizational Documents contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. We are also subject to anti-takeover provisions under Delaware law, which could delay or prevent a change of control. Together, these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. Certain of these provisions provide:

- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the right of our Board to elect a director to fill a vacancy created by the expansion of our Board or the resignation, death or removal of a director in certain circumstances, which prevents stockholders from being able to fill vacancies on our Board;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders; a prohibition on stockholders calling a special meeting and the requirement that a meeting of stockholders may only be called by members of our Board or the Chief Executive Officer of the Company, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our Board or to propose matters to be acted upon at a meeting of stockholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

***Our Certificate of Incorporation includes a forum selection clause, which could discourage claims or limit stockholders' ability to make a claim against us, our directors, officers, other employees or stockholders.***

Our Certificate of Incorporation includes a forum selection clause, which provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring: (a) any derivative action or proceeding brought on behalf of the

Company; (b) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees of the Company to the Company or our stockholders; (c) any action asserting a claim arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws; or (d) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (a) through (d) above, any claim (i) as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), (ii) which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, (iii) for which the Court of Chancery does not have subject matter jurisdiction or (iv) arising under the federal securities laws, including the Securities Act, as to which the Court of Chancery and the federal district court for the District of Delaware shall concurrently be the sole and exclusive forums. This forum selection clause may discourage claims or limit stockholders' ability to submit claims in a judicial forum that they find favorable and may result in additional costs for a stockholder seeking to bring a claim. While we believe the risk of a court declining to enforce this forum selection clause is low, if a court were to determine the forum selection clause to be inapplicable or unenforceable in an action, we may incur additional costs in conjunction with our efforts to resolve the dispute in an alternative jurisdiction, which could have a negative impact on our results of operations and financial condition. Notwithstanding the foregoing, the forum selection clause will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America shall be the sole and exclusive forum.

***We are a holding company and will depend on the ability of our subsidiaries to pay dividends.***

We are a holding company without any direct operations and have no significant assets other than our ownership interest in our subsidiaries. Accordingly, our ability to pay dividends depends upon the financial condition, liquidity and results of operations of, and our receipt of dividends, loans or other funds from, our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to make funds available to us. In addition, there are various statutory, regulatory and contractual limitations and business considerations on the extent, if any, to which our subsidiaries may pay dividends, make loans or otherwise provide funds to us. For example, the ability of our subsidiaries to make distributions, loans and other payments to us for the purposes described above and for any other purpose may be limited by the terms of the agreements governing the Senior Secured Credit Facilities, the Notes, and any of our other outstanding indebtedness.

**General Risk Factors**

***Global macroeconomic conditions, including economic weakness and uncertainty in the areas in which we operate, could adversely impact our business, results of operations and financial condition.***

Worldwide economic conditions generally impact demand for our product offerings. Macroeconomic weakness and uncertainty in global, regional or local areas may result in decreased orders, revenue, gross margin and earnings. Our business has been impacted from time to time in the past by macroeconomic weakness in the U.S. and various regions outside of the U.S. Continued pressures relating to global supply chain constraints, inflationary impacts on component parts and raw materials, higher overhead costs as a percentage of revenue and higher interest expense and labor shortages have resulted, and could continue to result in, economic weakness and uncertainty, which could result in:

- capital spending constraints for customers and, as a result, reduced demand for our offerings;
- increased price competition for our offerings;
- excess and obsolete inventories;
- restricted access to capital markets and financing, resulting in delayed or missed payments to us and additional bad debt expense;
- excess facilities and manufacturing capacity;
- significant declines in the value of foreign currencies relative to the U.S. dollar, impacting our revenues and results of operations;
- financial difficulty for our customers; and
- increased difficulty in forecasting business activity for us, customers, the sales channel and vendors.

***In order to successfully operate, we must identify, attract, develop, train, motivate and retain key employees, and failure to do so could seriously harm us.***

In order to successfully operate as an independent public company and implement our business plans, we must identify, attract, develop, motivate, train and retain key employees, including qualified executives, management, engineering, sales, marketing, IT support and service personnel. The market for such individuals may be highly competitive. We may not be successful in attracting, integrating or retaining qualified personnel to meet our current growth plans or future needs. Our productivity may be adversely affected if we do not integrate and train our new employees quickly and effectively. Attracting and retaining key employees in a competitive marketplace requires us to provide a competitive

compensation package, which often includes cash- and equity-based compensation. If our total compensation package is not viewed as competitive, our ability to attract, motivate and retain key employees could be weakened and failure to successfully hire or retain key employees and executives could adversely impact us.

Changes in our executive management team, including our executive chairman, may also cause disruptions in, and harm to, our business and failure to have an effective succession plan in place for our key executive officers could significantly delay or prevent us from achieving our business and/or development objectives and could materially harm our business.

***We may elect not to purchase insurance for certain business risks and expenses and, for the insurance coverage we have in place, such coverage may not address all of our potential exposures or, in the case of substantial losses, may be inadequate.***

We may elect not to purchase insurance for certain business risks and expenses, such as claimed intellectual property infringement, where we believe we can adequately address the anticipated exposure or where insurance coverage is either not available at all or not available on a cost-effective basis. In addition, product liability and product recall insurance coverage is expensive and may not be available on acceptable terms, in sufficient amounts, or at all. We may be named as a defendant in product liability or other lawsuits asserting potentially large claims if an accident occurs at a location where our products, solutions or services have been or are being used. For those policies that we do have, insurance coverage may be inadequate in the case of substantial losses, or our insurers may refuse to cover us on specific claims. Losses not covered by insurance could be substantial and unpredictable and could adversely impact our financial condition and results of operations. If we are unable to maintain our portfolio of insurance coverage, whether at an acceptable cost or at all, or if there is an increase in the frequency or damage amounts claimed against us, our business, results of operations and financial condition may be negatively impacted.

***Fluctuations in interest rates could materially affect our financial results and may increase the risk our counterparties default on our interest rate hedges.***

Borrowings under the Senior Secured Credit Facilities are subject to variable rates of interest and expose us to interest rate risk. Potential future increases in interest rates and credit spreads may increase our interest expense and therefore negatively affect our financial condition and results of operations, and reduce our access to capital markets. We have entered into interest rate swap agreements to hedge a portion of the floating rate exposure of the Term Loan Facility. Increased interest rates may increase the risk that the counterparties to our interest rate swap agreements will default on their obligations, which could further increase our exposure to interest rate fluctuations. Conversely, if interest rates are lower than our swapped fixed rates, we will be required to pay more for our debt than we would have had we not entered into the interest rate swap agreements.

***We incur significant costs and devote substantial management time as a result of operating as a public company.***

As a public company, we incur significant legal, accounting, and other expenses. For example, we are required to comply with certain of the requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, and the rules of the NYSE, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Compliance with these requirements increases our legal and financial compliance costs and makes some activities more time-consuming and costly. In addition, our management and other personnel divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to continue incurring expenses and to devote substantial management effort toward ensuring compliance with the requirements of the Sarbanes-Oxley Act.

Successfully implementing our business plan and complying with the Sarbanes-Oxley Act and other regulations described above requires us to be able to prepare timely and accurate Consolidated Financial Statements. Any delay in this implementation of, or disruption in, the transition to new or enhanced systems, procedures, or controls, may cause us to present restatements or cause our operations to suffer, and we may be unable to conclude that our internal controls over financial reporting are effective and to obtain an unqualified report on internal controls from our auditors.

#### **Item 1B. Unresolved Staff Comments**

None.

## Item 1C. Cybersecurity

### Overview

The Company, its management and its Board understand the critical importance of cybersecurity in maintaining the trust, confidence and support of customers, employees, and other stakeholders. The Company, as a supplier of products of critical digital infrastructure technologies to our customers, is reliant on technology and information systems that may comprise part of the products we sell or the services that we provide. As a worldwide business, we have also become increasingly dependent on digital technologies, including information systems, infrastructure and cloud applications and services, to operate our businesses, process and record financial and operating data (including processing customer orders, shipping products, billing our customers, and tracking inventory), communicate with our employees and business partners, and perform other activities related to our businesses. Our evolution into smart products, Internet of Things, business-to-consumer, and e-commerce subjects us to increased cyber and technology risks. The secure operation of our information technology systems and networks and ensuring that we have skilled personnel to assist in ensuring their continued security is critical to our business operations and strategy.

Our cybersecurity program aims to provide a robust, dynamic and secure environment that protects the confidentiality, integrity, and availability of this data. Our cybersecurity program has a fully defined set of documentation that is aimed at identifying, assessing and responding to cybersecurity risks. Our implementation of various internal and external controls and processes, including appropriate internal risk assessment and internal policy implementation, incorporating a risk-based cyber security framework to monitor and mitigate security threats and other strategies to increase security for our information, facilities and infrastructure, is discussed below. In addition, we provide disclosure and discussion with respect to the following facets relating to the Company's cybersecurity program (a) our risk management processes and overall strategy for addressing cybersecurity threats and incidents within the context of our information systems (each as defined in Item 106 of Regulation S-K); (b) the potential impact of cybersecurity threats on our business strategy, results of operations, and financial condition; and (c) the respective roles of the Board in overseeing, and the Company's management in assessing and managing, cybersecurity threats and cybersecurity incidents.

### Risk Management and Strategy

*Processes for Assessing, Identifying, and Managing Cybersecurity Threats:* The Company maintains a fully defined set of documentation for assessing, identifying, and managing material risks from cybersecurity threats. We recognize the risk that cybersecurity threats pose to our operations, and cybersecurity is an integral component of our overall enterprise risk management ("ERM") strategy. Our cybersecurity framework is aligned with the National Institute of Standards and Technology's special publication 800-53 and ISO 27001 and is comprised of the following four main pillars:

**Risk Governance:** The Company's cybersecurity program utilizes a cross-functional approach to addressing cybersecurity risks and engages in discussions with the Board (or a committee thereof) and our executive officers accordingly on an as-needed basis. The Company's cybersecurity processes are implemented to help ensure that the Company's cybersecurity practices are aligned with the Company's overall ERM standards and practices. The Company has formed a Cyber Risk Oversight Committee ("CROC") to oversee the Company's cybersecurity program. Our CROC, in turn, communicates any unresolved risks to the Company's Enterprise Risk Committee ("ERC") and the ERC interacts with the Board, the Audit Committee and executive management on a regular interval, or more frequently (if necessary) in regard to such risks. Currently, the CROC is comprised of representatives of our IT department as well as senior leadership, including a majority of the direct reports to our Chief Executive Officer ("CEO"). The ERC is comprised of our Chief Legal Counsel, Senior Director of Global Risk Oversight and various heads of regional or global business units and corporate functions, including but not limited to, IT, finance, accounting, legal, and human resources.

**Risk Identification:** We have developed risk identification and vulnerability management procedures that address the identification, prioritization, and remediation of cybersecurity vulnerabilities. To facilitate this program, the Company has created cyber risk and incident management procedures and a related risk register to document and monitor potential risks. As discussed below, the Company uses certain third-party tools to identify and manage cybersecurity vulnerabilities. Each risk in the risk register is monitored by one of our cybersecurity members and updates are reported to the CROC as needed.

**Risk Assessment:** The Company generally evaluates risks, including cybersecurity risks, based on probability, impact and proximity. As part of its program, the Company conducts formal cybersecurity risk assessment exercises on an annual basis. The Company has documented processes and protocols in order to delineate unacceptable levels of risk and assess such risks based on a number of factors.

**Risk Response:** We have developed various playbooks that comprise a comprehensive written incident response plan (collectively, our IRP). This IRP describes the procedures for handling a variety of cybersecurity incidents; categorizes the

types of potential cybersecurity incidents and the timeframe for reporting each; establishes cybersecurity incident response levels; provides for the conducting of legally privileged investigations to enable us to meet applicable legal obligations, including possible notification requirements; and outlines the roles and responsibilities for various personnel in the event of a cybersecurity incident, including but not limited to, the process to escalate risks to our Board, Audit Committee and our executive management, as necessary. Incidents with respect to third parties are managed internally using the same basic processes as managing internal cybersecurity incidents.

*Third-Party Risk Management:* The Company's comprehensive approach to cybersecurity and its associated risk management framework requires, when applicable, the engagement of certain third parties, which could include law enforcement, vendors, and other software or service providers. The Company leverages substantial technological tools and partners to augment and enable the efforts of its internal cybersecurity team. These third parties assist with various cybersecurity functions including monitoring, threat detection, vulnerability management, network segmentation, mobile device management, data protection, tabletop exercises, semi-annual penetration testing, multi-factor authentication, and threat intelligence.

*Education and Awareness:* In consultation with our cybersecurity team, we mandate annual cybersecurity awareness training for Company personnel, and regularly conduct simulated phishing attacks as a means to equip them with effective tools to detect and address cybersecurity threats as well as to communicate our evolving cybersecurity policies, standards, processes, and practices in the context of its information systems.

*Impact of Cybersecurity Threats:* To date, there have been no risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected, or have been reasonably likely to materially affect, the Company, including our business strategy, results of operations or financial condition.

## **Governance**

*Board Oversight of Risks from Cybersecurity Threats:* The Board is ultimately responsible for the oversight of risks from cybersecurity threats and collaborates with the Audit Committee of the Board and the ERC in these oversight responsibilities. The responsibilities of the ERC include participating and collaboration with the CROC to oversee policies and management systems for cybersecurity matters, overseeing the identification, assessment and response to cybersecurity risks, maintaining and implementing our IRP, and communicating on a regular interval, or more frequently (if necessary) with the Board, the Audit Committee and executive management in regard to such risks. The Company's processes call for prompt and timely notifications and updates to the Board and the Audit Committee, as applicable and as necessary depending on the nature and severity of the incident, in connection with any cybersecurity incidents that may occur. In addition, the Board, the Audit Committee, and the ERC receive regular presentations and reports on cybersecurity matters that address the full range of cybersecurity topics discussed herein. Further, on a periodic basis, the Board and/or Audit Committee and the ERC also discuss our cybersecurity programs and processes with our CEO, Chief Information Officer ("CIO"), and Chief Information Security Officer ("CISO").

*Management's Role in Assessing and Managing Cybersecurity Threats:* Management's role in assessing and managing our material risks from cybersecurity threats is documented in the Company's IT and Cybersecurity Risk Management Strategy Plan (our Cybersecurity Plan), and our processes for identifying, assessing, prioritizing, and remediating vulnerabilities are documented via our Cybersecurity Plan (and the documents referenced therein) and our IRP. Our management cybersecurity team consists of a majority of the direct reports to our CEO, including our CIO, as well as dedicated cybersecurity personnel – including without limitation, our CISO, multiple cybersecurity engineers and other business level stakeholders. Although there is overlap between the CROC and our management cybersecurity team, the CROC is intended to function as a proactive group to assess and treat risks prior to an incident occurring and the cybersecurity management team is tasked with responding to threats or incidents. In connection with and pursuant to our enterprise risk management plan, our cybersecurity team, the CROC and our ERC work collaboratively across the Company to implement programs and processes designed to protect our information system from cybersecurity threats, assess and manage risks arising from any such threats, and to promptly respond to cybersecurity incidents.

Upon the discovery of a potential or actual cybersecurity incident, the detecting party is obligated to inform the CISO, or deputy CISO if the CISO is unavailable, as an initial step. We also employ the services of an outside vendor that is tasked with contacting the CISO, or the CISO's delegee, upon learning of an incident. Subsequently, our CISO will guide the initial analysis of the cybersecurity incident, and depending on the nature of the incident, these cybersecurity incidents may be escalated to our CIO and above according to the guidelines set forth in the IRP. Analysis of the potential impact of the cybersecurity incident is one of the primary objectives of our initial response. Once the severity level and appropriate management protocol for responding to the cybersecurity incident have been determined in accordance with our Cybersecurity Plan and IRP, the CIO, or the CIO's delegee, may elevate the incident to the CEO, Chief Legal Counsel, Board, and Audit Committee as needed (depending on the nature and severity of the incident) for further investigation and

response, including for an assessment of materiality. Depending on the nature of the incident, the CIO or Chief Legal Counsel will coordinate a notification and communications plan and event analysis across the appropriate teams, which may involve updates to our cybersecurity management team, the Board, the Audit Committee, the ERC and the CROC.

*Relevant Expertise of Management:* Our CISO has more than 20 years of intelligence, information technology and cybersecurity experience, and holds a Masters degree in the area of Cybersecurity and Information Sciences from The Pennsylvania State University as well as a Graduate Certificate from The Pennsylvania State University in Information Systems Cybersecurity and a current Certified Information Security Manager certification from ISACA. His prior roles include senior level positions in Defense, Financial Services and High Technology industries. Our CIO has more than 30 years of information technology and cybersecurity experience at various levels. She holds an executive MBA from the Quantic School of Business and Technology, a Graduate Certificate in SAP from Central Michigan University, a Masters in computer information systems from Grand Valley State University and a BA from the University of Michigan. Her prior roles include positions as Chief Information Officer and Vice President of Information Technology and Digital Office of Adient plc, a global automotive seating manufacturer, and Chief Information Officer and Vice President of Information Technology, Power Solutions of Johnson Controls.

## **Item 2. Properties**

Our principal executive offices are located at 505 N. Cleveland Ave., Westerville, Ohio 43082. We maintain offices and manufacturing facilities at approximately 300 locations in over 40 countries. We are a lessee under a number of operating leases for certain real properties and equipment, none of which are individually material to our operations. Management believes that the existing manufacturing facilities are adequate for our operations and that the facilities are maintained in good condition. We do not anticipate difficulty in renewing leases as they expire or in finding alternative facilities.

## **Item 3. Legal Proceedings**

With the exception of the below, we are not a party to any material, pending legal proceedings or claims at December 31, 2024. From time-to-time, we may be a party to, or otherwise involved in, legal proceedings arising in the normal course of business. The nature of our business ordinarily results in a certain amount of pending as well as threatened claims, litigation, investigations, regulatory and legal and administrative cases, matters and proceedings, all of which are considered incidental to the normal conduct of business. When we determine that we have meritorious defenses to the claims asserted, we vigorously defend ourself. We consider settlement of cases when, in management's judgment, it is in the best interests of both Vertiv and its shareholders to do so.

On May 3, 2022, a putative securities class action, *In re Vertiv Holdings Co Securities Litigation*, 22-cv-3572, was filed against Vertiv, certain of the Company's officers and directors, and other defendants in the Southern District of New York. Plaintiffs filed an amended complaint on September 16, 2022. The amended complaint alleges that certain of the Company's public statements were materially false and/or misleading with respect to inflationary and supply chain pressures and pricing issues, and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended. These claims are asserted on behalf of a putative class of all persons and entities that (i) purchased Vertiv securities between February 24, 2021 and February 22, 2022; and/or (ii) purchased Vertiv securities in or traceable to the November 4, 2021 secondary public offering by a selling stockholder pursuant to a resale registration statement. On January 31, 2024, the Court issued an order dismissing the claims under Sections 11, 12(a)(2), and 15 of the Securities Act. The motion to dismiss the claims under Sections 10(b) and 20(a) of the Exchange Act remains pending.

On June 9, 2023, two Vertiv shareholders, Matthew Sullivan and Jose Karlo Ocampo Avenido, brought a derivative lawsuit, *Sullivan v. Johnson, et al.*, C.A. No. 2023-0608 (the "*Sullivan Action*"), against Vertiv (as nominal defendant only) and certain of the Company's directors and officers in Delaware Court of Chancery for breach of fiduciary duty. Further, on November 19, 2024, another Vertiv shareholder, Laura Hanna, brought a derivative lawsuit, *Hanna v. Johnson, et al.* (the "*Hanna Action*"), against Vertiv (as nominal defendant only) and certain of Company's directors and officers in Delaware Court of Chancery for breach of fiduciary duty. The complaints allege that certain of the named directors and officers caused the Company to issue materially false and/or misleading public statements with respect to inflationary and supply chain pressures and pricing issues, and that the Company suffered damages as a result. The *Sullivan Action* has been stayed since August 10, 2023 pending the outcome of the motion to dismiss in the securities class action. On February 13, 2025, the Delaware Court of Chancery entered an order that (i) consolidated the *Sullivan Action* and *Hanna Action* into a single consolidated derivative lawsuit, *In re Vertiv Holdings Co Stockholder Derivative Litigation, Consolidated C.A. No. 2023-0608-NAC* (the "*Consolidated Derivative Action*"), (ii) designated the complaint in the *Hanna Action* as the operative complaint in the Consolidated Derivative Action, and (iii) stayed the Consolidated Derivative Action on terms identical to those of the existing stay of the *Sullivan Action*.

We believe we have meritorious defenses against the allegations made in the aforementioned lawsuits, which are at the preliminary stages. However, we are unable at this time to predict the outcome of these matters or the amount of any cost associated with their resolution.

In November 2023, following the filing of the putative securities class action and the *Sullivan Action* described above, the Company received a subpoena from the U.S. Securities and Exchange Commission (the "SEC") and a parallel request for documents from the U.S. Attorney's Office for the Southern District of New York, which relate to the allegations made in those actions. The Company is actively responding to these matters.

In January 2024, the Mexican tax administration service, the Servicio de Administracion Tributaria (the "SAT"), initiated a process to suspend the importer registration of one of the Company's wholly owned Mexico subsidiaries, Tecnología del Pacífico S.A. de C.V. ("TDP"), in connection with a contested customs tax audit for the period April 2016 to February 2018. After further investigation and discussion with SAT, TDP agreed to make payments and fees totaling approximately \$10.1 which were recorded in "Accrued expenses and other liabilities" on the Consolidated Balance Sheets as of December 31, 2023 and subsequently paid in the first quarter of 2024. The Company intends to seek reimbursement of this amount as an undue payment from SAT, for which the outcome is currently unknown and no receivable has been established.

We are unable at this time to predict the outcome of these matters, including whether any proceedings may be instituted in connection with the government inquiries, or the amount of any cost associated with their resolution.

As of December 31, 2024, other than as described above, there were no known contingent liabilities (including guarantees, taxes and other claims) that management believes were or will be material in relation to the Company's Consolidated Financial Statements, nor were there any material commitments outside the normal course of business.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

## **PART II.**

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

#### **Market Information**

Our Class A common stock currently trades on the NYSE under the symbol "VRT".

#### **Holders of Common Stock**

As of February 10, 2025, there were 13 holders of record of the Company's common shares. Such number does not include DTC participants or beneficial owners holding shares through nominee names.

#### **Cash Dividends**

On November 29, 2023, we increased the quarterly cash dividend that we pay by declaring a dividend of \$0.025 per share. We further increased our quarterly cash dividend to \$0.0375 per share on November 18, 2024, which was paid on December 19, 2024 to shareholders of record as of December 3, 2024, and we currently expect to continue to pay a quarterly dividend. However, we are a holding company without any direct operations and have no significant assets other than our ownership interest in our subsidiaries. Accordingly, our ability to pay dividends depends upon the financial condition, liquidity and results of operations of, and our receipt of dividends, loans or other funds from, our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to make funds available to us. In addition, there are various statutory, regulatory and contractual limitations and business considerations on the extent, if any, to which our subsidiaries may pay dividends, make loans or otherwise provide funds to us. For example, the ability of our subsidiaries to make distributions, loans and other payments to us for the purposes described above and for any other purpose may be limited by the terms of the Senior Secured Credit Facilities and agreements with respect to any of our other outstanding indebtedness.

The declaration and payment of dividends is also at the discretion of our Board and depends on various factors including our results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by our Board. In addition, under Delaware law, our Board may declare dividends only to the extent of our surplus (which is defined as total assets at fair market value minus total liabilities, minus statutory capital) or, if there is no surplus, out of our net profits for the then-current and/or immediately preceding fiscal year.

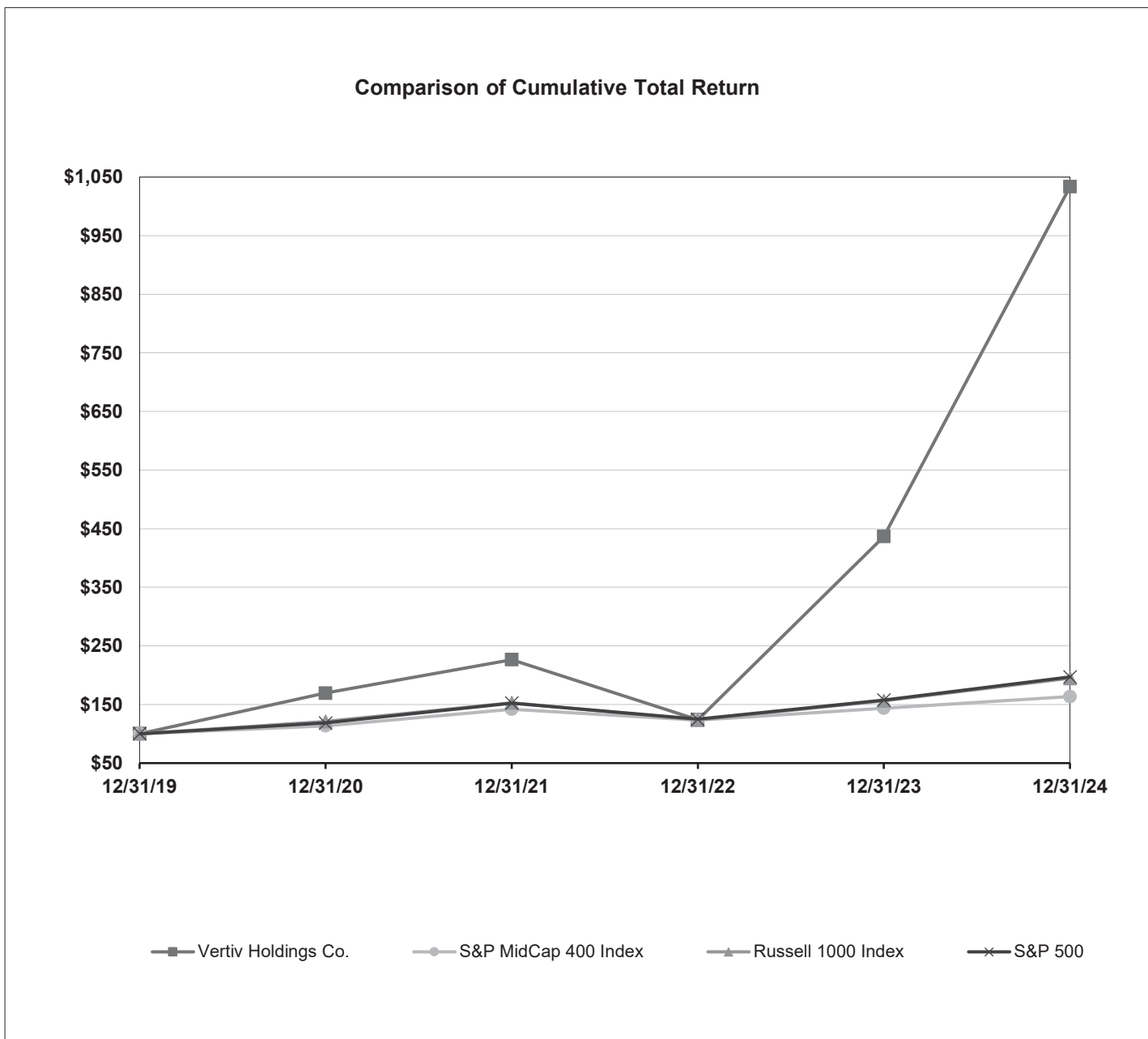
#### **Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities; Repurchases of Securities**

On November 29, 2023, the Board of Directors of the Company approved a stock repurchase program, which authorizes the repurchase of shares of Company Class A common stock in an aggregate amount of up to \$3.0 billion through December 31, 2027. The stock repurchase program does not obligate the Company to repurchase any specific dollar amount or number of shares of Class A common stock and the Board's authorization of the program may be modified, suspended or discontinued at any time.

During the first quarter of 2024, Vertiv purchased 9,076,444 shares of its common stock, par value \$0.0001 per share. During the second quarter of 2024, all shares repurchased were retired. As of December 31, 2024, \$2.4 billion remain for additional share repurchases. Excess share repurchase price over par value is allocated between additional paid-in capital, which is limited to amounts initially recorded for the same issue, and retained earnings. The Company did not repurchase any shares of Class A common stock during the fourth quarter of 2024.

## Stock Performance Graph

The following graph provides a comparison of the cumulative total stockholder return on our common stock from December 31, 2019 through December 31, 2024 to the returns of the S&P MidCap 400, Russell 1000, and S&P 500. The graph assumes that \$100 was invested on December 31, 2019 in our Class A common stock and that any dividends were reinvested. The graph is not, and is not intended to be, indicative of future performance of our common stock.



Company / Index	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Vertiv Holdings Co.	100.0	169.4	226.6	124.1	436.4	1033.5
S&P MidCap 400 Index	100.0	113.7	141.8	123.3	143.5	163.5
Russell 1000 Index	100.0	121.0	153.0	123.7	156.5	194.9
S&P 500	100.0	118.4	152.4	124.8	157.6	197.0

Item 6. [Reserved]

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

*Unless the context otherwise indicates or requires, references to "the Company," "Vertiv," "we," "us" and "our" refer to Vertiv Holdings Co, a Delaware corporation, and its consolidated subsidiaries; and "GSAH" refers to GS Acquisition Holdings Corp prior to the Business Combination. In addition, dollar amounts are stated in millions, except for per share amounts. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this Annual Report.*

*We have omitted the discussion on our results of operations for the year ended December 31, 2022, which discussion was previously included in Item 7 of our 2023 Annual Report on Form 10-K, filed with the SEC on February 23, 2024.*

### Overview

We are a global leader in the design, manufacturing and servicing of critical digital infrastructure technology that powers, cools, deploys, secures and maintains electronics that process, store and transmit data. We primarily provide this technology to data centers, communication networks and commercial & industrial environments worldwide. We aim to help create a world where critical technologies always work, and where we empower the vital applications of the digital world.

### Outlook and Trends

Below is a summary of trends and events that are currently affecting, or may in the future affect, our business, operations and short-term outlook:

- **Increased Tariffs:** The global trade environment continues to evolve rapidly. In response to escalating pressures and geopolitical uncertainties surrounding global supply chains, we continue to pursue a supply chain strategy of geographic resilience. This includes adding regional sourcing and manufacturing options to complement our existing global supply chain. For example, in 2024, we expanded and strengthened our supply base and manufacturing footprint in the US as part of our overall capacity strategy to grow with customer demand in the US.

The imposition of new U.S. tariffs, as well as the possibility of retaliatory tariffs or the imposition of similar tariffs in jurisdictions where we have manufacturing facilities or our clients operate would increase our cost of doing business. We continue to analyze measures to minimize the potential impacts of the new and proposed tariffs on our business operations, including but not limited to continued expansion of domestic manufacturing and our ability to incorporate tariff impacts into pricing decisions.

- **Capacity Expansion:** We have invested in capacity expansion to meet current and anticipated additional customer demand. For example, since acquiring E&I in late 2021, we have approximately doubled our manufacturing capacity for switchgear, busbar and integrated solutions by opening new facilities and adding production to existing facilities. Additionally, in order to support our thermal management activity, we opened a new manufacturing facility in Pune, India in 2024. We also recently opened a new facility in Pelzer, South Carolina to support the production of modular solutions, modular power systems and other infrastructure systems. We anticipate continuing to invest in capacity globally to provide the geographic presence that our customers need, and the ability to rapidly scale and to ensure resiliency.
- **Artificial Intelligence ("AI"):** Increased maturity and adoption of AI and high-performance compute is currently impacting the data center industry and driving technology innovation, which has led to increased demand. The Company has invested in developing new product, services, and solutions to serve this growing industry, is increasing capacity to support additional demand for AI infrastructure as necessary and we will continue to invest to support additional growth driven by AI.
- **Thermal Management Portfolio Expansion:** We continue to invest in expansion of our thermal management portfolio and product capabilities to meet customer demands. The complexity of hybrid air and liquid cooling created by AI workloads presents significant opportunities for innovation within, and expansion of, the entire thermal chain to better optimize performance, power utilization, control, and heat re-use. Our investment and expansion efforts are directed at capturing new technologies across the entire thermal chain from chip to heat rejection and re-use and more to meet growing demands. Further, we are focused on the continued growth and expansion of our portfolio geographically, as we leverage our best-in-class regional products and expand such offerings into other regions and globally.

## RESULTS OF OPERATIONS

### Year ended December 31, 2024 compared to year ended December 31, 2023

<i>(Dollars in millions)</i>	2024	2023	\$ Change	% Change
Net sales	\$ 8,011.8	\$ 6,863.2	\$ 1,148.6	16.7 %
Cost of sales	5,077.6	4,462.7	614.9	13.8 %
Gross profit	2,934.2	2,400.5	533.7	22.2 %
Selling, general and administrative expenses	1,374.0	1,312.3	61.7	4.7 %
Amortization of intangibles	184.2	181.3	2.9	1.6 %
Restructuring costs	5.3	28.6	(23.3)	(81.5)%
Foreign currency (gain) loss, net	9.3	16.0	(6.7)	(41.9)%
Other operating expense (income)	(6.0)	(9.9)	3.9	(39.4)%
Operating profit (loss)	1,367.4	872.2	495.2	56.8 %
Interest expense, net	150.4	180.1	(29.7)	(16.5)%
Loss on extinguishment of debt	2.4	0.5	1.9	380.0 %
Change in fair value of warrant liabilities	449.2	157.9	291.3	184.5 %
Income tax expense	269.6	73.5	196.1	266.8 %
Net income (loss)	<u>\$ 495.8</u>	<u>\$ 460.2</u>	\$ 35.6	7.7 %

### Net Sales

Net sales were \$8,011.8 in 2024, an increase of \$1,148.6, or 16.7%, compared with \$6,863.2 in 2023. The increase in sales is primarily driven by higher sales volumes, partially offset by the negative impacts from foreign currency of \$53.6. Product sales increased \$974.0, which included negative impacts from foreign currency of \$41.7. Services & spares sales increased \$174.6, including the negative impacts from foreign currency of \$11.9.

Excluding intercompany sales, net sales were \$4,500.6 in the Americas, \$1,717.8 in Asia Pacific and \$1,793.4 in Europe, Middle East & Africa. Movements in net sales by segment and offering are each detailed in the Business Segments section below.

### Cost of Sales

Cost of sales were \$5,077.6 in 2024, an increase of \$614.9, or 13.8% compared to 2023. The increase in cost of sales was primarily driven by the impact of higher volumes. Gross profit was \$2,934.2 in 2024, or 36.6% of sales, compared to \$2,400.5, or 35.0% of sales in 2023. Margin increased primarily due to higher sales volume and improved price realization.

### Selling, General and Administrative Expenses

Selling, general and administrative expenses (or "SG&A") were \$1,374.0 in 2024, an increase of \$61.7 compared to 2023. SG&A as a percentage of sales were 17.1% in 2024 compared with 19.1% in 2023. The increase in SG&A was primarily driven by \$45.8 of higher compensation costs, professional service fees of \$18.1 inclusive of a one-time supplier expense, and increased IT and research and development expense.

### Other Operating Expenses

The remaining other operating expenses include amortization of intangibles, restructuring costs, foreign currency (gain) loss, and other operating expense (income). These remaining other expenses were \$192.8 for 2024, which was a \$23.2 decrease from 2023. The decrease was primarily due to a \$23.3 decrease in restructuring costs and a \$6.7 decrease in foreign currency loss, partially offset by increased amortization of intangibles of \$2.9.

## Change in Fair Value of Warrant Liabilities

Change in fair value of warrant liabilities represents the mark-to-market fair value adjustments to the then outstanding Private Placement Warrants. The change in fair value of the then outstanding Private Placement Warrants during 2024 and 2023 resulted in a loss of \$449.2 and \$157.9, respectively. The change in fair value of these warrants was the result of changes in market prices of our common stock, and other observable inputs deriving the value of the financial instruments, and the exercise of 5,266,667 and 5,266,666 of the Private Placement Warrants in December 2024 and February 2023, respectively. As of December 31, 2024, there were no Private Placement Warrants outstanding.

## Interest expense

Interest expense, net, was \$150.4 in 2024 compared to \$180.1 in 2023. The \$29.7 decrease is primarily driven by a \$16.4 increase of interest income, a \$12.2 reduction to interest expense as a result of our Term Loan amendments, and a \$7.9 decrease in interest due to lower ABL Revolving Credit Facility borrowings during the period. To the extent interest rates continue to fluctuate our interest expense will change, although we expect these changes to be partially mitigated by our interest rate swaps and interest income.

## Income Taxes

Income tax expense was \$269.6 in 2024 compared to \$73.5 in 2023. The effective rate in 2024 was primarily influenced the changes in tax incentives, offset by net changes in valuation allowance and the tax impact of non-deductible changes in fair value of the warrant liabilities. In 2023, income tax expense was primarily influenced by the mix of income between our U.S. and non-U.S. operations, net of changes in valuation allowances and uncertain tax positions, and reflects the impact of non-deductible changes in fair value of warrant liabilities, as well as discrete tax adjustments related to legislation changes enacted in the period.

Income tax expense in 2024 was \$196.1 higher than 2023 primarily due to the increased financial performance, changes in non-U.S tax holidays and incentives and the change in valuation allowance.

## Business Segments

The following are business segment results for the years ended December 31, 2024 and 2023. Segment profitability is defined as operating profit (loss). Segment margin represents segment operating profit (loss) expressed as a percentage of segment net sales. For reconciliations of segment net sales and earnings to our consolidated results, see “Note 14 — Segment Information”, of our Consolidated Financial Statements. Segment net sales are presented excluding intercompany sales.

### Americas

<i>(Dollars in millions)</i>	December 31, 2024	December 31, 2023	\$ Change	% Change
Net sales	\$ 4,500.6	\$ 3,844.5	\$ 656.1	17.1 %
Operating profit (loss)	1,097.8	762.4	335.4	44.0 %
Margin	24.4 %	19.8 %		

Americas net sales of \$4,500.6 in 2024 increased \$656.1, or 17.1%, from 2023. The increase in sales was primarily driven by higher sales volumes due to products increasing by \$557.9 and service & spares increasing by \$98.2. Americas net sales were negatively impacted by foreign currency of approximately \$28.2.

Operating profit (loss) in 2024 was \$1,097.8, increase of \$335.4 compared with 2023. Margin increased primarily due to higher sales volumes, manufacturing and procurement productivity, and improved price realization.

### Asia Pacific

<i>(Dollars in millions)</i>	December 31, 2024	December 31, 2023	\$ Change	% Change
Net sales	\$ 1,717.8	\$ 1,527.8	\$ 190.0	12.4 %
Operating profit (loss)	175.2	147.4	27.8	18.9 %
Margin	10.2 %	9.6 %		

Asia Pacific net sales of \$1,717.8 in 2024 increased \$190.0, or 12.4%, from 2023. The increase in sales was primarily driven by growth throughout the region, partially offset by the negative impact of foreign currency of approximately \$18.1. Net sales of products improved by \$150.4, and service & spares improved by \$39.6.

Operating profit (loss) in 2024 was \$175.2, an increase of \$27.8 compared with 2023 mainly driven by sales from product mix. Margin increased primarily due to higher sales volumes and manufacturing and procurement productivity.

## Europe, Middle East & Africa

<i>(Dollars in millions)</i>	December 31, 2024	December 31, 2023	\$ Change	% Change
Net sales	\$ 1,793.4	\$ 1,490.9	\$ 302.5	20.3 %
Operating profit (loss)	439.4	297.7	141.7	47.6 %
Margin	24.5 %	20.0 %		

Europe, Middle East & Africa net sales of \$1,793.4 in 2024 increased \$302.5, or 20.3%, from 2023. Sales increases were driven by increased volumes due to products increasing by \$265.7, and service & spares increasing by \$36.8, and were negatively impacted by foreign currency of approximately \$7.3.

Operating profit (loss) in 2024 was \$439.4, an increase of \$141.7 compared with 2023. Margin increased primarily due to higher sales volumes and procurement driven productivity improvement.

## Vertiv Corporate and Other

Corporate and other costs include costs associated with our headquarters located in Westerville, Ohio, as well as centralized global functions including Finance, Treasury, Risk Management, Strategy & Marketing, IT, Legal, and global product platform development and offering management. Corporate and other costs were \$160.8 and \$154.0 in 2024 and 2023, respectively. Corporate and other costs increased \$6.8 compared to 2023 primarily due to a decrease in foreign currency loss of \$6.7.

## Capital Resources and Liquidity

Our primary future cash needs relate to working capital, operating activities, capital spending, strategic investments and debt service.

**Capital Expenditures:** Our capital expenditures are primarily related to the maintenance of our long-term assets, as well as the investment in projects, such as capacity and facility expansion, that support growth and innovation to further our enterprise strategy. Our capital expenditures (including capitalized software) were approximately \$184.1 in 2024. We expect to have capital expenditures (including capitalized software) of \$250 to \$300 in 2025.

We have additional obligations as part of our ordinary course of business, beyond those committed for capital expenditures, which consist of debt obligations, lease obligations, bank guarantees, bonds and other financial instruments. Refer to “Note 6 — Debt”, “Note 7 — Leases”, and “Note 17 — Commitments and Contingencies” of the accompanying consolidated financial statements for more information. In addition, we have uncertain tax positions that are further discussed in “Note 9 — Income Taxes” of the consolidated financial statements. We do not have any guarantees or other off-balance sheet financing arrangements, including variable interest entities, which could materially impact our financial condition or liquidity.

We, through our subsidiaries, are party to certain indebtedness arrangements, including the Senior Secured Notes, due 2028, with an outstanding principal amount of \$850.0 as of December 31, 2024 (the “Notes”), the Term Loan, due 2027, with an outstanding principal amount of \$2,097.0 as of December 31, 2024 (the “Term Loan”), and the ABL Revolving Credit Facility, due 2029, with a maturity date extended through an amendment in 2024, providing up to \$800.0 of revolving borrowings, with separate sublimits for letters of credit and swingline borrowings and an uncommitted accordion of up to \$200.0, for which none was outstanding as of December 31, 2024 (the “ABL Revolving Credit Facility” and collectively with the Term Loan, the “Senior Secured Credit Facilities”). See “Note 6 — Debt” of the consolidated financial statements for more detailed discussion of the material terms of the Notes and the Senior Secured Credit Facilities.

At December 31, 2024, we had \$1,227.6 in cash and cash equivalents, which includes amounts held outside of the U.S., primarily in Europe and Asia. Non-U.S. cash is generally available for repatriation without legal restrictions, subject to certain taxes, mainly withholding taxes. We are not asserting indefinite reinvestment of cash or outside basis for our non-U.S. subsidiaries due to the outstanding debt obligations in instances where alternative repatriation options, other than dividends, are not available. At December 31, 2024, Vertiv had \$784.9 of availability (subject to customary borrowing base and other conditions) under the ABL Revolving Credit Facility, net of letters of credit outstanding in the aggregate principal amount of \$15.1, and taking into account the borrowing base limitations set forth in the ABL Revolving Credit Facility.

We believe our current cash and cash equivalent levels, augmented by availability under the ABL Revolving Credit Facility, will provide adequate near-term liquidity for the next 12 months of independent operations, as well as the resources necessary to invest for growth in existing businesses and manage our capital structure on a short- and long-term basis. We expect to continue to opportunistically access the capital and financing markets from time to time. Access to capital and the availability of financing on acceptable terms in the future will be affected by many factors, including our credit rating, economic conditions, and the overall liquidity of capital markets. There can be no assurance that we will continue to have access to the capital and financing markets on acceptable terms

## Summary Statement of Cash Flows

### Year ended December 31, 2024 compared to year ended December 31, 2023

<i>(Dollars in millions)</i>	2024	2023	\$ Change	% Change
Net cash provided by (used for) operating activities	\$ 1,319.3	\$ 900.5	\$ 418.8	46.5 %
Net cash provided by (used for) investing activities	(201.7)	(139.1)	(62.6)	45.0
Net cash provided by (used for) financing activities	(652.1)	(247.5)	(404.6)	163.5
Capital expenditures	(167.0)	(127.9)	(39.1)	30.6
Investments in capitalized software	(17.1)	(6.7)	(10.4)	155.2

### Net Cash provided by (used for) Operating Activities

Net cash provided by operating activities was \$1,319.3 in 2024, a \$418.8 increase in cash generation compared to 2023. The change was primarily driven by the improvement in trade working capital from prior year by \$47.4 due to our trade working capital initiative, an increase in net income from operations of \$35.6, and the non-cash impact of the change in fair value of warrant liabilities of \$291.3.

## **Net Cash provided by (used for) Investing Activities**

Net cash used for investing activities was \$201.7 in 2024 compared to net cash used for investing activities of \$139.1 in 2023. The increased use of cash over the comparable period was primarily driven by increased capital expenditures of \$39.1, decreased proceeds from disposition of property, plant and equipment of \$12.4, decreased proceeds from sale of business of \$11.9, and an increased investment in capitalized software of \$10.4, offset by the decrease in acquisition of business of \$11.2.

## **Net Cash provided by (used for) Financing Activities**

Net cash used by financing activities was \$652.1 in 2024 compared to \$247.5 of net cash used by financing activities in 2023. The increased use of cash over the comparable period was primarily the result of \$599.9 of share repurchases of common stock, \$32.7 increase in dividend payments, and a \$13.0 decrease in net cash received associated with equity-based compensation activity, offset by a decrease in year-over-year repayments of \$235.0 on the ABL Revolving Credit Facility.

## **Critical Accounting Estimates**

Our discussion and analysis of financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments related to these assets, liabilities, net sales and expenses. We believe these estimates to be reasonable under the circumstances. Management bases its estimates and judgments on historical experience, expected future outcomes, and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe that the following accounting estimates are critical to our financial results:

### ***Business Combinations***

We allocate the purchase price of acquired companies to tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date. The amount of purchase price which is in excess of the fair values of assets acquired and liabilities assumed is recognized as goodwill. The purchase price allocation process requires management to make significant estimates and assumptions with respect to intangible assets. Although we believe the assumptions and estimates we have made are reasonable, they are based in part on historical experience, market conditions and information obtained from management of the acquired companies, and are inherently uncertain.

The following are critical estimates in valuing intangible assets we have acquired or may acquire in the future and include but are not limited to:

- forecasted earnings before interest, taxes, and amortization;
- forecasted net sales;
- customer attrition rates;
- royalty rates; and
- discount rates.

Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results. Different assumptions may result in materially different values for assets acquired and liabilities assumed, which may impact our financial position and future results of operations.

### ***Goodwill***

We account for goodwill acquired in a business combination in conformity with current accounting guidance, which does not allow for goodwill to be amortized. We review goodwill for impairment annually in the fourth quarter or when events and circumstances indicate an impairment may have occurred. The impairment assessment for goodwill is performed at the reporting unit level. The Company's five reporting units are comprised of the Americas; Greater China; India; Southeast Asia, Australia & New Zealand, Japan and South Korea (Asia); and Europe, Middle East & Africa. For segment reporting Greater China, India and Asia are aggregated into one reportable business segment, refer to "Note 14 — Segment Reporting" of the accompanying consolidated financial statements for more information.

We may assess our goodwill for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. When performing a qualitative test, we assess various factors including industry and market conditions, macroeconomic conditions and performance of our businesses. If the results of the qualitative assessment indicate that it is not more likely than not that the fair value of the reporting unit is greater than its carrying value, a quantitative impairment analysis would be performed to determine if impairment is required. We may also elect to perform a quantitative analysis initially rather than using a qualitative approach.

If a quantitative approach is required or elected, we test goodwill for impairment by comparing the estimated fair value of the reporting units to the related carrying value. The valuation methods used by us to estimate the fair value of each reporting unit include the discounted cash flow approach, the comparable public company approach and the comparable acquisition approach using a weighted approach of 40%, 40% and 20%, respectively. The discounted cash flow model requires several estimates and assumptions including future sales growth, earnings before interest, taxes, depreciation, and amortization (or "EBITDA") margins, capital expenditures, a discount rate and a terminal net sales growth rate (the net sales growth rate for the period beyond the years forecasted by the reporting units) for each reporting unit. The comparable public company and comparable acquisition approaches require several assumptions, including EBITDA multiples for comparable companies and transactions that operate in the same markets as our reporting units.

We performed our annual goodwill impairment using the qualitative approach in the fourth quarter for each reporting unit. Based on the results of our qualitative impairment assessment, we concluded that it is more likely than not that the fair value of each reporting unit exceeded their carrying value and, therefore, our goodwill was not impaired, and no impairment charges were reported for the year ended December 31, 2024.

### ***Revenue recognition***

We recognize revenue from the sale of manufactured products and services when control of promised goods or services are transferred to customers in an amount that reflects the consideration that we expect to be entitled to in exchange for those goods or services. Control is transferred when the customer has the ability to direct the use of and obtain benefits from the goods or services. The majority of our sales agreements contain performance obligations satisfied at a point in time when control is transferred to the customer. Sales for service contracts, including installation, inventory with no alternative use and an enforceable right of payment upon customer termination and other discrete services, generally are recognized over time as the services are provided. Payments received in advance for service arrangements are recorded as deferred revenue and recognized in net sales when the revenue recognition criteria are met. Unbilled revenue is recorded when performance obligations have been satisfied, but we do not have present right to payment.

For agreements with multiple performance obligations, the Company is required to determine whether performance obligations specified in these agreements are distinct and should be accounted for as separate revenue transactions for recognition purposes. In these types of agreements we allocate sales price to each distinct obligation on a relative stand-alone selling price basis. The majority of revenue from arrangements with multiple performance obligations is recognized when tangible products are delivered, with smaller portions for associated installation and commissioning recognized shortly thereafter. Generally, contract duration is short term, and cancellation, termination or refund provisions apply only in the event of contract breach. These provisions have historically not been invoked.

Payment terms vary by the type and location of the customer and the products or services offered. Revenue from our sales have not been adjusted for the effects of a financing component as we expect that the period between when we transfer control of the product and when we receive payment to be one year or less. Sales, value add, and other taxes collected concurrent with revenue are excluded from sales. We record amounts billed to customers for shipping and handling in a sales transaction as revenue. Shipping and handling costs are treated as fulfillment costs and are included in costs of sales.

### ***Income Taxes***

We are subject to income taxes in the United States and numerous foreign jurisdictions. Judgment in the forecasting of taxable income using historical and projected future operating results is required in determining our provision for income taxes and the related assets and liabilities. The provision for income taxes includes income taxes paid, currently payable or receivable, and deferred taxes. Under U.S. GAAP, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets are also recognized for the estimated future effects of tax loss and credit carryforwards. The effect on deferred taxes of changes in tax rates is recognized in the period in which the enactment date occurs. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts expected to be realized. Deferred taxes are not provided on the unremitted earnings of subsidiaries outside of the United States when it is expected that these earnings are

indefinitely reinvested. In the event that the actual outcome of future tax consequences differs from our estimates and assumptions due to changes or future events such as tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans, the resulting change to the provision for income taxes could have a material effect on the Consolidated Statements of Earnings (Loss) and Consolidated Balance Sheets.

The recoverability of deferred tax assets and the recognition and measurement of uncertain tax positions are subject to our various assumptions and judgment. If actual results differ from our estimates made in establishing or maintaining valuation allowances against deferred tax assets, the resulting change in the valuation allowance would generally impact earnings. Additionally, the positions taken with regard to tax contingencies may be subject to audit and review by tax authorities, which may result in future taxes, interest and penalties.

In determining the recoverability of deferred tax assets, we give consideration to all available positive and negative evidence including reversals of deferred tax liabilities, projected future income, tax planning strategies and recent trends in financial results. We attach the most weight to historical earnings as they are more objectively verifiable compared to forecasts. In evaluating the objective evidence that historical results provide, we generally consider three years of cumulative income or loss at the jurisdictional taxpayer level as an important factor.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks, including the impact of changes in foreign currency exchange rates, interest rates and the prices of various commodities used in the normal course of business.

To mitigate the volatility in our earnings and cash flows, we manage certain of our exposures through the use of various financial instruments, including derivatives, to help us hedge our foreign currency exchange risk, interest rate risk, and commodity risk. We do not enter into such transactions for trading or speculative purposes.

A discussion of our accounting policies for derivative instruments and hedging activities is included in “Note 1 – Summary of Significant Accounting Policies”. Information relating to market risks is presented in “Note 12 - Financial Instruments and Risk Management” in the Notes to Consolidated Financial Statements and is incorporated by reference into Part II of this Annual Report.

### Foreign Exchange Rate Risk

We have transactional foreign currency exposures related to buying and selling in currencies other than the local currencies in which we operate. We enter into one-month foreign exchange forwards to mitigate exposures of fluctuations in currencies such as European Euro, Chinese Yuan, and Great British Pound on the carrying amount of foreign currency-denominated assets, liabilities, commitments and, when applicable, we enter into foreign currency exchange forwards for generally less than one year to mitigate the exposure to certain anticipated foreign currency transactions. We have translation exposure resulting from translating the financial statements of foreign subsidiaries into United States Dollars. During 2024, we hedged portions of the net investment in foreign subsidiaries against fluctuations in the European Euro and Chinese Yuan through derivative financial instruments.

### Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates and cash and cash equivalents, which are exposed to floating interest rates and may impact cash flow. The ABL Revolving Credit Facility, Term Loan, and cash and cash equivalents are exposed to floating interest rates and may impact cash flow. At December 31, 2024, there were no borrowings outstanding under the ABL Revolving Credit Facility and there was an outstanding principal amount of \$2,097.0 on the Term Loan, due 2027 with a borrowing rate of 6.19%. At December 31, 2023, there were no borrowings outstanding under the ABL Revolving Credit Facility, and there was an outstanding principal amount of \$2,118.1 on the Term Loan, due 2027 with a borrowing rate of 7.97%. Cash and cash equivalents were \$1,227.6 and \$780.4 at December 31, 2024 and 2023, respectively. In order to mitigate interest rate risk, we entered into interest rate swap agreements with a notional amount of \$1,000.0 that will remain until the maturity of the Term Loan in 2027. The swap transactions exchange floating rate interest payments for fixed rate interest payments on the notional amount to reduce interest rate volatility. Based on the outstanding balances of floating rate debt, net of interest rate swap agreements, our annual net interest expense would increase (decrease) in variable interest rates at December 31, 2024 and 2023 by approximately:

Basis point change scenario	December 31, 2024		December 31, 2023	
+100	\$	11.0	\$	11.2
+200		21.9		22.4

## **Commodity Risk**

We are subject to commodity risk from fluctuating prices of certain raw materials, steel, copper and aluminum and electronic components. To partially mitigate this exposure, we enter into economic hedges for copper and aluminum.

Additional information relating to market risks is presented in “Note 12 - Financial Instruments and Risk Management” in the Notes to Consolidated Financial Statements and is incorporated by reference into Part II of this Annual Report. Our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements are filed as part of this Annual Report under “Item 15. Exhibits, Financial Statement Schedules” and are set forth immediately following the signature pages of this Annual Report.

### **Item 8. Financial statements and supplementary data**

The Report of Independent Registered Public Accounting Firm, our Consolidated Financial Statements, and the accompanying Notes to Consolidated Financial Statements that are filed as part of this Annual Report are listed under “Item 15. Exhibits, Financial Statement Schedules” and are set forth immediately following the signature pages of this Annual Report.

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not Applicable.

### **Item 9A. Controls and Procedures**

#### **Disclosure Controls and Procedures**

The Company maintains (a) disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), and (b) internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

The Company’s management, with the participation of its Chief Executive Officer and its Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2024 (the end of the period covered by this Annual Report). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2024, our disclosure controls and procedures were effective in ensuring that material information for the Company, including its consolidated subsidiaries, required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that it is accumulated and communicated to management, including our principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

#### **Management Report on Internal Control over Financial Reporting**

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 based on criteria established in the Internal Control-Integrated Framework in 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on management’s assessment and the COSO criteria, management has concluded that the Company’s internal control over financial reporting was effective as of December 31, 2024.

The effectiveness of our internal control over financial reporting as of December 31, 2024, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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

There have been no changes in the Company’s internal controls over financial reporting during the quarter ended December 31, 2024 that materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Vertiv Holdings Co

### **Opinion on Internal Control Over Financial Reporting**

We have audited Vertiv Holdings Co's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Vertiv Holdings Co (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of earnings (loss), comprehensive income (loss), shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated February 18, 2025 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP  
Grandview Heights, Ohio  
February 18, 2025

## **Item 9B. Other Information**

During the fiscal quarter covered by this Annual Report on Form 10-K, a Rule 10b5-1 trading arrangement previously adopted on August 8, 2024 for Robin Washington, a member of the Company's board of directors, (the "Washington 10b5-1 Plan") terminated pursuant to its terms. The Washington 10b5-1 Plan was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act and provided for the potential sale of up to 5,000 shares of Company Class A common stock.

## **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **PART III.**

## **Item 10. Directors, Executive Officer and Corporate Governance**

Information concerning the Company's directors of required by this item is incorporated herein by reference to the material appearing under the heading "Election of Directors" in Vertiv's Proxy Statement for the 2025 Annual Meeting of Stockholders (our "Proxy Statement"), which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, no later than 120 days after the end of the fiscal year. Information concerning the Audit Committee, and its financial expert required by this item is incorporated herein by reference to the material appearing under the heading "Board of Directors and Corporate Governance – Board Committees" in our Proxy Statement. Information regarding the Nominating Committee required by this item is incorporated herein by reference to the material appearing under the heading "Board of Directors and Corporate Governance – Board Committees" in our Proxy Statement. Information regarding the ability of stockholders to communicate with the Board of Directors is incorporated herein by reference to the material appearing under the heading "Additional Information – Stockholder Communications with the Board of Directors" in our Proxy Statement. Information regarding compliance with Section 16(a) of the Exchange Act required by this item is incorporated herein by reference to the material appearing under the heading "Delinquent Section 16(a) Reports" in our Proxy Statement. Information concerning the executive officers of Vertiv is incorporated herein by reference to the material appearing under the heading "Directors and Executive Officers" in our Proxy Statement.

We have adopted a Code of Conduct that applies to all of our employees, including our principal executive officer, principal financial officer, principal accounting officer, controller and other executive officers, and our Board of Directors, the complete text of which is available through the Investor Relations section of the Company's website at [vertiv.com](http://vertiv.com). If the Company makes any amendments to the Code of Conduct other than technical, administrative, or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of the Code of Conduct applicable to the Company's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, the Company will disclose the nature of the amendment or waiver, its effective date and to whom it applies on its website or in a Current Report on Form 8-K filed with the SEC. The Company's website does not form a part of this Annual Report on Form 10-K.

We have also adopted an insider trading policy governing the purchase, sale, and other disposition of our securities by our directors, officers, and employees, and by the Company. We believe this policy is reasonably designed to promote compliance with insider trading laws, rules, and regulations and listing standards applicable to the Company. A copy of our insider trading policy is filed as Exhibit 19 to this Form 10-K.

On November 15, 2024, the Company's Board, approved the Amended and Restated Bylaws of Vertiv Holdings Co, effective as of such date (the "Amended and Restated Bylaws"). Among other changes, the Amended and Restated Bylaws:

- address matters relating to Rule 14a-19 (the "Universal Proxy Rule") under the Securities Exchange Act of 1934, including (i) requiring that any stockholder submitting a nomination notice make a representation as to whether such stockholder intends to solicit proxies in support of director nominees other than the Company's nominees in accordance with the Universal Proxy Rule, and if so, agree in writing that such stockholder will comply with the requirements of the Universal Proxy Rule; (ii) providing the Company a remedy if a stockholder fails to satisfy the Universal Proxy Rule requirements; (iii) requiring that a stockholder inform the Company if such stockholder no longer plans to solicit proxies in accordance with the Universal Proxy Rule; and (iv) requiring stockholders intending to use the Universal Proxy Rule to provide reasonable evidence of the satisfaction of the requirements under the Universal Proxy Rule at least five business days before the meeting upon request by the Company;

- require any stockholders directly or indirectly soliciting proxies from other stockholders to use a proxy card color other than white, with the white proxy card being reserved for exclusive use by the Board;
- implement certain revisions to conform to recent amendments to the Delaware General Corporation Law (the "DGCL"), including (i) giving the Company the ability to provide the details for an adjourned meeting in any manner permitted by the DGCL and (ii) eliminating the requirement that the Company make a stockholder list available during a meeting of stockholders; and
- require stockholder director nominees to provide additional information required to be provided by the Board's director nominees, and incorporate certain administrative and modernizing changes, including those intended to provide clarification and consistency.

The foregoing description of the Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws, which is filed as Exhibit 3.3 to the Form 10-K.

#### **Item 11. Executive Compensation**

The information required by this Item 11. "Executive Compensation" is incorporated herein by reference to the material appearing under the heading "Executive Compensation - Compensation Discussion and Analysis" and "Compensation Tables" in our Proxy Statement.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" is incorporated herein by reference to the material appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item 13. "Certain Relationships and Related Transactions, and Director Independence" is incorporated herein by reference to the material appearing under the heading "Certain Relationships and Related Party Transactions" and "Board of Directors and Corporate Governance - Director Independence" in our Proxy Statement.

#### **Item 14. Principal Accounting Fees and Services**

The information required by this Item 14. "Principal Accounting Fees and Services" is incorporated herein by reference to material appearing under the heading "Information Regarding Independent Registered Public Accounting Firm" in our Proxy Statement.

## PART IV.

### Item 15. Exhibits and Financial Statement Schedules

#### 1. Financial Statements

See Index to Consolidated Financial Statements appearing on page 56.

#### 2. Financial Statement Schedules

All financial statement schedules called for under Regulation S-X are omitted because either they are not required under the related instructions, are included in the Consolidated Financial Statements or Notes thereto included elsewhere in this Annual Report on Form 10-K, or are not material.

#### 3. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

#### EXHIBIT INDEX

Exhibit No.	Description
2.1	<u>Agreement and Plan of Merger, dated as of December 10, 2019, by and among GS Acquisition Holdings Corp, Crew Merger Sub I LLC, Crew Merger Sub II LLC, Vertiv Holdings, LLC and VPE Holdings, LLC (incorporated by reference to the Company's definitive proxy statement on Schedule 14A, filed with the SEC on January 17, 2020).</u>
2.2	<u>Sale and Purchase Agreement between Vertiv Holdings Ireland DAC, Vertiv International Holding Corporation ("Buyers"), Vertiv Holdings Co (the "Company") and the Sellers named therein, dated September 8, 2021 (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 8, 2021).</u>
3.1	<u>Second Amended and Restated Certificate of Incorporation of Vertiv Holdings Co (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
3.2	<u>Certificate of Amendment to Second Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 2, 2021).</u>
3.3	<u>Amended and Restated Bylaws of Vertiv Holdings Co, effective November 15, 2024 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 19, 2024).</u>
4.1	<u>Indenture, dated as of October 22, 2021, by and among Vertiv Group Corporation, the guarantors party thereto and UMB Bank, N.A., as trustee and collateral agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 27, 2021).</u>
4.2	<u>Form of 4.125% Senior Secured Note due 2028 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on October 27, 2021).</u>
4.3	<u>Specimen Unit Certificate (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
4.4	<u>Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
4.5	<u>Warrant Agreement, dated June 7, 2018, by and among GS Acquisition Holdings Corp, Computershare Trust Company, N.A. and Computershare Inc. (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K, filed with the SEC on June 13, 2018).</u>
4.6	<u>Amended and Restated Registration Rights Agreement, dated February 7, 2020, by and among Vertiv Holdings Co, GS Sponsor LLC, Cote SPAC 1 LLC, James Albaugh, Roger Fradin, Steven S. Reinemund, VPE Holdings, LLC, GSAH Investors Emp LP, Atlanta Sons LLC and the other parties named therein (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
4.7	<u>Registration Rights Agreement, dated as of November 1, 2021, by and among the Company, each of the Holders listed on Schedule A thereto and the other Holders time to time parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 1, 2021).</u>
4.8*	<u>Description of Securities of Vertiv Holdings Co.</u>
10.1	<u>Stockholders Agreement, dated February 7, 2020, by and among Vertiv Holdings Co, GS Sponsor LLC, Cote SPAC 1 LLC and VPE Holdings, LLC (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
10.2**	<u>2020 Stock Incentive Plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u>
10.3**	<u>Form of Stock Option Award Agreement (CEO and L1 Employees) under the 2020 Stock Incentive Plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K, filed with the SEC on March 12, 2020).</u>
10.4**	<u>Form of Stock Option Award (all other Employees) under the 2020 Stock Incentive Plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K, filed with the SEC on March 12, 2020).</u>

10.5**	<a href="#"><u>Form of Director Stock Option Award Agreement (incorporated by reference to Exhibit 10.29 of the Company's Annual Report on Form 10-K, filed with the SEC on March 1, 2021).</u></a>
10.6**	<a href="#"><u>Form of Restricted Stock Unit Agreement under the 2020 Stock Incentive Plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.7 to the Company's Annual Report on Form 10-K, filed with the SEC on March 12, 2020).</u></a>
10.7**	<a href="#"><u>Form of Restricted Stock Unit (RSU) Agreement for Non-Executive Employees under the 2020 Stock Incentive Plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K, filed with the SEC on March 12, 2020).</u></a>
10.8**	<a href="#"><u>Form of Restricted Stock Unit Agreement for Certain Recently Hired or Promoted Officers' under the 2020 Stock Incentive plan of Vertiv Holdings Co and its Affiliates (incorporated by reference to Exhibit 10.26 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on October 27, 2023).</u></a>
10.9**	<a href="#"><u>Form of Special Performance Award Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 21, 2022).</u></a>
10.10**	<a href="#"><u>Form of Vertiv Annual Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 2, 2023)</u></a>
10.11**	<a href="#"><u>Vertiv Holdings Co Executive Change of Control Plan (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.12**	<a href="#"><u>Vertiv Holdings Co Amended and Restated Executive Employment Policy (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 27, 2023).</u></a>
10.13**	<a href="#"><u>Form of Executive Offer Letter (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.14	<a href="#"><u>Form of Indemnification Agreement (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.15	<a href="#"><u>Revolving Credit Agreement, dated as of November 30, 2016, by and among Vertiv Intermediate Holding II Corporation (f/k/a Cortes NP Intermediate Holding II Corporation), Vertiv Group Corporation (f/k/a Cortes NP Acquisition Corporation), as lead borrower, the other borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the collateral agents party thereto (incorporated by reference to Exhibit 10.19 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.16	<a href="#"><u>Amendment No. 1 to Revolving Credit Agreement, dated as of September 28, 2018, by and among Vertiv Group Corporation, as lead borrower, the other borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other persons party thereto (incorporated by reference to Exhibit 10.20 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.17	<a href="#"><u>Amendment No. 2 to Revolving Credit Agreement, dated as of October 19, 2018, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, as lead borrower, the other borrowers party thereto, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.21 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.18	<a href="#"><u>Amendment No. 3 to Revolving Credit Agreement, dated as of February 15, 2019, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, as lead borrower, the other borrowers party thereto, the other credit parties party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other persons party thereto (incorporated by reference to Exhibit 10.22 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.19	<a href="#"><u>Amendment No. 4 to Revolving Credit Agreement, dated as of January 14, 2020, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, as lead borrower, the other borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other persons party thereto (incorporated by reference to Exhibit 10.23 to the Company's Current Report on Form 8-K, filed with the SEC on February 7, 2020).</u></a>
10.20	<a href="#"><u>Amendment No. 5 to Revolving Credit Agreement, dated as of March 2, 2020, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, as lead borrower, the other borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other persons party thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on March 3, 2020).</u></a>
10.21	<a href="#"><u>Amendments No. 6 to the Revolving Credit Agreement, dated as of September 20, 2022, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, certain other affiliates of Vertiv Group Corporation, as borrowers and guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1(a) to the Company's Current Report on Form 8-K, filed on September 20, 2022).</u></a>
10.22	<a href="#"><u>Amendments No. 7 to the Revolving Credit Agreement, dated as of September 20, 2022, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, certain other affiliates of Vertiv Group Corporation, as borrowers and guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1(b) to the Company's Current Report on Form 8-K, filed on September 20, 2022).</u></a>
10.23	<a href="#"><u>Amendment No. 8 to the Revolving Credit Agreement, dated as of February 16, 2024, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, certain other affiliates of Vertiv Group Corporation, as borrowers and guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 16, 2024).</u></a>
10.24	<a href="#"><u>Amendment No. 9 to the Revolving Credit Agreement, dated as of November 12, 2024, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, certain other affiliates of Vertiv Group Corporation, as borrowers and guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 12, 2024).</u></a>

10.25	<a href="#"><u>Term Loan Credit Agreement, dated as of March 2, 2020, by and among Vertiv Intermediate Holding II Corporation, Vertiv Group Corporation, as borrower, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 3, 2020).</u></a>
10.26	<a href="#"><u>Amendment No. 1 to Term Loan Credit Agreement, dated as of March 10, 2021, by and among Vertiv Group Corporation, as borrower, Vertiv Intermediate Holding II Corporation and certain other affiliates of Vertiv Group Corporation, as guarantors, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 10, 2021).</u></a>
10.27	<a href="#"><u>Amendment No. 2 to Term Loan Credit Agreement, dated as of June 23, 2023, by and among Vertiv Group Corporation, as borrower, Vertiv Intermediate Holding II Corporation and certain other affiliates of Vertiv Group Corporation, as guarantors, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 23, 2023).</u></a>
10.28	<a href="#"><u>Amendment No. 3 to Term Loan Credit Agreement, dated as of December 13, 2023, by and among Vertiv Group Corporation, as borrower, Vertiv Intermediate Holding II Corporation and certain other affiliates of Vertiv Group Corporation, as guarantors, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2023).</u></a>
10.29	<a href="#"><u>Amendment No. 4 to Term Loan Credit Agreement, dated as of June 13, 2024, by and among Vertiv Group Corporation, as borrower, Vertiv Intermediate Holding II Corporation and certain other affiliates of Vertiv Group Corporation, as guarantors, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 13, 2024).</u></a>
10.30	<a href="#"><u>Amendment No. 5 to Term Loan Credit Agreement, dated as of December 13, 2024, by and among Vertiv Group Corporation, as borrower, Vertiv Intermediate Holding II Corporation and certain other affiliates of Vertiv Group Corporation, as guarantors, the lenders party thereto and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 13, 2024).</u></a>
10.31**	<a href="#"><u>Employment Agreement by and between Vertiv Holdings Co and Stephen Hen I Liang (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on August 2, 2021).</u></a>
10.32**	<a href="#"><u>First Amendment to Employment Agreement dated as of August 5, 2022 by and between Vertiv Holdings Co and Stephen Hen I Liang (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on October 31, 2022).</u></a>
10.33**	<a href="#"><u>Employment Agreement, dated as of November 21, 2022, by and among Giordano Albertazzi, Vertiv Corporation, and Vertiv Holdings Co. (incorporated by reference to Exhibit 10.27 to the Company's Annual Report on Form 10-K, filed with the SEC on February 27, 2023).</u></a>
19*	<a href="#"><u>Insider Trading Policy, dated as of December 9, 2024, by and between Vertiv Group Corporation and directors, officers, employees, and others.</u></a>
21.1*	<a href="#"><u>List of Vertiv's Subsidiaries</u></a>
23.1*	<a href="#"><u>Consent of Independent Registered Public Accounting Firm</u></a>
31.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u></a>
31.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u></a>
32.1*	<a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u></a>
32.2*	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</u></a>
97.1**	<a href="#"><u>Form of Clawback Policy for Executive Officers</u></a>
99.1	<a href="#"><u>Petition filed by Vertiv Holdings Co. in the Delaware Court of Chancery on April 3, 2023, incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K filed with the SEC on April 14, 2023.</u></a>
101.INS*	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL: (i) Consolidated Statements of Cash Flows, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Balance Sheets, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
101.SCH*	Inline XBRL Taxonomy Extension Schema (filed herewith)
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase (filed herewith)

\* Filed herewith.

\*\* Denotes the management contracts and compensatory arrangements in which any director or named executive officer participates.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 18, 2025

Vertiv Holdings Co

/s/ Giordano Albertazzi

---

Name: Giordano Albertazzi

Title: Chief Executive Officer

/s/ David J. Fallon

---

Name: David J. Fallon

Title: Chief Financial Officer

/s/ Eric M. Johnson

---

Name: Eric M. Johnson

Title: Chief Accounting Officer and Corporate Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>/s/ Giordano Albertazzi</u> Giordano Albertazzi	Chief Executive Officer and Director (Principal Executive Officer)	February 18, 2025
<u>/s/ David J. Fallon</u> David J. Fallon	Chief Financial Officer (Principal Financial Officer)	February 18, 2025
<u>/s/ Eric M. Johnson</u> Eric M. Johnson	Chief Accounting Officer (Principal Accounting Officer)	February 18, 2025
<u>/s/ David M. Cote</u> David M. Cote	Executive Chairman of the Board	February 18, 2025
<u>/s/ Joseph van Dokkum</u> Joseph van Dokkum	Director	February 18, 2025
<u>/s/ Joseph J. DeAngelo</u> Joseph J. DeAngelo	Director	February 18, 2025
<u>/s/ Jakki L. Haussler</u> Jakki L. Haussler	Director	February 18, 2025
<u>/s/ Roger Fradin</u> Roger Fradin	Director	February 18, 2025
<u>/s/ Jacob Kotzubei</u> Jacob Kotzubei	Director	February 18, 2025
<u>/s/ Matthew Louie</u> Matthew Louie	Director	February 18, 2025
<u>/s/ Edward L. Monser</u> Edward L. Monser	Director	February 18, 2025
<u>/s/ Steven S. Reinemund</u> Steven S. Reinemund	Director	February 18, 2025
<u>/s/ Robin L. Washington</u> Robin L. Washington	Director	February 18, 2025

## Item 8. Financial Statements and Supplementary Data

### INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ITEM	PAGE
Report of Independent Public Accounting Firm (PCAOB ID: 42)	57
Consolidated Statements of Earnings (Loss)	59
Consolidated Statements of Comprehensive Income (Loss)	60
Consolidated Balance Sheets	61
Consolidated Statements of Cash Flows	62
Consolidated Statements of Shareholders' Equity (Deficit)	63
Notes to Consolidated Financial Statements	64
1: Description of business and summary of significant accounting policies	64
2: Acquisitions	70
3: Revenue	71
4: Restructuring costs	72
5: Goodwill and other intangibles	73
6: Debt	74
7: Leases	78
8: Pension plans	79
9: Income taxes	82
10: Related party transactions	85
11: Other financial information	86
12: Financial instruments and risk management	86
13: Accumulated other comprehensive (loss) income	89
14: Segment information	89
15: Stock-based compensation plans	92
16: Earnings (loss) per share	94
17: Commitments and contingencies	95

## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and the Board of Directors of Vertiv Holdings Co

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Vertiv Holdings Co (the Company) as of December 31, 2024 and 2023, the related consolidated statements of earnings (loss), comprehensive income (loss), shareholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 18, 2025 expressed an unqualified opinion thereon.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### **Critical Audit Matter**

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

## ***Uncertain Tax Positions***

Description of the Matter	<p>As described in Note 9 to the Company's consolidated financial statements, the Company is involved in various income tax matters for which the ultimate outcomes are uncertain. As of December 31, 2024, the gross amount of unrecognized tax benefits was \$149.1 million. The Company's tax positions are subject to audit by local taxing authorities across multiple global subsidiaries and the resolution of such audits may span multiple years. Tax law is complex and often subject to varied interpretations, accordingly, the ultimate outcome with respect to taxes the Company may owe may differ from the amounts recognized.</p> <p>Auditing management's accounting for and disclosure of uncertain tax positions was especially challenging due to the complexity and significant judgment associated with the recognition and measurement of the tax positions that are more likely than not to be sustained.</p>
How We Addressed the Matter in Our Audit	<p>We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for uncertain tax positions. Our procedures included testing controls over management's review of the valuation of the reserves for uncertain tax positions, including the assumptions used to estimate the reserves, as well as management's controls over the completeness and accuracy of the data used within the Company's analyses of its uncertain tax positions.</p> <p>Our audit procedures included, among others, evaluating the assumptions utilized by the Company to assess its uncertain tax positions by jurisdiction. We also tested the completeness and accuracy of the underlying data used in the Company's analyses of its uncertain tax positions. We evaluated certain legal opinions and other supporting documentation prepared from external advisors and internal legal counsel, examined the Company's communications with the relevant tax authorities and read the minutes of the meetings of the committees of the board of directors. We involved tax professionals with specialized skill and knowledge to assist in our evaluation of the tax technical merits of the Company's assessment, including the assessment of whether the tax positions are more likely than not to be sustained, the amount of the potential benefits to be realized, and the application of relevant income tax law. We also assessed the Company's disclosure of uncertain tax positions.</p>
<p>/s/ Ernst &amp; Young LLP We have served as the Company's auditor since 2016. Grandview Heights, Ohio February 18, 2025</p>	

**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**  
**VERTIV HOLDINGS CO**  
(Dollars in millions except for per share data)

	Year Ended December 31,		
	2024	2023	2022
<b>Net sales</b>			
Net sales - products	\$ 6,393.5	\$ 5,406.1	\$ 4,335.3
Net sales - services	1,618.3	1,457.1	1,356.2
Net sales	8,011.8	6,863.2	5,691.5
<b>Costs and expenses</b>			
Cost of sales - products	4,099.4	3,575.7	3,219.1
Cost of sales - services	978.2	887.0	856.3
Cost of sales	5,077.6	4,462.7	4,075.4
<b>Operating expenses</b>			
Selling, general and administrative expenses	1,374.0	1,312.3	1,178.3
Amortization of intangibles	184.2	181.3	215.8
Restructuring costs	5.3	28.6	0.7
Foreign currency (gain) loss, net	9.3	16.0	3.7
Other operating expense (income)	(6.0)	(9.9)	(5.8)
<b>Operating profit (loss)</b>	1,367.4	872.2	223.4
Interest expense, net	150.4	180.1	147.3
Loss on extinguishment of debt	2.4	0.5	—
Change in fair value of warrant liabilities	449.2	157.9	(90.9)
<b>Income (loss) before income taxes</b>	765.4	533.7	167.0
Income tax expense	269.6	73.5	90.4
<b>Net income (loss)</b>	<u>\$ 495.8</u>	<u>\$ 460.2</u>	<u>\$ 76.6</u>
<b>Earnings (loss) per share:</b>			
Basic	\$ 1.32	\$ 1.21	\$ 0.20
Diluted	\$ 1.28	\$ 1.19	\$ (0.04)
<b>Weighted-average shares outstanding</b>			
Basic	376,418,933	380,144,059	376,730,519
Diluted	386,325,058	386,226,267	378,224,051

See accompanying Notes to the Consolidated Financial Statements

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**VERTIV HOLDINGS CO**  
(Dollars in millions)

	Year Ended December 31,		
	2024	2023	2022
<b>Net income (loss)</b>	\$ 495.8	\$ 460.2	\$ 76.6
Other comprehensive income (loss), net of tax:			
Foreign currency translation	(114.1)	67.2	(196.8)
Interest rate swaps	(13.1)	(22.5)	101.5
Pension	(4.5)	(3.0)	13.5
Foreign currency exchange forwards	(12.6)	—	—
Other comprehensive income (loss), net of tax	(144.3)	41.7	(81.8)
<b>Comprehensive income (loss)</b>	<u>\$ 351.5</u>	<u>\$ 501.9</u>	<u>\$ (5.2)</u>

*See accompanying Notes to the Consolidated Financial Statements*

**CONSOLIDATED BALANCE SHEETS**  
**VERTIV HOLDINGS CO**  
(Dollars in millions)

	December 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,227.6	\$ 780.4
Accounts receivable, less allowances of \$22.4 and \$29.1, respectively	2,362.7	2,118.1
Inventories	1,244.4	884.3
Other current assets	267.1	218.7
Total current assets	5,101.8	4,001.5
<b>Property, plant and equipment, net</b>	<b>625.1</b>	<b>560.1</b>
<b>Other assets:</b>		
Goodwill	1,321.1	1,330.3
Other intangible assets, net	1,487.1	1,672.9
Deferred income taxes	303.3	159.8
Right-of-use assets, net	202.1	173.5
Other	92.0	100.4
Total other assets	3,405.6	3,436.9
<b>Total assets</b>	<b>\$ 9,132.5</b>	<b>\$ 7,998.5</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 21.0	\$ 21.8
Accounts payable	1,316.4	986.4
Deferred revenue	1,063.3	638.9
Accrued expenses and other liabilities	612.6	611.8
Income taxes	83.7	46.5
Total current liabilities	3,097.0	2,305.4
<b>Long-term debt, net</b>	<b>2,907.2</b>	<b>2,919.1</b>
<b>Deferred income taxes</b>	<b>240.3</b>	<b>159.5</b>
<b>Warrant liabilities</b>	<b>—</b>	<b>195.0</b>
<b>Long-term lease liabilities</b>	<b>171.4</b>	<b>142.6</b>
<b>Other long-term liabilities</b>	<b>282.3</b>	<b>262.0</b>
<b>Total liabilities</b>	<b>6,698.2</b>	<b>5,983.6</b>
<b>Equity</b>		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value, 700,000,000 shares authorized, 380,703,974 and 381,788,876 shares issued and outstanding at December 31, 2024 and December 31, 2023, respectively	—	—
Additional paid-in capital	2,821.4	2,711.3
Accumulated deficit	(238.3)	(691.9)
Accumulated other comprehensive (loss) income	(148.8)	(4.5)
<b>Total equity</b>	<b>2,434.3</b>	<b>2,014.9</b>
<b>Total liabilities and equity</b>	<b>\$ 9,132.5</b>	<b>\$ 7,998.5</b>

See accompanying Notes to the Consolidated Financial Statements

**CONSOLIDATED STATEMENTS OF CASH FLOW**  
**VERTIV HOLDINGS CO**  
(Dollars in millions)

	Year Ended December 31,		
	2024	2023	2022
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 495.8	\$ 460.2	\$ 76.6
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation	81.6	74.3	72.0
Amortization	195.4	196.7	230.4
Deferred income taxes	(54.5)	(131.6)	(8.6)
Amortization of debt discount and issuance costs	7.0	7.9	7.5
Change in fair value of warrant liabilities	449.2	157.9	(90.9)
Stock-based compensation	34.6	25.0	24.7
Payment of contingent consideration	—	—	(8.7)
Gain on sale of property, plant and equipment	—	—	(3.7)
Changes in operating working capital	114.1	66.7	(449.2)
Other	(3.9)	43.4	(2.9)
<b>Net cash provided by (used for) operating activities</b>	<b>1,319.3</b>	<b>900.5</b>	<b>(152.8)</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(167.0)	(127.9)	(100.0)
Investments in capitalized software	(17.1)	(6.7)	(11.0)
Proceeds from disposition of property, plant and equipment	—	12.4	3.9
Acquisition of business	(17.6)	(28.8)	(5.0)
Proceeds from sale of business	—	11.9	—
<b>Net cash provided by (used for) investing activities</b>	<b>(201.7)</b>	<b>(139.1)</b>	<b>(112.1)</b>
<b>Cash flows from financing activities:</b>			
Borrowings from ABL revolving credit facility and short-term borrowings	270.0	224.9	790.8
Repayments of ABL revolving credit facility and short-term borrowings	(270.0)	(459.9)	(555.8)
Repayment of long-term debt	(21.1)	(27.1)	(16.4)
Payment of debt issuance costs	—	—	(0.6)
Payment of tax receivable agreement	—	—	(100.0)
Payment of contingent consideration	—	—	(12.8)
Dividend payment	(42.2)	(9.5)	(3.8)
Repurchase of common shares	(599.9)	—	—
Exercise of employee stock options	33.0	27.4	3.1
Employee taxes paid from shares withheld	(21.9)	(3.3)	(4.3)
<b>Net cash provided by (used for) financing activities</b>	<b>(652.1)</b>	<b>(247.5)</b>	<b>100.2</b>
Effect of exchange rate changes on cash and cash equivalents	(21.9)	1.5	(9.2)
Increase (decrease) in cash, cash equivalents and restricted cash	443.6	515.4	(173.9)
Beginning cash, cash equivalents and restricted cash	788.6	273.2	447.1
<b>Ending cash, cash equivalents and restricted cash</b>	<b>\$ 1,232.2</b>	<b>\$ 788.6</b>	<b>\$ 273.2</b>
<b>Changes in operating working capital</b>			
Accounts receivable	\$ (280.3)	\$ (277.2)	\$ (368.0)
Inventories	(369.3)	(54.0)	(211.4)
Other current assets	(63.7)	4.7	(36.6)
Accounts payable	343.1	(17.7)	132.8
Deferred revenue	434.5	274.2	67.6
Accrued expenses and other liabilities	7.0	91.5	(22.0)
Income taxes	42.8	45.2	(11.6)
Total changes in operating working capital	\$ 114.1	\$ 66.7	\$ (449.2)
<b>Supplemental Disclosures</b>			
Cash paid during the year for interest	\$ 155.5	\$ 176.7	\$ 132.8
Cash paid during the year for income tax, net	272.5	153.0	104.6
Property and equipment acquired during the year for capital lease obligations	7.0	2.9	4.3
<b>Noncash Supplemental Disclosure</b>			
Seller provided financing for the disposition of property, plant and equipment	—	—	12.2

*See accompanying Notes to the Consolidated Financial Statements*

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)**  
**VERTIV HOLDINGS CO**  
(Dollars in millions)

	Common Share Capital		Treasury Share Capital		Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount	Treasury Stock	Amount				
Balance as of December 31, 2021	375,801,857	\$ —	—	\$ —	\$ 2,597.5	\$ (1,215.4)	\$ 35.6	\$ 1,417.7
Net income (loss)	—	—	—	—	—	76.6	—	76.6
Exercise of employee stock options	202,724	—	—	—	3.1	—	—	3.1
Stock-based compensation activity, net of withholdings for tax <sup>(1)</sup>	563,597	—	—	—	20.4	—	—	20.4
Employee 401K match with Vertiv stock	800,659	—	—	—	9.7	—	—	9.7
Dividend payment	—	—	—	—	—	(3.8)	—	(3.8)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(81.8)	(81.8)
Balance at December 31, 2022	377,368,837	\$ —	—	\$ —	\$ 2,630.7	\$ (1,142.6)	\$ (46.2)	\$ 1,441.9
Net income (loss)	—	—	—	—	—	460.2	—	460.2
Exercise of employee stock options	2,122,710	—	—	—	27.4	—	—	27.4
Stock-based compensation activity, net of withholdings for tax <sup>(2)</sup>	420,170	—	—	—	21.7	—	—	21.7
Employee 401K match with Vertiv stock	508,965	—	—	—	9.9	—	—	9.9
Exercise of warrants <sup>(3)</sup>	1,368,194	—	—	—	21.6	—	—	21.6
Dividend payment	—	—	—	—	—	(9.5)	—	(9.5)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	41.7	41.7
Balance at December 31, 2023	381,788,876	\$ —	—	\$ —	\$ 2,711.3	\$ (691.9)	\$ (4.5)	\$ 2,014.9
Net Income (loss)	—	—	—	—	—	495.8	—	495.8
Exercise of employee stock options	2,509,946	—	—	—	33.0	—	—	33.0
Stock-based compensation activity, net of withholdings for tax <sup>(4)</sup>	532,821	—	—	—	22.1	—	—	22.1
Employee 401K match with Vertiv stock	136,254	—	—	—	10.7	—	—	10.7
Dividend payments	—	—	—	—	—	(42.2)	—	(42.2)
Repurchase of common stock <sup>(5)</sup>	(9,076,444)	—	9,076,444	(605.9)	6.0	—	—	(599.9)
Retirement of common stock	—	—	(9,076,444)	605.9	(605.9)	—	—	—
Exercise of warrants <sup>(6)</sup>	4,812,521	—	—	—	644.2	—	—	644.2
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(144.3)	(144.3)
Balance at December 31, 2024	380,703,974	\$ —	—	\$ —	\$ 2,821.4	\$ (238.3)	\$ (148.8)	\$ 2,434.3

- (1) Net stock compensation activity includes 876,358 vested shares offset by 312,761 shares withheld for taxes valued at \$4.3 and stock-based compensation of \$24.7.
- (2) Net stock compensation activity includes 635,663 vested shares offset by 215,493 shares withheld for taxes valued at \$3.3 and stock-based compensation of \$25.0.
- (3) On February 24, 2023, GS Sponsor LLC elected to exercise 5,266,666 warrants on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 1,368,194 shares of Class A common stock.
- (4) Net stock compensation activity includes 778,510 of vested shares offset by 245,689 shares withheld for taxes valued at \$21.9, and stock-based compensation of \$34.6 and employee incentive compensation of \$9.4 awarded in fully vested shares.
- (5) Repurchase of common stock activity includes common stock valued at \$599.9 and a 1% excise tax accrual of \$6.0. Accrual was subsequently reversed due to fair value of common stock issued in 2024 exceeding the value of common stock repurchased.
- (6) On December 6, 2024, Cote SPAC I LLC elected to exercise 5,266,667 warrants on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 4,812,521 shares of Class A common stock.

*See accompanying Notes to the Consolidated Financial Statements*

## (1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Dollars in millions except for per share data and as otherwise noted)

### *Description of Business*

Vertiv Holdings Co (“Holdings Co”, and together with its majority-owned subsidiaries, “Vertiv”, “we”, “our”, or “the Company”), formerly known as GS Acquisition Holdings Corp (“GSAH”), provides mission-critical digital infrastructure technologies and life cycle services primarily for data centers, communication networks, and commercial and industrial environments. Vertiv’s offerings include AC and DC power management products, switchgear and busbar products, thermal management products, integrated rack systems, modular solutions, management systems for monitoring and controlling digital infrastructure, and service. Vertiv manages and reports results of operations for three business segments: Americas; Asia Pacific; and Europe, Middle East & Africa.

Holdings Co was originally incorporated in Delaware on April 25, 2016 as GSAH, a special purpose acquisition company which consummated its initial public offering (the “IPO”) in June of 2018.

On February 7, 2020 (the “Closing Date”), Vertiv Holdings Co consummated its previously announced business combination pursuant to that certain Agreement and Plan of Merger, dated as of December 10, 2019 (the “Merger Agreement”), by and among GSAH, Vertiv Holdings, LLC, a Delaware limited liability company (“Vertiv Holdings”), VPE Holdings, LLC, a Delaware limited liability company (the “Vertiv Stockholder”), Crew Merger Sub I LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of GSAH (“First Merger Sub”), and Crew Merger Sub II LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of GSAH (“Second Merger Sub”), which continued as the surviving entity and was named “Vertiv Holdings, LLC” (the “Business Combination”).

In connection with the Business Combination, GSAH changed its name to Vertiv Holdings Co and changed the trading symbols for its units, each unit representing one share of Class A common stock and one-third of one redeemable Warrant to acquire one share of Class A common stock, that were issued in the IPO (less the number of units that have been separated into the underlying shares of Class A common stock and underlying Warrants (the “Public Warrants”) upon the request of the holder thereof) (the “units”). Class A common stock and Public Warrants on the NYSE were changed from “GSAH.U,” “GSAH” and “GSAH WS,” to “VERT.U,” “VRT” and “VRT WS,” respectively. As a result of the Business Combination, Vertiv Holdings Co became the owner, directly or indirectly, of all of the assets of Vertiv and its subsidiaries, and the Vertiv Stockholder holds a portion of the Company’s Class A common stock.

The Business Combination was accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with U.S. GAAP. This determination was primarily based on post Business Combination relative voting rights, composition of the governing board, management, and intent of the Business Combination. Under this method of accounting, GSAH was treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination was treated as the equivalent of Vertiv issuing stock for the net assets of GSAH, which primarily consisted of cash held in its trust account, accompanied by a recapitalization. The net assets of the Company were stated at historical cost, with no goodwill or other intangible assets recorded. Reported amounts from operations included herein prior to the Business Combination are those of Vertiv.

### *Basis of Presentation*

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries in which it has a controlling interest. All intercompany accounts and transactions have been eliminated in consolidation. In addition certain prior year amounts have been reclassified to conform with current year presentation. The Company’s Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, net sales and expenses as well as related disclosures. On an ongoing basis, the Company evaluates its estimates and assumptions based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions due to among other reasons, the continued uncertainty of general economic conditions that have impacted, and may continue to impact, our sales channels, supply chain, manufacturing operations, workforce, or other key aspects of our operations.

### *Revenue recognition*

The Company recognizes revenue from the sale of manufactured products and services when control of promised goods or services are transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Control is transferred when the customer has the ability to direct the use of and obtain benefits from the goods or services. The majority of the Company's sales agreements contain performance obligations satisfied at a point in time when control is transferred to the customer. Sales for service contracts, including installation, inventory with no alternative use and an enforceable right of payment upon customer termination and other discrete services, generally are recognized over time as the services are provided. Payments received in advance for service arrangements are recorded as deferred revenue and recognized in net sales when the revenue recognition criteria are met. Unbilled revenue is recorded when performance obligations have been satisfied, but the Company does not have present right to payment.

For agreements with multiple performance obligations, the Company is required to determine whether performance obligations specified in these agreements are distinct and should be accounted for as separate revenue transactions for recognition purposes. In these types of agreements we allocate sales price to each distinct obligation on a relative stand-alone selling price basis. The majority of revenue from arrangements with multiple performance obligations is recognized when tangible products are delivered, with smaller portions for associated installation and commissioning recognized shortly thereafter. Generally, contract duration is short term, and cancellation, termination or refund provisions apply only in the event of contract breach. These provisions have historically not been invoked.

Payment terms vary by the type and location of the customer and the products or services offered. Revenue from our sales have not been adjusted for the effects of a financing component as we expect that the period between when we transfer control of the product and when we receive payment to be one year or less. Sales, value add, and other taxes collected concurrent with revenue are excluded from sales. The Company records amounts billed to customers for shipping and handling in a sales transaction as revenue. Shipping and handling costs are treated as fulfillment costs and are included in costs of sales.

The Company records reductions to sales for prompt payment discounts, customer and distributor incentives including rebates, and returns at the time of the initial sale. Rebates are estimated based on sales terms, historical experience, trend analysis, and projected market conditions in the various markets served. Returns are estimated at the time of the sale primarily based on historical experience and recorded gross on the consolidated balance sheet.

Sales commissions are expensed when the amortization period is less than a year and are generally not capitalized as they are typically earned at the completion of the contract when the customer is invoiced or when the customer pays Vertiv. We typically offer warranties that are consistent with standard warranties in the jurisdictions where we sell our goods and services. Our warranties are generally assurance type warranties for which we promise that our goods and services meet contract specifications. In limited circumstances, we sell warranties that extend the warranty coverage beyond the standard coverage offered on specific products. Sales for these separately-priced warranties are recorded based on their stand-alone selling price and are recognized as revenue over the length of the warranty period.

### *Foreign Currency Translation*

The functional currency for substantially all of the Company's non-U.S. subsidiaries is the local currency. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive income (loss). Transactions denominated in currencies other than the subsidiaries' functional currencies are subject to changes in exchange rates with resulting gains/losses recorded in net earnings (loss).

### *Cash and Cash Equivalents*

Cash and cash equivalents are reflected on the Consolidated Balance Sheets and consist of highly liquid investments with original maturities of three months or less.

The following table provides a reconciliation of the amount of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets. Restricted cash represents cash collateral for bank guarantees.

	December 31, 2024	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 1,227.6	\$ 780.4	\$ 260.6
Restricted cash included in other current assets	4.6	8.2	12.6
Total cash, cash equivalents, and restricted cash	<u>\$ 1,232.2</u>	<u>\$ 788.6</u>	<u>\$ 273.2</u>

#### *Accounts Receivable and Allowance for Credit Losses*

The Company's accounts receivable are derived from customers located in the U.S. and numerous foreign jurisdictions. The Company performs ongoing credit evaluations of its customers' financial condition and generally requires no collateral from its customers. The Company establishes an allowance for credit losses on receivable based on historical experience, current and expected future market conditions, and any specific customer collection issues that the Company has identified. Write-offs are recorded against the allowance for credit losses when all reasonable efforts for collection have been exhausted.

The change in allowance for credit losses is as follows:

	Year Ended December 31,		
	2024	2023	2022
Beginning balance	\$ 29.1	\$ 18.4	\$ 14.1
Provision charged to expense	1.6	11.3	5.6
Deductions	(8.3)	(0.6)	(1.3)
Ending balance	<u>\$ 22.4</u>	<u>\$ 29.1</u>	<u>\$ 18.4</u>

#### *Inventories*

Inventories are stated at the lower of cost, using the first-in, first-out method, or net realizable value and the majority is valued based on standard costs. The remainder is valued based on average actual costs. Standard costs are revised at the beginning of each fiscal year. The impact from annually resetting standards, as well as operating variances incurred throughout the year, are allocated to inventories and recognized in cost of sales as product is sold.

The following are the components of inventory:

	December 31, 2024	December 31, 2023
<u>Inventories</u>		
Finished products	\$ 400.8	\$ 261.6
Raw materials	564.7	484.3
Work in process	278.9	138.4
Total inventories	<u>\$ 1,244.4</u>	<u>\$ 884.3</u>

The change in inventory obsolescence is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Beginning balance	\$ 59.0	\$ 56.0	\$ 56.2
Provision charged to expense	46.7	28.8	30.1
Write-offs and other	(31.9)	(25.8)	(30.3)
Ending balance	<u>\$ 73.8</u>	<u>\$ 59.0</u>	<u>\$ 56.0</u>

#### *Fair Value Measurement*

Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a formal hierarchy and framework for measuring certain financial statement items at fair value, and requires disclosures about fair value measurements and the reliability of valuation inputs. Under ASC 820, measurement assumes the transaction to sell an asset or transfer a liability occurs in the principal or at least the most advantageous market for that asset or liability. Within the hierarchy, Level 1 instruments use observable market prices for the identical item in active markets and have the most reliable valuations. Level 2 instruments are valued through broker/dealer quotation or through market-observable inputs for similar items in active markets, including forward and spot prices, interest rates and volatilities. Level 3 instruments are valued using inputs not observable in an active market, such as company-developed future cash flow estimates, and are considered the least reliable. The carrying value approximates fair value for cash and cash equivalents, accounts receivable and accounts payable because of the relatively short-term maturity of these instruments.

### *Debt Issuance Costs, Premiums and Discounts*

Debt issuance costs, premiums and discounts are amortized into interest expense over the terms of the related loan agreements using the effective interest method or other methods which approximate the effective interest method. Debt issuance costs related to a recognized debt liability are presented on the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with discounts.

### *Property, Plant and Equipment and Definite Lived Intangible Assets*

The Company records investments in land, buildings, and machinery and equipment at cost, which includes the then fair values of assets acquired in business combinations. Depreciation is computed principally using the straight-line method over estimated service lives, which are 30 to 40 years for buildings and 10 to 12 years for machinery and equipment. The Company's definite lived identifiable intangible assets that are subject to amortization are amortized on a straight-line basis over their estimated useful lives. Definite lived identifiable intangibles consist of intellectual property such as patented and unpatented technology and trademarks, customer relationships and capitalized software. Definite lived identifiable intangible assets are also subject to evaluation for potential impairment if events or circumstances indicate the carrying value may not be recoverable. Long-lived tangible and intangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on estimated fair values if the sum of expected future undiscounted cash flows of the related assets is less than the carrying values.

Following are the components of property, plant and equipment:

	December 31, 2024	December 31, 2023
<u>Property, plant and equipment, net<sup>(1)</sup></u>		
Machinery and equipment	\$ 570.1	\$ 479.7
Buildings	362.1	343.6
Land	39.4	41.3
Construction in progress	87.5	67.5
Property, plant and equipment, at cost	1,059.1	932.1
Less: Accumulated depreciation	(434.0)	(372.0)
Property, plant and equipment, net	<u>\$ 625.1</u>	<u>\$ 560.1</u>

(1) Property, plant and equipment, net in the United States was \$148.8 and \$142.4 as of December 31, 2024 and 2023, respectively.

### *Goodwill*

Assets and liabilities acquired in business combinations are accounted for using the acquisition method and recorded at their respective fair values. Goodwill represents the excess of consideration paid over the net assets acquired and is assigned to the reporting unit that acquires the business. A reporting unit is an operating segment as defined in ASC 280, Segment Reporting, or a business one level below an operating segment if discrete financial information for that business is prepared and regularly reviewed by segment management. The Company conducts annual impairment tests of goodwill in the fourth quarter or more frequently if events or circumstances indicate a reporting unit's fair value may be less than its carrying value. The Company may assess goodwill for impairment initially using a qualitative approach to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If an initial qualitative assessment indicates it is more likely than not goodwill may be impaired, a quantitative impairment analysis is performed to evaluate the reporting unit's estimated fair value compared to its carrying value. If its carrying value exceeds its estimated fair value, goodwill impairment is recognized to the extent that the carrying value exceeds the fair value of the reporting unit. Estimated fair values of the reporting unit are Level 3 measures and are developed using a weighting of the discounted cash flow approach, the comparable public company approach and the comparable acquisition approach. The Company performed our annual goodwill impairment using the qualitative approach for each reporting unit for the year ended December 31, 2024 and no impairment charges were reported, see "Note 5 – Goodwill and Other Intangibles" for additional information.

### *Finite-lived Intangible assets*

Finite-lived intangible assets principally consist of certain customer relationships, developed technology, capitalized software and trademarks. These intangible assets are amortized on a straight-line basis over their estimated useful lives. The cost of customer relationships is amortized principally over 10 to 13 years, developed technology over 5 to 10 years, capitalized software over 5 years, and trademarks over 5 to 10 years. The Company reviews finite-lived intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company monitors these changes and events on at least a quarterly basis.

### *Other indefinite-lived intangible asset*

Indefinite lived intangible assets consist of a trademark which is also evaluated annually in the fourth quarter for impairment or upon the occurrence of a triggering event. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, the asset is written down to its fair value and the amount of the write down is the impairment charge. When a quantitative analysis is performed, the Company tests these assets using a “relief-from-royalty” valuation method to determine the fair value. Significant assumptions inherent in the valuation methodologies include, but are not limited to, future projected business results, growth rates, the discount rate for a market participant, and royalty rates. Similar to its annual assessment for goodwill, the Company performed a qualitative test for impairment in the current year resulting in no impairment charges for the year ended December 31, 2024.

### *Product Warranties*

Warranties generally extend for one to two years from the date of sale. Provisions for warranty are determined primarily based on historical warranty cost as a percentage of sales, adjusted for specific issues that may arise.

Product warranty expense is approximately one percent of product sales and the product warranty accrual is reflected in "Accrued expenses and other liabilities" on the Consolidated Balance Sheets.

The change in product warranty accrual is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Beginning balance	\$ 26.1	\$ 25.6	\$ 30.0
Provision charge to expense	25.7	22.7	16.0
Paid/utilized	(24.3)	(22.2)	(20.4)
Ending balance	<u>\$ 27.5</u>	<u>\$ 26.1</u>	<u>\$ 25.6</u>

### *Private Placement Warrants*

Simultaneously with the closing of the IPO of GSAH in June 2018 (prior to the Business Combination in 2020), GSAH closed the private placement of an aggregate of 10,533,333 warrants, each exercisable to purchase one share of Class A common stock at an exercise price of \$11.50 per share (the “Private Placement Warrants”), initially issued to GS DC Sponsor I LLC, a Delaware limited liability company.

On February 24, 2023, 5,266,666 warrants were exercised on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 1,368,194 shares of Class A common stock. On December 6, 2024, 5,266,667 warrants were exercised on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 4,812,521 shares of Class A common stock. As of December 31, 2024, there are no outstanding Private Placement Warrants.

The Warrants were classified as a liability at fair value on the Company's Consolidated Balance Sheet at December 31, 2023 and the change in the fair value of such liability in each period is recognized as a gain or loss in the Company's Consolidated Statements of Earnings (Loss). The Warrants are deemed equity instruments for income tax purposes. The Private Placement Warrants were valued using a Black-Scholes-Merton pricing model as described in “Note 12 - Financial Instruments and Risk Management” to the Consolidated Financial Statements.

### *Derivative Instruments and Hedging Activities*

In the normal course of business, the Company is exposed to changes in interest rates, foreign currency exchange rates and commodity prices due to its worldwide presence, business profile and long-term debt agreements. The Company's foreign currency exposures relate to transactions denominated in currencies that differ from the functional currencies of its subsidiaries. Primary commodity exposures are price fluctuations on forecasted purchases of copper and aluminum and related products. As part of the Company's risk management strategy, derivative instruments can be selectively used in an effort to minimize the impact of these exposures. All derivatives are associated with specific underlying exposures and the Company does not hold derivatives for trading or speculative purposes. The duration of hedge positions is generally less than one year.

All derivatives are accounted for under ASC 815, *Derivatives and Hedging*, and recognized at fair value as assets or liabilities in the Consolidated Balance Sheets. For derivatives hedging variability in future cash flows, the gain or loss is deferred in equity as a component of accumulated other comprehensive (loss) income and recognized when the underlying transaction impacts earnings. For derivatives hedging the fair value of existing assets or liabilities, both the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in earnings each period. The Company also uses derivatives to hedge economic exposures that are not designated as accounting hedges under ASC 815. The underlying exposures for these hedges relate primarily to the revaluation of certain foreign-currency denominated assets and liabilities. Gains or losses of these economic hedges, as well as any gains or losses on derivative instruments not designated as hedges, are recognized in the Consolidated Statements of Earnings (Loss) immediately.

The Company may enter into net investment hedges of their foreign subsidiaries. The Company utilizes intercompany foreign currency denominated debt to hedge its investment in certain foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges are included in the Consolidated Statements of Shareholders' Equity (Deficit) in the foreign currency translation adjustment of "Foreign currency (gain) loss, net" which offsets the translation adjustments on the underlying net assets of foreign subsidiaries also recorded in "Other Comprehensive income (loss), net of tax".

The Company designated certain interest rate swaps with a notional amount of \$1,000.0 as cash flow hedges until maturity, which corresponds with the maturity of the Term Loan Credit Agreement in 2027. The Company uses interest rate swaps to manage the interest rate mix of our total debt portfolio and related overall cost of borrowing. The interest rate swaps are valued using the secured overnight financing rate ("SOFR") yield curves at the reporting date and are classified in Level 2. Counterparties to these contracts are highly rated financial institutions. At December 31, 2024 and 2023 interest rate swap agreements designated as cash flow hedges effectively swapped a notional amount of \$1,000.0, of SOFR based floating rate debt for fixed rate debt. See "Note 12 – Financial instruments and Risk Management" for additional information.

The Company may enter into derivative financial instruments designed to hedge the exposure to changes in foreign currency exchange rates. The Company values foreign currency exchange swaps using broker quotations or market transactions on the listed or over-the-counter market, as such, these derivative instruments are classified in Level 2. When the derivative instrument qualifies as a cash flow hedge, changes in the fair value are deferred through other comprehensive income. The Company reclassifies the gain or loss associated with the cash flow hedges into earnings when the underlying exposure affects earnings. At December 31, 2024, we have derivative instruments which hedge our exposure to certain foreign currency exchange rates with a notional amount of \$129.0. See "Note 12 – Financial Instruments and Risk Management" for additional information.

The Company enters into derivative instruments designed to hedge anticipated purchases of aluminum and copper. As of December 31, 2024, we have hedged notional amounts of 10,730.0 and 7,330.0 metric tons, respectively. The Company values these instruments using broker quotations, market transactions or option pricing model based on observable market inputs, as such, these derivative instruments are classified in Level 2. See "Note 12 – Financial Instruments and Risk Management" for additional information.

As of December 31, 2024 and 2023 there are some currency hedges not designated in hedge accounting relationships. Accordingly, the Company recognized mark-to-market gains (losses) of \$(2.5), \$(0.8), and \$0.4 for the years ended December 31, 2024, 2023, and 2022, respectively, within "Other operating expense (income)" in the Consolidated Statements of Earnings (Loss). The fair values of the outstanding risk management derivatives were measured using valuations based upon quoted prices for similar assets and liabilities in active markets (Level 2) and are valued by reference to similar financial instruments, adjusted for terms specific to the contracts.

### *Income Taxes*

The provision for income taxes is determined using the asset and liability approach of ASC 740 by jurisdiction on a legal entity by legal entity basis. Under this approach, deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. Deferred taxes result from differences between the financial and tax basis of the Company's assets and liabilities and are measured using enacted rates in effect for the year in which the temporary differences are expected to be recovered or settled. The impact of a change in income tax rates on deferred tax assets and liabilities is recognized in earnings in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. The tax carryforwards reflected in the Company's Consolidated Financial Statements have been determined using the separate return method. The tax carryforwards include net operating losses and tax credits.

The Company's extensive operations and the complexity of global tax regulations require assessments of uncertainties in estimating the taxes the Company will ultimately pay. The Company recognizes liabilities for anticipated tax uncertainties in the U.S. and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due.

As of December 31, 2024 and 2023, the Company has provided for U.S. federal income taxes, foreign withholding and other taxes on outside basis differences in certain foreign subsidiaries that are not indefinitely reinvested. Certain earnings of foreign affiliates continue to be indefinitely reinvested, but determining the impact was not practicable due to interaction with other tax laws and regulations in the year of inclusion.

### *Commitments and Contingencies*

Certain conditions may exist as of the date of the financial statements which may result in a loss to the Company, but will only be resolved when one or more future events occur or fail to occur. Such liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when the Company assesses that it is probable that a future liability has been incurred and the amount can be reasonably estimated. Recoveries of costs from third parties, which the Company assesses as being probable of realization, are recorded to the extent of related contingent liabilities accrued. Legal costs incurred in connection with matters relating to contingencies are expensed in the period incurred. The Company records gain contingencies when realized.

### *Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07: Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures. This ASU provides amendments by requiring disclosure of incremental segment information on an annual and interim basis. The amendments are effective in fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company has expanded our current segment information in accordance with this standard, refer to "Note 14 - Segment Information".

In December 2023, the FASB issued ASU 2023-09: Income Taxes (Topic 740) Improvements to Income Tax Disclosures. This ASU provides amendments that require entities to annually disclose specific rate reconciliation categories, additional details for significant reconciling items exceeding 5%, and comprehensive breakdowns of income taxes paid by jurisdiction. The amendments are effective in fiscal years beginning after December 15, 2024. The Company does not expect the adoption to have a material impact on its Consolidated Financial Statements.

In November 2024, the FASB issues ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosure (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU provides amendments that require entities to disclose additional information about specific expense categories in the notes to the financial statements on an annual and interim basis. The amendments are effective in fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact on its Consolidated Financial Statements.

## **(2) ACQUISITION**

### *CoolTera Ltd.*

On December 4, 2023, the Company entered into a sale and purchase agreement to acquire CoolTera Ltd. The transaction closed on December 8, 2023. CoolTera is a global provider of liquid cooling infrastructure solutions, and designs and manufactures coolant distribution units, secondary fluid networks, and manifolds for data center liquid cooling solutions. The acquisition of CoolTera brings advanced cooling technology, deep domain expertise, controls and systems, and manufacturing and testing for high density compute cooling requirements to the company's existing thermal management portfolio.

### (3) REVENUE

The Company recognizes revenue from the sale of manufactured products and services when control of promised goods or services are transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

#### *Products*

The Company identifies delivery of products as performance obligations. Such products include AC and DC power management, thermal management, low/medium voltage switchgear, busbar, integrated modular solutions, hardware for managing IT equipment, racks, rack power, rack power distribution, rack thermal systems, and configurable integrated solutions. The Company generally satisfies these performance obligations and recognizes revenue for these products at a point in time when control has transferred to the customer. The transfer of control generally occurs when the product has been shipped or delivery has occurred, depending on shipping terms.

For customized products that the customer controls at the customer's site while the Company builds and customizes the product, the Company recognizes revenue over time because the customer obtains control of the asset as it is built. For these products, the Company uses an input method to recognize revenue based on costs incurred relative to total estimated project costs as this represents the most faithful measure of the goods transferred to the customer.

#### *Services & spares*

Services include preventative maintenance, acceptance testing, engineering and consulting, performance assessments, remote monitoring, training, spare parts, and critical digital infrastructure software. Services are generally recognized as the services are provided, or straight-line for stand-ready contracts, because the customer simultaneously receives and consumes the benefit as we perform the services. The Company recognizes revenue for software applications at a point in time upon transfer of the software and monitoring services are recognized over time.

#### *Disaggregation of Revenues*

Prior to 2024, the Company previously reported critical infrastructure & solutions and integrated rack solutions revenue separately. In 2024, the previously reported revenue for those product and service offerings are combined and reported as products as they are now collectively managed together. Prior period amounts have been reclassified to conform with the current year presentation.

The following table disaggregates revenue by business segment, product and service offering and timing of transfer of control:

	Year Ended December 31, 2024			
	Americas	Asia Pacific	Europe, Middle East, & Africa	Total
<i>Sales by Product and Service Offering:</i>				
Products	\$ 3,579.1	\$ 1,248.5	\$ 1,417.6	\$ 6,245.2
Services & spares	921.5	469.3	375.8	1,766.6
Total	<u>\$ 4,500.6</u>	<u>\$ 1,717.8</u>	<u>\$ 1,793.4</u>	<u>\$ 8,011.8</u>
<i>Timing of revenue recognition:</i>				
Products and services transferred at a point in time	\$ 3,474.6	\$ 1,252.1	\$ 1,021.6	\$ 5,748.3
Products and services transferred over time	1,026.0	465.7	771.8	2,263.5
Total	<u>\$ 4,500.6</u>	<u>\$ 1,717.8</u>	<u>\$ 1,793.4</u>	<u>\$ 8,011.8</u>

Year Ended December 31, 2023

	Americas	Asia Pacific	Europe, Middle East, & Africa	Total
<u>Sales by Product and Service Offering:</u>				
Products	\$ 3,021.2	\$ 1,098.1	\$ 1,151.9	\$ 5,271.2
Services & spares	823.3	429.7	339.0	1,592.0
Total	<u>\$ 3,844.5</u>	<u>\$ 1,527.8</u>	<u>\$ 1,490.9</u>	<u>\$ 6,863.2</u>

Timing of revenue recognition:

Products and services transferred at a point in time	\$ 2,932.3	\$ 1,163.9	\$ 942.4	\$ 5,038.6
Products and services transferred over time	912.2	363.9	548.5	1,824.6
Total	<u>\$ 3,844.5</u>	<u>\$ 1,527.8</u>	<u>\$ 1,490.9</u>	<u>\$ 6,863.2</u>

Year Ended December 31, 2022

	Americas	Asia Pacific	Europe, Middle East, & Africa	Total
<u>Sales by Product and Service Offering:</u>				
Products	\$ 1,974.0	\$ 1,159.6	\$ 1,077.3	\$ 4,210.9
Services & spares	754.6	441.7	284.3	1,480.6
Total	<u>\$ 2,728.6</u>	<u>\$ 1,601.3</u>	<u>\$ 1,361.6</u>	<u>\$ 5,691.5</u>

Timing of revenue recognition:

Products and services transferred at a point in time	\$ 1,925.0	\$ 1,242.6	\$ 985.7	\$ 4,153.3
Products and services transferred over time	803.6	358.7	375.9	1,538.2
Total	<u>\$ 2,728.6</u>	<u>\$ 1,601.3</u>	<u>\$ 1,361.6</u>	<u>\$ 5,691.5</u>

The opening and closing balances of current and long-term deferred revenue are as follows:

	Balances at December 31, 2024	Balances at December 31, 2023
Deferred revenue - current	\$ 1,063.3	\$ 638.9
Deferred revenue - noncurrent <sup>(1)</sup>	91.3	61.8

(1) Noncurrent deferred revenue is recorded within "Other long-term liabilities" on the Consolidated Balance Sheets.

Deferred revenue - noncurrent consists primarily of maintenance, extended warranty and other service contracts. The Company expects to recognize revenue of \$43.5, \$26.6 and \$21.2 in the years ending December 31, 2026, 2027, and thereafter, respectively.

#### (4) RESTRUCTURING COSTS

Restructuring costs include expenses associated with the Company's efforts to continually improve operational efficiency and reposition its assets to remain competitive on a worldwide basis. Plant closing and other costs include lease and contract termination costs of moving fixed assets, employee training, relocation, and facility costs. These costs are recorded in "Restructuring costs" on the Consolidated Statements of Earnings (Loss).

Restructuring costs by business segment were as follows:

	December 31, 2024 <sup>(1)</sup>	December 31, 2023	December 31, 2022
Americas	\$ (7.3)	\$ 6.0	\$ 1.9
Asia Pacific	1.2	14.1	(1.7)
Europe, Middle East & Africa	14.1	3.7	0.7
Corporate	(2.7)	4.8	(0.2)
Total	<u>\$ 5.3</u>	<u>\$ 28.6</u>	<u>\$ 0.7</u>

(1) During the year ended December 31, 2024 restructuring reserves were adjusted due to new restructuring activities in Europe, Middle East & Africa and slightly offset by a change in restructuring plans previously recorded in Americas.

The Company has an on-going multi-year restructuring program to align its cost structure to support margin expansion targets. The program includes workforce reductions and footprint optimization across all segments. The current liability and non-current liability for estimated restructuring costs is recorded in "Accrued expenses and other liabilities" and "Other long-term liabilities", respectively, on the Consolidated Balance Sheets. As of December 31, 2024, the non-current liability for estimated restructuring costs primarily decreased by \$6.5 due to a change in restructuring plans.

The change in the current liability for restructuring costs for the year ended December 31, 2024 were as follows:

	December 31, 2023	Paid/Utilized	Expense	December 31, 2024
Severance and benefits	\$ 25.1	\$ (12.8)	\$ (2.0)	\$ 10.3
Plant closing and other	0.1	(13.8)	13.8	0.1
Total	<u>\$ 25.2</u>	<u>\$ (26.6)</u>	<u>\$ 11.8</u>	<u>\$ 10.4</u>

The change in the current liability for restructuring costs for the year ended December 31, 2023 were as follows:

	December 31, 2022	Paid/Utilized	Expense	December 31, 2023
Severance and benefits	\$ 15.3	\$ (17.2)	\$ 27.0	\$ 25.1
Plant closing and other	0.1	(1.6)	1.6	0.1
Total	<u>\$ 15.4</u>	<u>\$ (18.8)</u>	<u>\$ 28.6</u>	<u>\$ 25.2</u>

## (5) GOODWILL AND OTHER INTANGIBLES

The change in the carrying value of goodwill by segment follows:

	Americas	Asia Pacific	Europe, Middle East & Africa	Total
Balance, December 31, 2022	\$ 634.3	\$ 47.1	\$ 603.3	\$ 1,284.7
Acquisition/Divestiture <sup>(1)</sup>	—	—	24.5	24.5
Foreign currency translation and other	1.0	(0.7)	20.8	21.1
Balance, December 31, 2023	\$ 635.3	\$ 46.4	\$ 648.6	\$ 1,330.3
Acquisition <sup>(2)</sup>	—	8.7	—	8.7
Foreign currency translation and other	(1.6)	(1.2)	(15.1)	(17.9)
Balance, December 31, 2024	<u>\$ 633.7</u>	<u>\$ 53.9</u>	<u>\$ 633.5</u>	<u>\$ 1,321.1</u>

(1) Represents the goodwill acquired in December 2023 related to CoolTera Ltd., refer to "Note 2 - Acquisition" for additional information, offset by the write-off of goodwill associated with the disposition of a technical furniture business.

(2) Represents the goodwill acquired through an acquisition in December 2024.

The gross carrying amount and accumulated amortization of identifiable intangible assets by major class follow:

As of December 31, 2024	Gross	Accumulated Amortization	Net
Customer relationships	\$ 1,740.1	\$ (829.6)	\$ 910.5
Developed technology	492.3	(302.9)	189.4
Capitalized software	121.0	(86.9)	34.1
Trademarks	96.9	(41.7)	55.2
Other	43.7	(36.9)	6.8
Total finite-lived identifiable intangible assets	<u>\$ 2,494.0</u>	<u>\$ (1,298.0)</u>	<u>\$ 1,196.0</u>
Indefinite-lived trademarks	291.1	—	291.1
Total intangible assets	<u>\$ 2,785.1</u>	<u>\$ (1,298.0)</u>	<u>\$ 1,487.1</u>

As of December 31, 2023	Gross	Accumulated Amortization	Net
Customer relationships	\$ 1,768.6	\$ (710.7)	\$ 1,057.9
Developed technology	494.3	(261.2)	233.1
Capitalized software	111.2	(82.6)	28.6
Trademarks	88.9	(35.9)	53.0
Other	45.5	(37.3)	8.2
Total finite-lived identifiable intangible assets	<u>\$ 2,508.5</u>	<u>\$ (1,127.7)</u>	<u>\$ 1,380.8</u>
Indefinite-lived trademarks	292.1	—	292.1
Total intangible assets	<u>\$ 2,800.6</u>	<u>\$ (1,127.7)</u>	<u>\$ 1,672.9</u>

Total intangible asset amortization expense for the years ended December 31, 2024, 2023 and 2022 was \$195.4, \$196.7, and \$230.4, respectively.

Based on intangible asset balances as of December 31, 2024, expected amortization expense is as follows:

2025	2026	2027	2028	2029
\$ 200.3	\$ 190.2	\$ 157.7	\$ 145.6	\$ 94.5

#### Annual Goodwill Impairment Analysis

The Company performed a qualitative impairment test for all of its reporting units during the fourth quarter of 2024. Based on the results of our qualitative impairment assessment, we concluded that it is more likely than not that the fair value of each reporting unit exceeded their carrying value and, therefore, our goodwill was not impaired as of December 31, 2024.

## (6) DEBT

Long-term debt, net of current portion, consisted of the following as of December 31, 2024 and 2023:

	December 31, 2024	December 31, 2023
Term Loan due 2027 at 6.19% and 7.97% at December 31, 2024 and 2023, respectively	\$ 2,097.0	\$ 2,118.1
Senior Secured Notes due 2028 at 4.125% at both December 31, 2024 and 2023, respectively	850.0	850.0
Unamortized discount and issuance costs	(18.8)	(27.2)
	2,928.2	2,940.9
Less: Current Portion	(21.0)	(21.8)
Total long-term debt, net of current portion	<u>\$ 2,907.2</u>	<u>\$ 2,919.1</u>

Contractual maturities of the Company's debt obligations as of December 31, 2024 are shown below:

2025	\$ 21.0
2026	21.0
2027	2,055.0
2028	850.0
2029	—
Total	<u>\$ 2,947.0</u>

#### Term Loan Due 2027

Subject to certain conditions and without consent of the then-existing Term Lenders (but subject to the receipt of commitments), Vertiv Group Corporation (the "Borrower"), a wholly-owned subsidiary of Vertiv Holdings Co ("Holdings Co"), may incur additional loans under the Term Loan Credit Agreement (as an increase to the Term Loan or as one or more new tranches of term loans) ("Incremental Term Loans") in an aggregate principal amount of up to the sum of (a) the greater of \$325.0 and 60.0% of Consolidated EBITDA (as defined in the Term Loan Credit Agreement), *plus* (b) an amount equal to the sum of all voluntary prepayments, repurchases and redemptions of *pari passu* term loans borrowed under the Term Loan Credit Agreement and of certain other *pari passu* indebtedness incurred outside the Term Loan Credit Agreement utilizing capacity that would otherwise be available for Incremental Term Loans, in each case, to the extent not financed with the incurrence of certain additional long-term indebtedness, *plus* (c) an unlimited amount, so long as on a *pro forma basis*, (i) with respect to indebtedness secured by the Collateral (as defined below) on a *pari passu* basis with the Term Loan, the Consolidated First Lien Net Leverage Ratio (as defined in the Term Loan Credit Agreement) would not exceed 3.75:1.00 and (ii) with respect to indebtedness incurred outside of the Term Loan Credit Agreement and secured by the Collateral on a junior basis with the Term Loan or that is unsecured, the Consolidated Total Net Leverage Ratio (as defined in the Term Loan Credit Agreement) would not exceed either (A) 5.25:1.00 or (B) if such indebtedness is incurred in connection with a permitted acquisition or other permitted investment, the Consolidated Total Net Leverage Ratio in effect immediately prior to the consummation of such transaction (the amounts referred to in clauses (a), (b) and (c), collectively, the "Incremental Amount"). Subject to certain conditions, the Borrower may incur additional indebtedness outside of the Term Loan Credit Agreement using the then-available Incremental Amount in lieu of Incremental Term Loans.

The Term Loan amortizes in equal quarterly installments in an amount equal to 1.00% per annum of the initial principal amount, which amortization payments commenced on June 30, 2020. Prior to the amendments discussed below, the interest rate applicable to the Term Loan was, at the Borrower's option, either (a) the base rate (which is the highest of (i)

the prime rate of Citibank, N.A. on such day, (ii) the greater of the then-current (A) federal funds rate set by the Federal Reserve Bank of New York and (B) rate comprised of both overnight federal funds and overnight LIBOR, in each case, *plus* 0.50%, (iii) LIBOR for a one month interest period, *plus* 1.00% and (iv) 1.00%), *plus* 2.00% or (b) one-, three- or six-month LIBOR or, if agreed by all Term Lenders, 12-month LIBOR or, if agreed to by the Term Agent, any shorter period (selected at the option of the Borrower), *plus* 3.00%. Additionally, concurrent with entering into the Term Loan Credit Agreement, Vertiv Group entered into interest rate swap agreements with a notional amount of \$1,000.0. The swap transactions exchange floating rate interest payments for fixed rate interest payments on the notional amount to reduce interest rate volatility. The borrowing rate of the Term Loan as of December 31, 2024 and 2023 was 6.19% and 7.97%, respectively.

The Borrower may voluntarily prepay the Term Loan, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty. The Borrower is required to repay the Term Loan with 50% of Excess Cash Flow (as defined in the Term Loan Credit Agreement), 100% of the net cash proceeds of certain asset sales and casualty and condemnation events and the incurrence of certain other indebtedness, in each case, subject to certain step-downs, reinvestment rights, thresholds and other exceptions. Any Term Loan prepaid or repaid may not be re-borrowed. Unless accelerated subject to the terms of the Term Loan Credit Agreement, any amounts not otherwise prepaid or repaid shall mature on the seven year anniversary of entry into the Term Loan Credit Agreement.

The Borrower's obligations under the Term Loan Credit Agreement are guaranteed by Holdings Co and all of the Borrower's direct and indirect wholly-owned U.S. subsidiaries (subject to certain permitted exceptions) (collectively, the "Guarantors"). Subject to certain exceptions, the obligations of the Borrower and the Guarantors under the Term Loan Credit Agreement and related documents are secured by a lien on substantially all of the assets of the Borrower and the Guarantors (the "Collateral").

The Term Loan Credit Agreement contains customary representations and warranties, affirmative, reporting and negative covenants, and events of default. The negative covenants include, among other things, restrictions on (subject to certain exceptions) our ability to incur additional indebtedness; pay dividends or other payments on capital stock; guarantee other obligations; grant liens on assets; make loans, acquisitions or other investments; transfer or dispose of assets; make optional payments of, or otherwise modify, certain debt instruments; engage in transactions with affiliates; amend organizational documents; engage in mergers or consolidations; enter into arrangements that restrict certain of our subsidiaries' ability to pay dividends; change the nature of the business conducted by Vertiv Group and its restricted subsidiaries; and designate our subsidiaries as unrestricted subsidiaries. Additionally, the activities which may be carried out by Holdings Co are subject to limitations.

#### *Term Loan Amendments*

On March 10, 2021, pursuant to Amendment No. 1 a repricing amendment, the interest rate margin decreased to 2.75% in respect of Term Loans bearing interest based on the LIBOR rate and to 1.75% in respect of Term Loans bearing interest based on the base rate as described above.

On June 22, 2023, pursuant to Amendment No. 2, the interest rate under the Term Loan Credit Agreement transitioned, effective July 1, 2023, from the LIBOR available for borrowings under the credit agreement and related LIBOR-based mechanics to an interest rate based on the SOFR and related SOFR-based mechanics.

On December 13, 2023, pursuant to Amendment No. 3, among other modifications, the interest rate margin for the Borrower's outstanding term loans under the Credit Agreement was reduced by 0.25%, to 2.50% in respect of term loans bearing interest based on the Term SOFR rate and to 1.50% in respect of term loans bearing interest based on the base rate described above. The maturity date for such term loans remains March 2, 2027, and all other material provisions of the Credit Agreement remain materially unchanged. The Company recognized a loss on the extinguishment of debt of \$0.5 related to the interest rate decrease for the year ended December 31, 2023.

On June 13, 2024, pursuant to Amendment No. 4, among other modifications, the interest rate margin for the Borrower's outstanding term loans under the Credit Agreement was reduced by 0.50%, to 2.00% in respect of term loans bearing interest based on the Term SOFR rate and to 1.00% in respect of term loans bearing interest based on the base rate described above. Additionally, pursuant to Amendment No. 4, the Term SOFR adjustments for all interest periods were removed, reducing the interest rate on term loans bearing interest based on the Term SOFR rate (a) for an interest period of one month by 0.11448%, (b) for an interest period of three months by 0.26161%, (c) for an interest period of six months by 0.42826%, and (d) for an interest period of twelve months by 0.71513%. The maturity date for such term loans remains March 2, 2027, and all other material provisions of the Credit Agreement remain materially unchanged. The Company recognized a loss on the extinguishment of debt of \$1.1 related to the interest rate reduction for the year ended December 31, 2024.

On December 13, 2024, pursuant to Amendment No. 5, among other modifications, the interest rate margin for the Borrower's outstanding term loans under the Credit Agreement was reduced by 0.25%, to 1.75% in respect of term loans bearing interest based on the Term SOFR rate and to 0.75% in respect of term loans bearing interest based on a base rate defined in the Credit Agreement. The maturity date for such term loans remains March 2, 2027, and all other material provisions of the Credit Agreement remain materially unchanged. The Company recognized a loss on the extinguishment of debt of \$1.3 related to the interest rate decrease for the year ended December 31, 2024.

#### *ABL Revolving Credit Facility*

On March 2, 2020, the Company entered into the Fifth Amendment to its ABL Revolving Credit Agreement, which extended the maturity of, and made certain other modifications to, the ABL Revolving Credit Agreement, by and among Holdings Co, the Borrower, certain subsidiaries of the Borrower, as co-borrowers (the "Co-Borrowers"), various financial institutions from time to time party thereto, as lenders (the "ABL Lenders"), the ABL Agent and certain other institutions from time to time party thereto as collateral agents and letter of credit issuers. The revolving facility provided by the ABL Revolving Credit Agreement (the "ABL Revolving Credit Facility") is available to the Borrower and the Co-Borrowers and provides for, prior to the amendments discussed below, revolving loans in various currencies and under U.S. and foreign subfacilities, in an aggregate amount up to \$570.0 with a letter of credit subfacility of \$200.0 and a swingline subfacility of \$75.0, in each case, subject to various borrowing bases. Borrowings under the ABL Revolving Credit Facility are limited by borrowing base calculations based on the sum of specified percentages of eligible accounts receivable, certain eligible inventory and certain unrestricted cash, minus the amount of any applicable reserves.

Prior to the amendments discussed below and subject to certain conditions and without the consent of the then-existing ABL Lenders (but subject to the receipt of commitments), commitments under the ABL Revolving Credit Facility may be increased to up to \$600.0. Prior to the amendments discussed below, the maturity date of the ABL Revolving Credit Facility was March 2, 2025.

On September 20, 2022, Holdings Co, the Borrower and certain subsidiaries entered into Amendment No. 6 ("Sixth Amendment") and Amendment No. 7 ("Seventh Amendment") to the ABL Revolving Credit Facility. Among other modifications, the Sixth Amendment converted the interest rate benchmark for currently outstanding and future revolving loans based on LIBOR to SOFR, with a 10 basis point credit spread adjustment for all available tenors, EURIBOR, and SONIA, as applicable. Under the Seventh Amendment, the U.S. revolving loan commitments under the U.S. tranche was increased by \$115.0 to a total loan commitment of \$570.0 under the ABL Revolving Credit Facility. All other material provisions of the ABL Revolving Credit Facility were unchanged, including the March 2, 2025 maturity date. Prior to the Sixth Amendment, the interest rate benchmark was LIBOR.

The interest rate applicable to loans denominated in U.S. dollars under the ABL Revolving Credit Facility prior to the Sixth Amendment is, at the Borrower's option, either (a) the base rate (which is the highest of (i) the prime rate of JPMorgan Chase Bank, N.A. on such date, (ii) the greater of the then-current (A) federal funds rate set by the Federal Reserve Bank of New York and (B) rate comprised of both overnight federal and overnight LIBOR, in each case, *plus* 0.50%, (iii) LIBOR for a one month interest period, *plus* 1.00% and (iv) 1.00%), *plus* an applicable margin (the "LIBOR Base Rate Margin") ranging from 0.25% to 0.75%, depending on average excess availability or (b) one-, three- or six-month LIBOR or, if available to all ABL Lenders, 12-month LIBOR or any shorter period (selected at the option of the Borrower), *plus* an applicable margin (the "LIBOR Margin") ranging from 1.25% to 1.75%, depending on average excess availability.

The interest rate applicable to loans denominated in U.S. dollars under the ABL Revolving Credit Facility after the Sixth Amendment is, at the Borrower's option, either (a) the base rate (which is the highest of (i) the prime rate of JPMorgan Chase Bank, N.A. on such date, (ii) the greater of the then-current (A) federal funds rate set by the Federal Reserve Bank of New York and (B) rate comprised of both overnight federal and overnight SOFR, in each case, *plus* 0.50%, (iii) the Adjusted Term SOFR Rate (as defined in the ABL Revolving Credit Agreement) for a one month interest period, *plus* 1.00% and (iv) 1.00%), *plus* an applicable margin (the "SOFR Base Rate Margin") ranging from 0.25% to 0.75%, depending on average excess availability or (b) one-, three- or six-month Adjusted Term SOFR Rate (selected at the option of the Borrower), *plus* an applicable margin (the "SOFR Margin" and collectively, with the SOFR Base Rate Margin, the LIBOR Margin, and the LIBOR Base Rate Margin, the "Applicable Margins") ranging from 1.25% to 1.75%, depending on average excess availability.

Certain “FILO” denominated loans have margins equal to the Applicable Margins, *plus* an additional 1.00%. Loans denominated in currencies other than U.S. dollars are subject to customary interest rate conventions and indexes, but in each case, with the same Applicable Margins. In addition, the following fees are applicable under the ABL Revolving Credit Facility: (a) an unused line fee of 0.25% per annum on the unused portion of the commitments under the ABL Revolving Credit Facility, (b) letter of credit participation fees on the aggregate stated amount of each letter of credit equal to the SOFR Margin and (c) certain other customary fees and expenses of the lenders, letter of credit issuers and agents thereunder.

The Borrower and Co-Borrowers may voluntarily repay loans under the ABL Revolving Credit Facility, in whole or in part, subject to minimum amounts, with prior notice but without premium or penalty. The Borrower and Co-Borrowers are required to make prepayments under the ABL Revolving Credit Facility at any time when, and to the extent that, the aggregate amount of outstanding loans and letters of credit under the ABL Revolving Credit Facility exceeds the lesser of the then-applicable aggregate commitments and the then-applicable borrowing base. Subject to the satisfaction of certain customary conditions and the then-applicable borrowing base, any amounts repaid may be re-borrowed.

The Borrower’s and Co-Borrowers’ obligations under the ABL Revolving Credit Facility are guaranteed by the Guarantors (including certain Co-Borrowers as to the obligations of other Co-Borrowers) and, subject to certain exclusions, certain non-U.S. restricted subsidiaries of the Borrower (the “Foreign Guarantors”). No Foreign Guarantor guarantees the obligations of the Borrower or any Co-Borrower that is a U.S. subsidiary of the Borrower. Subject to certain exceptions, the obligations of the Borrower, Co-Borrowers, Guarantors and Foreign Guarantors under the ABL Revolving Credit Facility and related documents are secured by a lien on the Collateral and, subject to certain exceptions and exclusions, certain assets of the Co-Borrowers that are non-U.S. subsidiaries of the Borrower and certain assets of the Foreign Guarantors (collectively, the “Foreign Collateral”). None of the Foreign Collateral secures the obligations of the Borrower or any Co-Borrower that is a U.S. subsidiary of the Borrower.

The ABL Revolving Credit Facility contains customary representations and warranties, affirmative, reporting (including as to borrowing base-related matters) and negative covenants, and events of default. The negative covenants include, among other things, restrictions on (subject to certain exceptions) our ability to incur additional indebtedness; pay dividends or other payments on capital stock; guarantee other obligations; grant liens on assets; make loans, acquisitions or other investments; transfer or dispose of assets; make optional payments of, or otherwise modify, certain debt instruments; engage in transactions with affiliates; amend organizational documents; engage in mergers or consolidations; enter into arrangements that restrict certain of our subsidiaries’ ability to pay dividends; change the nature of the business conducted by Vertiv Group and its restricted subsidiaries; and designate our subsidiaries as unrestricted subsidiaries. Additionally, the activities which may be carried out by Holdings Co are subject to limitations. In addition, ABL Revolving Credit Facility requires the maintenance of a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the ABL Revolving Credit Facility) on any date when Global Availability (as defined in the ABL Revolving Credit Facility) is less than the greater of (a) 10.0% of the aggregate commitments and (b) \$30.0 of at least 1.00 to 1.00, tested for the four fiscal quarter period ended on the last day of the most recently ended fiscal quarter for which financials have been delivered, and at the end of each succeeding fiscal quarter thereafter until the date on which Global Availability has exceeded the greater of (a) 10.0% of the aggregate commitments and (b) \$30.0 for 30 consecutive calendar days. The Global Availability of the ABL Revolving Credit Facility exceeds the minimum requirements for covenant compliance at December 31, 2024.

On February 16, 2024, Holdings Co, the Borrower, and certain subsidiaries entered into Amendment No. 8 (the “Eighth Amendment”), which, among other modifications, extended the maturity date of the ABL Revolving Credit Facility to be five years from the date of the Eighth Amendment (subject to an earlier springing maturity date if certain other indebtedness for borrowed money matures earlier), increased the revolving loan commitments tranche by \$30.0 to a total loan commitment of \$600.0 under the ABL Revolving Credit Facility, modified certain borrowing base reporting requirements and removes the French tranche and the FILO tranches from the ABL Revolving Credit Facility.

On November 12, 2024, Holdings Co, the Borrower, and certain subsidiaries entered into Amendment No. 9 (the “Ninth Amendment”), which, among other modifications, increased the U.S. tranche of the ABL Revolving Credit Facility by \$200.0 to a total loan commitment under such tranche of \$737.0, and the swingline commitment from \$100.0 to \$125.0 under the ABL Revolving Credit Agreement (including for borrowing base reporting requirements). The Ninth Amendment also allows for an increase of the ABL revolving commitments under any subfacility in an aggregate amount of up to \$200.0, subject to lender commitments and the satisfaction of certain other conditions. No changes were made to non-U.S. tranches. Additionally, the Ninth Amendment amended the inspection and credit appraisal rights of the Administrative Agent under the ABL Revolving Credit Agreement.

At December 31, 2024, there was \$784.9 of availability under the ABL Revolving Credit Facility (subject to customary borrowing base and other conditions, and subject to separate sublimits for letters of credit, swingline borrowings and borrowings made to certain non-U.S. Co-Borrowers), net of letters of credit outstanding in the aggregate principal amount of \$15.1, and taking into account the borrowing base limitations set forth in the ABL Revolving Credit Facility. At both December 31, 2024 and December 31, 2023, there was no outstanding balance on the ABL Revolving Credit Facility.

#### *Senior Secured Notes due 2028*

On October 22, 2021, the Borrower completed its offering of \$850.0 aggregate principal amount of its Senior Secured Notes due 2028 (the “Notes”) in a private placement at par. The Notes bear interest at 4.125% per annum and mature on November 15, 2028. The Indenture governing the Notes contains customary representations and warranties, affirmative, reporting and negative covenants, and events of default. The negative covenants include, among other things, restrictions on the ability of the Borrower and certain subsidiaries to grant liens or security interests on assets, undertake mergers and consolidations, sell or otherwise transfer assets, pay dividends or make other distributions and restricted payments, incur indebtedness, make acquisitions, loans, advances or other investments, optionally prepay or modify terms of certain junior indebtedness, enter into transactions with affiliates or change lines of business, in each case, subject to certain thresholds and exceptions.

## **(7) LEASES**

The Company leases office space, warehouses, vehicles, and equipment. Leases have remaining lease terms of 1 year to 20 years, some of which have renewal and termination options. Termination options are exercisable at the Company's option. Lease terms used to recognize right-of-use assets and lease liabilities include periods covered by options to extend the lease where the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The majority of the Company's leases are operating leases. Finance leases are immaterial to the Company's Consolidated Financial Statements.

The Company determines if an arrangement is an operating lease at inception. Leases with an initial term of 12 months or less are not recorded on the balance sheet. All other operating leases are recorded on the balance sheet with a corresponding operating lease asset, net, representing the right to use the underlying asset for the lease term and the operating lease liabilities representing the obligation to make lease payments arising from the lease. The Company's lease agreements do not contain any material residual value guarantees or restrictive covenants.

Operating lease assets and operating lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term and include options to extend or terminate the lease when they are reasonably certain to be exercised. The present value of lease payments is determined primarily using the incremental borrowing rate, adjusted for lease term and foreign currency, based on the information available at lease commencement date. Lease agreements with lease and non-lease components are generally accounted for as a single lease component. The Company's operating lease expense is recognized on a straight-line basis over the lease term.

Refer to the below table for a summary of operating lease expenses:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Operating lease cost	\$ 67.1	\$ 63.7
Short-term and variable lease cost	35.8	28.8
Total lease cost	<u>\$ 102.9</u>	<u>\$ 92.5</u>

Supplemental cash flow information related to operating leases is as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 66.4	\$ 62.7
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 82.5	\$ 72.1

Supplemental balance sheet information related to operating leases is as follows:

	Balance Sheet Location	December 31, 2024	December 31, 2023
Operating lease right-of-use assets	Other assets	\$ 202.1	\$ 173.5
Operating lease liabilities	Accrued expenses and other liabilities	\$ 45.7	\$ 42.9
Operating lease liabilities	Long-term lease liabilities	166.7	141.0
Total lease liabilities		<u>\$ 212.4</u>	<u>\$ 183.9</u>

Weighted average remaining lease terms and discount rates for operating leases are as follows:

	December 31, 2024	December 31, 2023
Weighted average remaining lease term	6.4 years	6.8 years
Weighted average discount rate	9.2 %	8.4 %

Maturities of lease liabilities at December 31, 2024 are as follows:

	December 31, 2024
	Operating Leases
2025	\$ 63.2
2026	51.2
2027	41.9
2028	33.3
2029	23.3
Thereafter	72.1
Total Lease Payments	285.0
Less: Imputed Interest	(72.6)
Present value of lease liabilities	<u>\$ 212.4</u>

## (8) PENSION PLANS

Most of the Company's employees participate in defined contribution plans, including 401(k), profit sharing, and other savings plans that provide retirement benefits.

Certain U.S. and non-U.S. employees participate in company-specific or statutorily required defined benefit plans. In general, the Company's policy is to fund these plans based on legal requirements, required benefit payments, and other factors.

Net periodic pension expense and projected benefit obligations for the Company's U.S. defined benefit plans are not significant for disclosure. Total defined contribution plan expense for the Company's U.S. plans was \$14.4, \$14.9, and \$11.9 for the years ended December 31, 2024, 2023, and 2022, respectively.

Retirement plan expense for our non-U.S. plans includes the following components:

	Non-U.S. Plans		
	December 31, 2024	December 31, 2023	December 31, 2022
Company defined benefit plans:			
Service cost	\$ 3.1	\$ 2.9	\$ 2.9
Interest cost	3.8	3.6	2.4
Expected return on plan assets	(0.7)	(0.9)	(0.7)
Net amortization	(0.2)	(0.4)	0.3
Net periodic pension expense	<u>6.0</u>	<u>5.2</u>	<u>4.9</u>
Settlement	0.7	1.2	(0.1)
Defined contribution plans	<u>1.7</u>	<u>2.4</u>	<u>2.6</u>
Total	<u>\$ 8.4</u>	<u>\$ 8.8</u>	<u>\$ 7.4</u>

Details of the changes in the actuarial present value of the projected benefit obligation and the fair value of plan assets for our non-U.S. defined benefit pension plans follow:

	Non-U.S. Plans	
	December 31, 2024	December 31, 2023
Projected benefit obligation, beginning	\$ 76.9	\$ 67.9
Service cost	3.1	2.9
Interest cost	3.8	3.6
Actuarial (gain) loss	4.6	6.3
Benefits paid	(3.4)	(2.7)
Participant contributions	0.2	0.2
Settlements	(2.8)	(5.7)
Foreign currency translation and other	(6.7)	4.4
Projected benefit obligation, ending	\$ 75.7	\$ 76.9
Fair value of plan assets, beginning	14.7	14.7
Actual return on plan assets	0.8	0.8
Employer contributions	4.9	6.3
Participants' contributions	0.2	0.2
Benefits paid	(3.4)	(2.7)
Settlements	(2.8)	(5.7)
Foreign currency translation and other	(0.4)	1.1
Fair value of plan assets, ending	\$ 14.0	\$ 14.7
Net amount recognized in the balance sheet	\$ (61.7)	\$ (62.2)
Amounts recognized in the balance sheet:		
Noncurrent asset	\$ 0.4	\$ 0.5
Current liability	(3.1)	(3.3)
Noncurrent liability	(59.0)	(59.4)
Net amount recognized in the balance sheet	\$ (61.7)	\$ (62.2)
Pretax accumulated other comprehensive (income) loss	\$ 4.8	\$ 1.6

As of December 31, 2024, non-U.S. plans were net underfunded by \$61.7, inclusive of unfunded plans totaling \$62.1 and an insignificant amount of overfunded non-U.S. plans. As of the plans' December 31, 2024 and 2023 respective measurement dates, the total accumulated benefit obligation in excess of plan assets were as follows:

	December 31, 2024	December 31, 2023
Projected benefit obligation	\$ 73.4	\$ 65.8
Accumulated benefit obligation	62.4	55.6
Fair value of plan assets	11.3	3.0

Future expected benefit payments are as follows:

	Non-U.S. Plans
2025	\$ 4.5
2026	4.2
2027	5.1
2028	4.9
2029	6.4
2030 through 2034	36.2
Total future expected benefit payments	\$ 61.3

The Company expects to contribute approximately \$1.2 to its retirement plans in 2025. Company's defined benefit pension plan expense for 2025 is expected to be approximately \$7.3, versus \$6.0 in 2024.

The weighted-average assumptions used in the valuation of pension benefits are as follows:

	Non-U.S. Plans	
	December 31, 2024	December 31, 2023
<u>Net pension expense</u>		
Discount rate	5.41 %	5.29 %
Expected return on plan assets	5.49 %	5.76 %
Rate of compensation increase	4.25 %	4.03 %
<u>Benefit obligations</u>		
Discount rate	5.27 %	5.41 %
Rate of compensation increase	4.27 %	4.25 %

Actuarial developed yield curves are used to determine discount rates. The expected return on plan assets assumption is determined by reviewing the investment returns of the plans for the past 10 years plus longer-term historical returns of an asset mix approximating the Company's asset allocation targets, and periodically comparing these returns to expectations of investment advisors and actuaries to determine whether long-term future returns are expected to differ significantly from the past.

The Company's non-U.S. Plan asset allocations at December 31, 2024 and 2023 follow:

	Non-U.S. Plans	
	December 31, 2024	December 31, 2023
Debt securities	20 %	23 %
Insurance arrangements	22 %	20 %
Other	58 %	57 %
Total	100 %	100 %

The Company did not have any U.S Plan assets at December 31, 2024 or 2023.

The primary objective for the investment of plan assets is to secure participant retirement benefits while earning a reasonable rate of return. Plan assets are invested consistent with the principles of prudence and diversification with a long-term investment horizon. The strategy for plan assets is to minimize concentrations of risk by investing primarily in companies in a diversified mix of industries worldwide, while targeting neutrality in exposure to market capitalization levels, growth versus value profile, global versus regional markets, fund types and fund managers.

The approach for debt securities emphasizes investment-grade corporate and government debt with maturities matching a portion of the longer duration pension liabilities. Leveraging techniques are not used and the use of derivatives in any fund is limited and inconsequential.

The fair values of defined benefit plan assets, organized by asset class and by the fair value hierarchy of ASC 820 as outlined in "Note 1 - Summary of Significant Accounting Policies" follow:

	Level 1	Level 2	Level 3	Total	Percentage
<u>December 31, 2024</u>					
Debt securities	\$ —	\$ 2.8	\$ —	\$ 2.8	20 %
Insurance arrangements	—	—	3.1	3.1	22 %
Other	—	—	8.1	8.1	58 %
Total	\$ —	\$ 2.8	\$ 11.2	\$ 14.0	100 %
<u>December 31, 2023</u>					
Debt securities	\$ —	\$ 3.4	\$ —	\$ 3.4	23 %
Insurance arrangements	—	—	3.0	3.0	20 %
Other	—	—	8.3	8.3	57 %
Total	\$ —	\$ 3.4	\$ 11.3	\$ 14.7	100 %

## Asset Classes

Debt securities represents investment-grade corporate and government bonds of issuers primarily outside the U.S. Insurance arrangements are primarily invested in bonds by the issuer and typically ensure no market losses or provide for a small minimum return guarantee. Other includes cash and general funds that invest primarily in equities, bank deposits and bonds with a guaranteed rate of return.

## Fair Value Hierarchy Categories

Valuations of Level 1 assets for all classes are based on quoted closing market prices from the principal exchanges where the individual securities are traded. Debt securities categorized as Level 2 assets are generally valued based on independent broker/dealer bids or by comparison to other debt securities having similar durations, yields and credit ratings. Other Level 2 assets are valued based on a net asset value of fund units held, which is derived from either market-observed pricing for the underlying assets or broker/dealer quotation. Interests in mixed assets funds are Level 2, and non-U.S. general fund investments and insurance arrangements are Level 3. The fair value of the insurance contracts is an estimate of the amount that would be received in an orderly sale to a market participant at the measurement date. The amount the plan would receive from the contract holder if the contracts were terminated is the primary input and is unobservable.

Details of the changes in value for Level 3 assets are as follows:

	2024	2023
Level 3, beginning balance January 1,	\$ 11.3	\$ 2.8
Gains (losses) on assets held	(0.2)	3.3
Purchases, sales and settlements, net	0.1	5.2
Level 3, ending balance December 31,	<u>\$ 11.2</u>	<u>\$ 11.3</u>

## (9) INCOME TAXES

The Company's effective tax rate was 35.2%, 13.8%, and 54.1%, for the years ended December 31, 2024, 2023, and 2022, respectively. The effective rate in 2024 was primarily influenced by changes in tax incentives, offset by the net change in valuation allowance and the non-tax deductibility of the change in fair value of warrant liabilities. The effective rate in 2023 was primarily influenced by the net valuation allowance release offset by the non-tax deductibility of the change in fair value of warrant liabilities. The effective rate in 2022 was primarily influenced by the mix of income between the Company's U.S. and non-U.S. operations, favorable tax rates and incentives in non-U.S. jurisdictions, taxes accrued on unremitted earnings, withholding taxes on cross-border payments, changes in valuation allowance for U.S. federal and state and non-US purposes, the global intangible low-taxed income ("GILTI") provisions of the Tax Cuts and Jobs Act ("the Act"), the change in fair value of warrant liabilities, and changes in reserves for uncertain tax positions.

The GILTI provisions of the Act require the Company to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on the foreign subsidiary's tangible assets. The Company has made the policy election to record any liability associated with GILTI in the period in which it is incurred.

Earnings (loss) before income taxes from continuing operations consists of the following:

	Year Ended December 31,		
	2024	2023	2022
U.S.	\$ 189.5	\$ 49.1	\$ (83.0)
Non-U.S. <sup>(1)</sup>	575.9	484.6	250.0
Total earnings (loss) before income taxes	<u>\$ 765.4</u>	<u>\$ 533.7</u>	<u>\$ 167.0</u>

(1) Certain of the Company's Non-U.S. entities generate significant losses for which a valuation allowance is provided for and accordingly do not create a tax benefit.

The principal components of income tax expense (benefit) from continuing operations consists of the following:

	Year Ended December 31,		
	2024	2023	2022
Current:			
Federal	\$ 66.7	\$ 45.5	\$ 1.2
State and local	21.8	16.9	3.4
Non-U.S.	235.5	142.5	94.4
Deferred:			
Federal	(6.0)	(94.0)	4.3
State and local	(0.4)	(23.5)	(1.5)
Non-U.S.	(48.0)	(13.9)	(11.4)
Income tax expense (benefit)	<u>\$ 269.6</u>	<u>\$ 73.5</u>	<u>\$ 90.4</u>

Reconciliation of U.S. federal statutory taxes to the Company's total income tax expense (benefit) from continuing operations consists of the following:

	Year Ended December 31,		
	2024	2023	2022
Taxes at U.S. statutory rate (21%)	\$ 160.8	\$ 112.1	\$ 35.1
State and local taxes, net of federal tax benefit	19.4	13.5	(0.5)
Non-U.S. rate differential	23.6	6.1	14.2
Non-U.S. tax holidays and incentives	(682.1)	(13.1)	(0.7)
Uncertain tax positions	13.7	5.7	7.5
U.S. tax impact of non-U.S. operations	(2.2)	10.0	6.5
Change in valuation allowances	633.4	(100.5)	33.6
Taxes on undistributed foreign earnings and withholding/dividend taxes	26.1	13.2	17.1
Foreign derived intangible income	(8.9)	(3.0)	(1.1)
Research and development deduction/credit	(9.7)	(15.0)	(11.9)
Impact of non-tax litigation and other settlements	—	5.5	—
Change in fair value of warrant liabilities	94.3	33.2	(19.1)
Other permanent differences	4.0	1.0	(1.3)
Impact of rate changes in non-U.S. jurisdictions	—	1.4	8.9
Impact of transaction costs	—	—	(0.4)
Capital loss expiration	12.2	—	—
Equity and non-deductible compensation	(23.2)	1.0	2.1
Other <sup>(1)</sup>	8.2	2.4	0.4
Total income tax expense (benefit)	<u>\$ 269.6</u>	<u>\$ 73.5</u>	<u>\$ 90.4</u>

(1) Represents several adjustments, none of which are significant for separate disclosure.

The Company has tax holiday agreements in place in China, which expire in between 2024 and 2025. It is the Company's intention to reapply for these holidays as they expire. We anticipate that we will continue to qualify for these holidays, but we will assess based on business conditions at the time of renewal.

As of December 31, 2024 and 2023, the Company has recognized \$33.2 and \$39.0, respectively, of net deferred income tax liabilities for U.S. income taxes, non-U.S. income taxes and foreign withholding taxes on outside basis differences for certain foreign subsidiaries with earnings that are not indefinitely reinvested.

The principal items that gave rise to deferred income tax assets and liabilities follow:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Net operating losses and capital losses	\$ 44.7	\$ 60.8
Capitalized research expenditures	106.8	105.7
Accrued liabilities	49.2	44.8
Employee compensation and benefits	20.3	23.3
Pensions	13.1	14.8
Business interest deduction limitation	70.1	88.7
Inventory	47.6	29.8
Research and development credit carryforward	0.3	4.4
Lease liability	26.1	22.5
Bad debts	8.1	9.2
Intangibles	99.4	22.6
Foreign tax credit carryforward	26.2	26.8
Non-U.S. tax credits	658.9	—
Other	5.5	6.3
Total deferred tax assets, before valuation allowances	\$ 1,176.3	\$ 459.7
Valuation allowances	\$ (733.8)	\$ (146.8)
Deferred tax assets, net of valuation allowances	\$ 442.5	\$ 312.9
Deferred tax liabilities		
Intangibles and goodwill	(179.9)	(198.4)
Undistributed foreign earnings	(33.2)	(39.0)
Property, plant & equipment	(21.2)	(27.0)
Debt issuance costs	(19.1)	(24.6)
Lease right-of-use asset	(24.4)	(20.2)
Deferred gain	(99.6)	—
Other	(2.1)	(3.3)
Total deferred tax liabilities	\$ (379.5)	\$ (312.5)
Net deferred income tax assets	\$ 63.0	\$ 0.4

At December 31, 2023, the Company had utilized all available federal net operating losses. At December 31, 2024, the gross amount of the Company's state net operating losses was \$338.7, expiring at various times between 2025 and 2042 with some losses having an unlimited carryforward period. At December 31, 2024, the Company had \$31.1 other federal tax credit carryforwards expiring between 2027 and 2038. At December 31, 2024, the Company had other immaterial state tax credit carryforwards expiring between 2029 and 2038.

The use of certain U.S. tax attributes as of December 31, 2024 is subject to an annual limitation due to the change in ownership of our stock in February 2020 as described in "Note 1 - Summary of Significant Accounting Policies". There can be no assurance that trading in our shares will not affect another change in ownership under the Internal Revenue Code which could impose an additional limit on the use of our tax attributes.

At December 31, 2024, the Company's foreign net operating losses that are available to offset future taxable income were \$180.7. These foreign loss carryforwards will expire at various times beginning in 2025 with some losses having an unlimited carryforward period.

At December 31, 2024, the Company's foreign capital loss carryforwards were \$16.9. These foreign capital loss carryforwards have an unlimited carryforward period.

At December 31, 2024, the Company has non-U.S. tax credits generated in 2024 as a result of an internal restructuring within the Europe, Middle East & Africa region in the amount of \$658.9 that are available until 2034.

Pursuant to the terms of the separation, Emerson agreed to indemnify the Company for all U.S. federal, state or local income taxes, as well as non-U.S. income taxes, that are attributable to any period prior to the separation. An indemnification receivable of \$7.0 has been recorded in noncurrent other assets for the uncertain tax positions related to periods prior to the separation. The impact on the Company's tax expense for changes in uncertain tax positions for periods prior to the separation (discussed below) will be offset by the Emerson indemnification, resulting in no net effect on the Company's net income.

Following are changes in unrecognized tax benefits before considering recoverability of cross-jurisdictional tax credits (federal, state, and non-U.S.) and temporary differences. The amount of unrecognized tax benefits is not expected to significantly increase or decrease within the next 12 months.

	December 31, 2024	December 31, 2023	December 31, 2022
Beginning balance	\$ 102.5	\$ 97.0	\$ 98.6
Additions for the current year tax positions	83.2	20.6	11.9
Additions for prior year tax positions	0.4	5.8	—
Reductions for prior year tax positions	(24.4)	(0.5)	(11.9)
Reductions for settlements with tax authorities	—	(4.1)	—
Reductions for expirations of statute of limitations	(12.6)	(16.3)	(1.6)
Ending balance	<u>\$ 149.1</u>	<u>\$ 102.5</u>	<u>\$ 97.0</u>

The total amount of net unrecognized tax benefits that would affect income tax expense, if recognized in the Consolidated Financial Statements, is \$106.8. In addition, an adjustment of \$8.0 would result to other expense for reversal of the indemnification receivable. The Company accrues interest and penalties related to income taxes in income tax expense. As of December 31, 2024, 2023, and 2022, total accrued interest and penalties were \$19.2, \$19.0, and \$18.0, respectively.

Eligible domestic subsidiaries file a consolidated U.S. Federal income tax return. Examinations by the U.S. Internal Revenue Service are complete through the December 1, 2016 date of separation with Emerson, with the limited exception of 2014. The status of state and non-U.S. tax examinations varies due to the numerous legal entities and jurisdictions in which the Company operates. As noted above, pursuant to the terms of the transactions, Emerson and E&I will indemnify the Company for certain tax assessments for periods prior to closing.

The change in the income tax valuation allowance is as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Beginning balance	\$ 146.8	\$ 250.4	\$ 241.6
Additions (reductions) charged to expense	633.4	(100.4)	33.6
Reductions charged to other accounts	(46.4)	(3.2)	(24.8)
Ending balance	<u>\$ 733.8</u>	<u>\$ 146.8</u>	<u>\$ 250.4</u>

For the year ended December 31, 2024, the Company recorded a net valuation allowance change primarily related establishment of a valuation allowance on certain non-US tax credits that was partially offset by a valuation allowance release related to certain U.S. federal foreign tax credits and certain non-US tax losses. Of the total \$587.0 total movement, \$633.4 was charged to income tax expense, with the remaining \$46.4 reduction related to foreign currency translation recorded through Other Comprehensive Income. For the year ended December 31, 2023, the Company recorded a valuation allowance release of \$103.4 primarily related to U.S. federal and state jurisdictions. At each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets.

In January 2025, the Organization for Economic Co-operation and Development ("OECD") issued administrative guidance related to Pillar Two Laws which will impact the Company's assessment of the realizability of certain deferred tax assets. The Company expects to have a discrete tax charge of approximately \$40.0 in the period the guidance was issued.

## (10) RELATED PARTY TRANSACTIONS

### *Transactions with Affiliates of Advisors*

On August 8, 2023 (the "Stock Sale Transaction date"), VPE Holdings, LLC (the "Vertiv Stockholder"), an affiliate of Platinum Equity Advisors, LLC ("Advisors") completed the sale of 20,000,000 shares of Class A common stock of the Company (the "Stock Sale Transaction"). Subsequent to the Stock Sale Transaction, the Vertiv Stockholder held less than 5% of the outstanding Class A common stock of the Company and as such was no longer considered a related person of the Company for purposes of Item 404 of Regulation S-K by virtue of its ownership in the Company.

The Company has historically purchased and sold goods in the ordinary course of business with affiliates of Advisors. Purchases from the start of 2023 through the Stock Sale Transaction date were \$74.1. For the year ended December 31, 2022 purchases were \$137.0. Sales from the start of 2023 through the Stock Sale Transaction date were \$89.5. For the year ended December 31, 2022 sales were \$146.0.

### *Tax Receivable Agreement*

On December 31, 2021, the Company and an affiliate of the Vertiv Stockholder agreed to amend and supplement the tax receivable agreement entered into by the Company and the Vertiv Stockholder on February 7, 2020, (the “Tax Receivable Agreement”) to replace the Company’s remaining payment obligations under the Tax Receivable Agreement with an obligation to pay \$100.0 in cash in two equal installments. The first installment payment was scheduled to be on or before June 15, 2022 and the second payment was scheduled to be due on or before September 15, 2022. On June 15, 2022, the Company and the Vertiv Stockholder agreed to further amend the payment schedule under the Tax Receivable Agreement into three installment payments, wherein the first installment payment of \$12.5 became due and was paid on June 15, 2022, the second installment of \$12.5 became due and was paid on September 15, 2022, and the third installment of \$75.0 became due and was paid on November 30, 2022. The Tax Receivable Agreement terminated on November 30, 2022 upon receipt of final payment.

## **(11) OTHER FINANCIAL INFORMATION**

Items reported in earnings include the following:

	Year Ended December 31,		
	2024	2023	2022
Engineering, research and development expense	352.1	\$ 303.5	\$ 282.0
Depreciation expense	81.6	74.3	72.0
Advertising expense	19.4	20.1	20.6

Items reported in accrued expenses and other liabilities include the following:

	December 31, 2024	December 31, 2023
Accrued payroll and other employee compensation	\$ 147.8	\$ 165.4
Restructuring (see Note 4)	10.4	25.2
Operating lease liabilities (see Note 7)	45.7	42.9
Product warranty (see Note 1)	27.5	26.1
Other	381.2	352.2
Total	<u>\$ 612.6</u>	<u>\$ 611.8</u>

## **(12) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

In accordance with ASC 820, the Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Observable inputs are from sources independent of the Company. Unobservable inputs reflect the Company’s assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. These tiers include the following:

**Level 1** — inputs include observable unadjusted quoted prices in active markets for identical assets or liabilities

**Level 2** — inputs include other than quoted prices in active markets that are either directly or indirectly observable

**Level 3** — inputs include unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions

In determining fair value, the Company uses various valuation techniques and prioritizes the use of observable inputs. The availability of observable inputs varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded and other characteristics particular to the instrument. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants and the valuation does not require significant management judgment. For other financial instruments, pricing inputs are less observable in the marketplace and may require management judgment.

## Recurring Fair Value Measurements

A summary of the Company's financial instruments recognized at fair value, and the fair value measurements used, are as follows:

		As of December 31, 2024			
	Balance Sheet Location	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
<b>Assets:</b>					
Interest rate swaps	Other current assets	\$ 30.3	\$ —	\$ 30.3	\$ —
Economic hedges	Other current assets	9.8	—	9.8	—
Interest rate swaps	Other noncurrent assets	33.3	—	33.3	—
Total assets		<u>\$ 73.4</u>	<u>\$ —</u>	<u>\$ 73.4</u>	<u>\$ —</u>
<b>Liabilities:</b>					
Foreign currency exchange forwards	Accrued expenses and other liabilities	\$ 8.8	\$ —	\$ 8.8	\$ —
Total liabilities		<u>\$ 8.8</u>	<u>\$ —</u>	<u>\$ 8.8</u>	<u>\$ —</u>
		As of December 31, 2023			
	Balance Sheet Location	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
<b>Assets:</b>					
Interest rate swaps	Other current assets	\$ 36.4	\$ —	\$ 36.4	\$ —
Interest rate swaps	Other noncurrent assets	44.5	—	44.5	—
Total assets		<u>\$ 80.9</u>	<u>\$ —</u>	<u>\$ 80.9</u>	<u>\$ —</u>
<b>Liabilities:</b>					
Private warrants	Warrant liabilities	\$ 195.0	\$ —	\$ 195.0	\$ —
Total liabilities		<u>\$ 195.0</u>	<u>\$ —</u>	<u>\$ 195.0</u>	<u>\$ —</u>

**Interest rate swaps** — From time to time the Company may enter into derivative financial instruments designed to hedge the variability in interest expense on floating rate debt. Derivatives are recognized as assets or liabilities in the Consolidated Balance Sheets at their fair value. When the derivative instrument qualifies as a cash flow hedge, changes in the fair value are deferred through other comprehensive income, depending on the nature and effectiveness of the offset.

The Company uses interest rate swaps to manage the interest rate mix of its total debt portfolio and related overall cost of borrowing. At December 31, 2024 and December 31, 2023, interest rate swap agreements designated as cash flow hedges effectively swapped a notional amount of \$1,000.0 of SOFR based floating rate debt for fixed rate debt. Our interest rate swaps mature in March 2027. The Company recognized \$41.7, \$38.9, and \$2.4 in earnings for the years ended December 31, 2024, 2023 and 2022, respectively, within "Interest expense, net" on the Consolidated Statement of Earnings (Loss). At December 31, 2024, the Company expects that approximately \$30.3 of pre-tax net gains on cash flow hedges will be reclassified from accumulated other comprehensive (loss) income into earnings during the next twelve months.

The interest rate swaps are valued using the SOFR yield curves at the reporting date and are classified in Level 2. Counterparties to these contracts are highly rated financial institutions. The fair values of the Company's interest rate swaps are adjusted for nonperformance risk and creditworthiness of the counterparty through the Company's credit valuation adjustment ("CVA"). The CVA is calculated at the counterparty level utilizing the fair value exposure at each payment date and applying a weighted probability of the appropriate survival and marginal default percentages. On April 18, 2023, the Company transitioned its interest rate swaps from LIBOR to SOFR effective July 2, 2023. As mentioned previously, the Company transitioned its Term Loan due 2027 to SOFR effective July 1, 2023.

**Foreign currency exchange forwards** - The Company may enter into derivative financial instruments designed to hedge the exposure to changes in foreign currency exchange rates. Derivatives are recognized as assets or liabilities in the Consolidated Balance Sheets at their fair value. The Company values foreign currency exchange swaps using broker quotations or market transactions on the listed or over-the-counter market, as such, these derivative instruments are classified in Level 2. When the derivative instrument qualifies as a cash flow hedge changes in the fair value are deferred through other comprehensive income depending on the effectiveness of the instrument. At December 31, 2024, we have derivative instruments which hedge our exposure to certain foreign currency exchange rates with a notional amount of \$129.0. For the year ended December 31, 2024, there was \$2.8 realized losses, respectively, associated with the foreign currency exchange swaps within "Cost of sales - products" on the Consolidated Statements of Earnings (Loss).

**Economic hedges** - At December 31, 2024, we have derivative instruments which hedge our purchases of aluminum and copper with notional amounts of 10,730.0 and 7,330.0 metric tons, respectively. These derivative instruments are treated as economic hedges and for the year ended December 31, 2024, the Company recognized a mark-to-market gain of \$0.8 within "Other operating expense (income)" on the Consolidated Statement of Earnings (Loss).

**Net Investment hedge** — During the years ended December 31, 2024 and 2023, the Company designated certain intercompany debt to hedge a portion of its investment in foreign subsidiaries and affiliates. Realized and unrealized translation adjustments from these hedges were \$17.9 and \$11.1 and are included in "Foreign currency translation" in the Consolidated Statements of Comprehensive Income (Loss). As of December 31, 2024 and 2023, approximately \$24.0 and \$225.0 of the Company's intercompany debt was designated to hedge investments in certain foreign subsidiaries and affiliates.

**Private Warrants** — The fair value of the Private Warrants is considered a Level 2 valuation and is determined using the Black-Scholes-Merton valuation model. On December 6, 2024, Cote SPAC I LLC elected to exercise 5,266,667 warrants on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 4,812,521 shares of Class A common stock. The Company recognized a loss of \$449.2 for the year ended December 31, 2024 in "Change in the fair value of warrant liabilities" on the Consolidated Statement of Earnings (Loss) associated with the mark-to-market adjustment and exercise of these private warrants. On February 24, 2023, GS Sponsor LLC elected to exercise 5,266,666 warrants on a cashless basis pursuant to the agreement governing the warrants, in exchange for which the Company issued 1,368,194 shares of Class A common stock. For the year ended December 31, 2023, the Company recognized a gain of \$7.7 in "Change in the fair value of warrant liabilities" on the Consolidated Statement of Earnings (Loss) associated with the exercise of these private warrants. Additionally, the Company recognized a loss of \$165.6 for the year ended December 31, 2023 in "Change in the fair value of warrant liabilities" on the Consolidated Statement of Earnings (Loss) associated with the mark-to-market adjustment on the 5,266,667 then outstanding private warrants. As of December 31, 2024, there were no Private Placement Warrants outstanding. The significant assumptions which the Company used in the model are:

Warrant valuation inputs	December 31, 2023
Stock price	\$ 48.03
Strike price	\$ 11.50
Remaining life	1.10
Volatility	55.0 %
Interest rate <sup>(1)</sup>	4.73 %
Dividend yield <sup>(2)</sup>	0.21 %

(1) Interest rate determined from a constant maturity treasury yield.

(2) December 31, 2023 dividend yield assumes \$0.10 per share per annum.

#### Other Fair Value Measurements

The Company determines the fair value of debt using Level 2 inputs based on quoted market prices. The following table presents the estimated fair value and carrying value of long-term debt, including the current portion of long-term debt as of December 31, 2024 and 2023.

	December 31, 2024		December 31, 2023	
	Fair Value	Par Value <sup>(1)</sup>	Fair Value	Par Value <sup>(1)</sup>
Term Loan due 2027	\$ 2,097.0	\$ 2,097.0	\$ 2,104.9	\$ 2,118.1
Senior Secured Notes due 2028	802.4	850.0	794.0	850.0

(1) See "Note 6 — Debt" for additional information

### (13) ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

Activity in accumulated other comprehensive (loss) income is as follows:

	Year Ended December 31,		
	2024	2023	2022
Foreign currency translation, beginning	\$ (89.8)	\$ (157.0)	\$ 39.8
Other comprehensive income (loss) <sup>(1)</sup>	(114.1)	67.2	(196.8)
Foreign currency translation, ending	(203.9)	(89.8)	(157.0)
Interest rate swaps, beginning	87.7	110.2	8.7
Unrealized gain (loss) deferred during the period <sup>(2)(3)</sup>	(13.1)	(22.5)	101.5
Interest rate swaps, ending	74.6	87.7	110.2
Pension, beginning	(2.4)	0.6	(12.9)
Actuarial gain (loss), net of income taxes <sup>(4)</sup>	(4.5)	(3.0)	13.5
Pension, ending	(6.9)	(2.4)	0.6
Foreign currency exchange forwards, beginning	—	—	—
Unrealized gain (loss) deferred during the period <sup>(5)</sup>	(12.6)	—	—
Foreign currency exchange forwards, ending	(12.6)	—	—
Accumulated other comprehensive (loss) income	\$ (148.8)	\$ (4.5)	\$ (46.2)

(1) For the year ended December 31, 2024 and 2023 foreign currency translation included tax effects of \$2.0 and \$(0.7), respectively, refer to "Note 9 - Income taxes" for additional information.

(2) During the year ended December 31, 2024, 2023, and 2022, \$41.7, \$38.9, and \$2.4 respectively, was reclassified into earnings.

(3) For the year ended December 31, 2024 and 2023 interest rate swaps included tax effects of \$4.0 and \$6.9, respectively.

(4) For the year ended December 31, 2024 and 2023 pension included tax effects of \$(0.3) and \$0.7, respectively.

(5) For the year ended December 31, 2024 cash flow hedges included tax effects of \$3.8.

### (14) SEGMENT INFORMATION

Operating profit (loss) is the primary income measure used by the chief operating decision maker ("CODM") to assess segment performance and make operating decisions. Segment performance is assessed exclusive of Corporate and other costs, foreign currency gain (loss), and amortization of intangibles. Corporate and other costs primarily include headquarter management costs, asset impairments and costs that support centralized global functions including Finance, Treasury, Risk Management, Strategy & Marketing, Legal, and global product platform development and offering management.

Beginning in 2024, the Company allocated centralized engineering, research and development, and information technology costs from Corporate to the respective business segment. These costs were previously included in Corporate and other in our reportable business segment disclosures. Prior year amounts have been reclassified to conform with the current year presentation. Refer to Exhibit 99.2 to Vertiv's current report on Form 8-K filed on February 21, 2024, for a summary of changes made to conform with the current year presentation of the operating profit (loss) for each reportable business segment.

The Company determines its reportable segments based on how operations are managed internally for the products and services sold to customers, including how the results are reviewed by the CODM, which includes determining resource allocation methodologies used for reportable segments. During 2023, we reorganized our internal reporting and realigned our operating segment structure to how our CODM, our Chief Executive Officer, allocates resources and makes decisions. The changes resulted in the identification of two new operating segments, 1) India and 2) Asia, which previously were collectively reported as our legacy Australia & New Zealand, South East Asia and India operating segment. Given the similarities of economic characteristics and other qualitative factors, we aggregate these operating segments with Greater China and we report this as our Asia Pacific reportable segment.

In conjunction with the realignment, the Company concluded the new operating segments also comprised reporting units and the company tested goodwill for impairment for each reporting unit both immediately before and immediately after the business realignment. The Company allocated goodwill to the two new reporting units based on their relative fair value. The goodwill impairment tests under both the legacy and new reporting unit structures concluded that no impairment existed as of the date of the change.

The segment performance measure excludes corporate and other costs, as described herein. Intersegment selling prices approximate market prices. Summarized information about the Company's results of operations by reportable business segment and product and service offering follows:

**Americas** includes products and services sold for applications within the data center, communication networks and commercial and industrial markets in North America and Latin America. This segment's principal product and service offerings include:

- **Products** includes AC and DC power management, thermal management, low/medium voltage switchgear, busbar, integrated modular solutions, racks, single phase UPS, rack power distribution, rack thermal systems, configurable integrated solutions, energy storage solutions, hardware, and software for managing I.T. equipment.
- **Services & spares** includes preventative maintenance, acceptance testing, engineering and consulting, performance assessments, remote monitoring, training, spare parts, and critical digital infrastructure software.

**Asia Pacific** includes products and services sold for applications within the data center, communication networks and commercial and industrial markets throughout Greater China, Australia & New Zealand, South East Asia, and India. Products and services offered are similar to the Americas segment.

**Europe, Middle East & Africa** includes products and services sold for applications within the data center, communication networks and commercial and industrial markets in Europe, Middle East & Africa. Products and services offered are similar to the Americas segment.

### *Reportable Business Segments*

	Year Ended December 31, 2024			
	Americas	Asia Pacific	Europe, Middle East & Africa	Total
Sales	\$ 4,561.8	\$ 1,878.0	\$ 2,317.3	\$ 8,757.1
Intersegment sales	61.2	160.2	523.9	745.3
Net Sales	4,500.6	1,717.8	1,793.4	8,011.8
<b>Significant segment expenses</b>				
Cost of sales <sup>(1)</sup>	2,726.5	1,216.1	1,092.4	5,035.0
Marketing, sales and service costs	294.2	120.9	95.7	510.8
Engineering, research and development costs	180.6	94.6	76.9	352.1
Information technology costs	88.7	61.1	39.4	189.2
Restructuring costs	(7.3)	1.2	14.1	8.0
Other segment items <sup>(2)</sup>	120.1	48.7	35.5	204.3
<b>Operating profit (loss)</b>	<u>1,097.8</u>	<u>175.2</u>	<u>439.4</u>	<u>1,712.4</u>
Foreign currency gain (loss)				(9.3)
Corporate and other				(151.5)
Total corporate, other and eliminations				(160.8)
Amortization of intangibles				(184.2)
<b>Operating profit (loss)</b>				<u>\$ 1,367.4</u>

(1) Cost of sales exclusive of engineering, research and development costs.

(2) Other segment expenses mostly consists of general and administrative expenses such as Finance, HR, Treasury and Legal costs.

	Year Ended December 31, 2023			
	Americas	Asia Pacific	Europe, Middle East & Africa	Total
Sales	\$ 3,885.2	\$ 1,615.6	\$ 1,732.3	\$ 7,233.1
Intersegment sales	40.7	87.8	241.4	369.9
Net Sales	3,844.5	1,527.8	1,490.9	6,863.2
<b>Significant segment expenses</b>				
Cost of sales <sup>(1)</sup>	2,435.7	1,078.6	914.8	4,429.1
Marketing, sales and service costs	320.1	117.3	95.3	532.7
Engineering, research and development costs	138.1	89.4	76.0	303.5
Information technology costs	74.5	57.2	34.5	166.2
Restructuring costs	6.0	14.1	3.7	23.8
Other segment items <sup>(2)</sup>	107.7	23.8	68.9	200.4
<b>Operating profit (loss)<sup>(3)</sup></b>	<b>762.4</b>	<b>147.4</b>	<b>297.7</b>	<b>1,207.5</b>
Foreign currency gain (loss)				(16.0)
Corporate and other <sup>(3)</sup>				(138.0)
Total corporate, other and eliminations				(154.0)
Amortization of intangibles				(181.3)
<b>Operating profit (loss)</b>				<b>\$ 872.2</b>

(1) Cost of sales exclusive of engineering, research and development costs.

(2) Other segment expenses mostly consists of general and administrative expenses such as Finance, HR, Treasury and Legal costs.

(3) Comparative results for Americas, Asia Pacific, Europe, Middle East & Africa, Corporate and other have been adjusted by (\$196.4), (\$101.1), (\$82.3) and \$379.8, respectively, to allocate centralized engineering, research and development, and information technology costs from Corporate to the respective business segment.

	Year Ended December 31, 2022			
	Americas	Asia Pacific	Europe, Middle East & Africa	Total
Sales	\$ 2,773.0	\$ 1,699.3	\$ 1,556.8	\$ 6,029.1
Intersegment sales	44.4	98.0	195.2	337.6
Net Sales	2,728.6	1,601.3	1,361.6	5,691.5
<b>Significant segment expenses</b>				
Cost of sales <sup>(1)</sup>	1,964.8	1,144.4	932.4	4,041.6
Marketing, sales and service costs	258.9	114.3	96.9	470.1
Engineering, research and development costs	127.5	87.1	67.4	282.0
Information technology costs	73.3	56.3	33.9	163.5
Restructuring costs	1.9	(1.7)	0.7	0.9
Other segment items <sup>(2)</sup>	64.0	24.0	73.7	161.7
<b>Operating profit (loss)<sup>(3)</sup></b>	<b>238.2</b>	<b>176.9</b>	<b>156.6</b>	<b>571.7</b>
Foreign currency gain (loss)				(3.7)
Corporate and other <sup>(3)</sup>				(128.8)
Total corporate, other and eliminations				(132.5)
Amortization of intangibles				(215.8)
<b>Operating profit (loss)</b>				<b>\$ 223.4</b>

(1) Cost of sales exclusive of engineering, research and development costs.

(2) Other segment expenses mostly consists of general and administrative expenses such as Finance, HR, Treasury and Legal costs.

(3) Comparative results for Americas, Asia Pacific, Europe, Middle East & Africa, Corporate and other have been adjusted by (\$187.9), (\$97.5), (\$78.0), and \$363.4, respectively, to allocate centralized engineering, research and development, and information technology costs from Corporate to the respective business segment.

Total Assets	December 31, 2024	December 31, 2023
Americas	\$ 3,728.9	\$ 3,466.4
Asia Pacific	1,631.6	1,338.4
Europe, Middle East & Africa	2,654.8	2,505.4
	8,015.3	7,310.2
Corporate and other	1,117.2	688.3
Total	<u>\$ 9,132.5</u>	<u>\$ 7,998.5</u>

	Year Ended December 31,		
Depreciation and Amortization	2024	2023	2022
Americas	\$ 125.9	\$ 121.1	\$ 124.1
Asia Pacific	34.3	34.7	38.7
Europe, Middle East & Africa	83.7	80.9	108.9
Corporate and other	33.1	34.3	30.7
Total	<u>\$ 277.0</u>	<u>\$ 271.0</u>	<u>\$ 302.4</u>

	Year Ended December 31,		
Capital Expenditures	2024	2023	2022
Americas	\$ 71.9	\$ 65.7	\$ 53.9
Asia Pacific	39.0	25.2	23.7
Europe, Middle East & Africa	48.8	25.7	17.8
Corporate and other	7.3	11.3	4.6
Total	<u>\$ 167.0</u>	<u>\$ 127.9</u>	<u>\$ 100.0</u>

	Year Ended December 31,		
Sales by Destination	2024	2023	2022
United States	\$ 4,085.8	\$ 3,430.3	\$ 2,430.6
Europe	1,523.5	1,307.1	1,151.6
Asia	1,701.5	1,480.3	1,543.9
Latin America and Canada	426.9	448.9	377.3
Middle East/Africa	274.1	196.6	188.1
	<u>\$ 8,011.8</u>	<u>\$ 6,863.2</u>	<u>\$ 5,691.5</u>

Sales in China were \$763.0, \$682.9, and \$746.3 for the years ended December 31, 2024, 2023, and 2022, respectively.

## (15) STOCK-BASED COMPENSATION PLANS

The Company's stock incentive plan permits the granting of incentive stock options or nonqualified stock options; stock appreciation rights; performance awards, which may be cash-or share-based; restricted stock units; restricted stock; and other stock-based awards. We measure and record compensation expense based on the fair value of the Company's common stock on the date of grant for restricted stock and restricted stock units ("RSUs") and the grant date fair value, determined utilizing the Black-Scholes-Merton formula, for stock options. We record compensation cost for service-based awards, including graded-vesting awards, on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. We account for the forfeiture of awards as they occur.

In connection with the Business Combination, GSAH's Board adopted the Vertiv Holdings Co 2020 Stock Incentive Plan (the "2020 Plan") on December 9, 2019, which was approved by GSAH's stockholders on February 6, 2020, immediately preceding the Business Combination. Under the 2020 Plan, a total aggregate of 33.5 million share awards issuable were authorized and reserved for issuance for the purpose of better motivating our employees, consultants and directors to achieve superior performance measured by both our key financial and operating metrics as well as relative stock price appreciation. The 2020 Plan is administered by the Compensation Committee of our Board and permits the granting of incentive stock options or nonqualified stock options; stock appreciation rights; performance awards, which may be cash-or share-based; restricted stock units; restricted stock; and other stock-based awards. Beginning with the first business day of each calendar year beginning in 2021, the number of shares will increase by the least of (a) 10.5 million shares, (b) 3% of the number of shares outstanding as of the last day of the immediately preceding calendar year, or (c) a lesser number of shares determined by the Compensation Committee.

## Stock Options

Stock options are generally granted to certain employees and directors to purchase common shares at an exercise price equal to the market price of the Company's stock at the date of the grant. Option awards generally vest 25% per year over 4 years of continuous service and have 10-year contractual terms.

The Company uses a Black-Scholes-Merton option pricing model to estimate the fair value of stock options. The principal significant assumptions utilized in valuing stock options include the expected stock price volatility (based on the most recent historical period equal to the expected life of the option); the expected option life (an estimate based on historical experience); the expected dividend yield; and the risk-free interest rate (an estimate based on the yield of United States Treasury zero coupon with a maturity equal to the expected life of the option). Because the Company only recently became publicly traded, we do not have sufficient historical information on which to base expected volatility. As such, our volatility assumption is based on the historical and implied volatility of similar public companies, which were identified considering factors such as industry, stage of life cycle, size, and financial leverage. Because the Company does not have sufficient historical option exercise experience upon which we can estimate the expected term we estimate the expected term using the average of the vesting period and the contractual period of the award.

A summary of the weighted average assumptions used in determining the fair value of stock options follows:

	Year Ended December 31,		
	2024	2023	2022
Expected volatility	30.19 %	37.09 %	37.31 %
Expected option life in years	6.25	6.25	6.25
Expected dividend yield	0.14 %	0.06 %	0.08 %
Risk-free interest rate	4.08 %	4.23 %	2.31 %
Weighted-average fair value of stock options	\$ 27.29	\$ 7.26	\$ 5.04

A summary of the 2024 stock option activity follows:

	Options	Weighted-average exercise price per option	Weighted-average remaining contractual life in years	Aggregate intrinsic value <sup>(1)</sup>
Outstanding at January 1, 2024	11,155,357	\$ 14.30		
Granted	1,358,545	71.84		
Exercised	(2,513,784)	13.18		
Forfeited and canceled	(300,688)	28.80		
Outstanding at December 31, 2024	9,699,430	\$ 22.20	7.12	\$ 886.6
Exercisable at December 31, 2024	3,909,558	\$ 14.10	6.30	\$ 389.0

(1) The aggregate intrinsic value in the table above represents the difference between the Company's stock price on the last trading day of 2024 and the exercise price of each in-the-money option on the last day of the period presented.

For the years ended December 31, 2024, 2023, and 2022 total compensation expense relating to stock options was \$19.6, \$14.3, and \$15.3, respectively. As of December 31, 2024, there was \$45.7 of total unrecognized compensation cost related to unvested options. That cost is expected to be recognized over a weighted-average period of 2.11 years.

## Restricted Stock Units

RSUs have been issued to certain employees and directors as of December 31, 2024 and entitle the holder to receive one common share for each RSU upon vesting. RSU shares are accounted for at fair value based upon the closing stock price on the date of grant. The corresponding expense is amortized over the vesting period, generally over seven years. A summary of the 2024 RSU activity follows:

	Restricted stock units	Weighted-average fair value per unit
Outstanding at January 1, 2024	2,726,895	\$ 16.90
Granted	289,966	77.22
Vested	(643,332)	14.45
Forfeited and canceled	(166,888)	20.18
Outstanding at December 31, 2024	2,206,641	\$ 25.24

For the year ended December 31, 2024, 2023 and 2022 total compensation expense relating to RSUs was \$7.3 and \$7.8, and \$9.2, respectively. As of December 31, 2024, there was \$46.2 of total unrecognized compensation cost related to unvested RSUs. That cost is expected to be recognized over a weighted-average period of 4.59 years.

### Performance Awards

On November 18, 2022, the Company granted long-term performance awards as a part of its 2020 stock incentive plan to certain executive officers. The performance awards are contingent upon the Company meeting internal company-based metrics, and to the extent earned will be settled in RSUs that must be held until January 1, 2027 to vest into shares of the Company's common stock.

The performance awards vest after a four-year period and are based on achieving a company-based metric in fiscal year 2023, 2024 and 2025, respectively. To the extent awards are earned based on achieving a company-based metric, the dollar value will convert into RSUs. The RSUs, to the extent earned, vest on January 1, 2027 as shares of the Company's common stock. The amount of stock distributed will vary based on the company-based metric achieved in each fiscal year and the future price of the shares.

The fair value for all internal company-based metric performance awards is monitored quarterly and if it becomes probable that such goals will not be achieved or will be exceeded, compensation expense recognized will be adjusted and previous surplus compensation expense recognized will be reversed or additional expense will be recognized. For the year ended December 31, 2024, 2023 and 2022, total compensation expense relating to the performance awards was \$7.7, \$2.9, and \$0.2 respectively. For the year ended December 31, 2024 and 2023 the company-based metrics were achieved.

## (16) EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed by dividing net income (loss) adjusted for the gain on fair value of warrant liability, if the warrants are in-the-money and the impact is dilutive, by the weighted-average number of common shares outstanding during the period increased by the number of additional shares that would have been outstanding related to potentially dilutive equity-based compensation and warrants.

The details of the earnings per share calculations for the years ended December 31, 2024, 2023, and 2022 are as follows:

(in millions, except per share and per share amounts)	Year Ended December 31,		
	2024	2023	2022
Basic earnings (loss) per share computation:			
Net income (loss)	\$ 495.8	\$ 460.2	\$ 76.6
Weighted-average number of shares outstanding - basic	376,418,933	380,144,059	376,730,519
Basic earnings per share	\$ 1.32	\$ 1.21	\$ 0.20
Diluted earnings (loss) per share computation:			
Net income (loss)	\$ 495.8	\$ 460.2	\$ 76.6
Gain on fair value of warrant liabilities	—	—	(90.9)
Net income (loss) adjusted for the gain on fair value of warrant liabilities	\$ 495.8	\$ 460.2	\$ (14.3)
Weighted-average number of shares outstanding - basic	376,418,933	380,144,059	376,730,519
Dilutive effect of private warrants	—	—	1,493,532
Dilutive effect of equity-based compensation	9,906,125	6,082,208	—
Weighted-average number of shares outstanding - diluted	386,325,058	386,226,267	378,224,051
Diluted earnings (loss) per share	\$ 1.28	\$ 1.19	\$ (0.04)

The dilutive effect of stock awards was 9.9 million for the year ended December 31, 2024. Additionally, 1.1 million stock awards and 4.3 million warrants were also outstanding during the year ended December 31, 2024, but were not included in the computation of diluted earnings per common share because the effect would be anti-dilutive.

The dilutive effect of stock awards was 6.1 million shares for the year ended December 31, 2023. Additionally, 0.3 million stock awards and 3.2 million warrants were also outstanding during the year ended December 31, 2023, but were not included in the computation of diluted earnings per common share because the effect would be anti-dilutive.

The dilutive effect of stock awards was 1.5 million for the year ended December 31, 2022. Additionally, 15.8 million stock awards were also outstanding during the year ended December 31, 2022, but were not included in the computation of diluted earnings per common share because the effect would be anti-dilutive.

## **(17) COMMITMENTS AND CONTINGENCIES**

The Company is a party to a number of pending legal proceedings and claims, including those involving general and product liability and other matters. The Company accrues for such liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Accruals are based on developments to date; management's estimates of the outcomes of these matters; the Company's experience in contesting, litigating and settling similar matters; and any related insurance coverage. While the Company believes that a material adverse impact is unlikely, given the inherent uncertainty of litigation, a future development in these matters could have a material adverse impact on the Company. The Company is unable to estimate any additional loss or range of loss that may result from the ultimate resolution of these matters, other than those described below.

On December 28, 2017, Vertiv acquired Energy Labs, Inc. ("Energy Labs"). The purchase agreement contained a provision for contingent consideration in the form of an earn-out payment based on the achievement of 2018 operating results. The range of payment outcomes was zero to \$34.5. On June 4, 2019, Vertiv notified the selling stockholders of Energy Labs of Vertiv's determination that the applicable 2018 operating results had not been achieved and that no contingent consideration was due to the selling stockholders. On September 6, 2019, the selling stockholders of Energy Labs notified Vertiv of their dispute regarding the contingent consideration allegedly due to them. The selling stockholders assert that the applicable 2018 operating results were exceeded and that Vertiv owes \$34.5 in earn-out, the highest amount of earn-out possible under the agreement. On December 21, 2021, the parties agreed to a settlement term sheet, which includes, among other terms, the following: the Company agreed to pay \$21.5 to the selling stockholders of Energy Labs; a full and complete waiver, release and discharge of all claims and liabilities; and a dismissal of the pending lawsuit. The parties executed a Settlement Agreement on December 30, 2021 consistent with the aforementioned terms. On January 12, 2022, the Company paid the agreed upon settlement of \$21.5.

On August 3, 2021, an American Arbitration Association arbitration hearing commenced with respect to a 2018 claim filed by Vertiv against SVO Building One, LLC ("SVO") alleging damages of approximately \$12.0 with respect to (i) unremitted payment for work and materials in connection with, the design, engineering, procurement, installation, construction, and commissioning of a data center located in Sacramento, California and (ii) damages and injunctive relief relating to SVO's unauthorized use of Vertiv's intellectual property and work product. SVO filed a counterclaim in 2018 alleging damages of approximately \$18.0 relating to (i) allegations that Vertiv was not a duly licensed contractor at all times during the project in violation of California's contractor license regulations, (ii) breach of warranty, and (iii) gross negligence. On September 3, 2021, the arbitrator issued an interim phase one ruling finding (1) that Vertiv was in violation of California contractor license regulations and was barred from recovery of approximately \$9.0 for work performed and equipment delivered in connection with the project, as well as requiring disgorgement plus interest of \$10.0, (2) SVO was not in violation of California's contractor license regulations, and (3) Vertiv and SVO agreed to a traditional baseball arbitration provision under the terms and conditions for the project, wherein each party is required to submit a proposed final award to the arbitrator for consideration, and the arbitrator is required to select one of the proposed awards submitted by the parties as the final award in the arbitration and is prohibited from issuing an alternative award. On December 31, 2021, the parties entered into a settlement agreement on ordinary and customary terms, settling all of the disputes between them. As of December 31, 2023, the settlement was recorded in "Accrued expenses and other liabilities" on the Consolidated Balance Sheet. The settlement was paid in the third quarter of 2023.

On May 3, 2022, a putative securities class action, *In re Vertiv Holdings Co Securities Litigation*, 22-cv-3572, was filed against Vertiv, certain of the Company's officers and directors, and other defendants in the Southern District of New York. Plaintiffs filed an amended complaint on September 16, 2022. The amended complaint alleges that certain of the Company's public statements were materially false and/or misleading with respect to inflationary and supply chain pressures and pricing issues, and asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Sections 11, 12(a)(2), and 15 of the Securities Act of 1933, as amended. These claims are asserted on behalf of a putative class of all persons and entities that (i) purchased Vertiv securities between February 24, 2021 and February 22, 2022; and/or (ii) purchased Vertiv securities in or traceable to the November 4, 2021 secondary public offering by a selling stockholder pursuant to a resale registration statement. On January 31, 2024, the Court issued an order dismissing the claims under Sections 11, 12(a)(2), and 15 of the Securities Act. The motion to dismiss the claims under Sections 10(b) and 20(a) of the Exchange Act remains pending.

On June 9, 2023, two Vertiv shareholders, Matthew Sullivan and Jose Karlo Ocampo Avenido, brought a derivative lawsuit, *Sullivan v. Johnson, et al.*, C.A. No. 2023-0608 (the "*Sullivan Action*"), against Vertiv (as nominal defendant only) and certain of the Company's directors and officers in Delaware Court of Chancery for breach of fiduciary duty. Further, on November 19, 2024, another Vertiv shareholder, Laura Hanna, brought a derivative lawsuit, *Hanna v. Johnson, et al.* (the "*Hanna Action*"), against Vertiv (as nominal defendant only) and certain of Company's directors and officers in Delaware Court of Chancery for breach of fiduciary duty. The complaints allege that certain of the named directors and officers caused the Company to issue materially false and/or misleading public statements with respect to inflationary and supply chain pressures and pricing issues, and that the Company suffered damages as a result. The *Sullivan Action* has been stayed since August 10, 2023 pending the outcome of the motion to dismiss in the securities class action. On February 13, 2025, the Delaware Court of Chancery entered an order that (i) consolidated the *Sullivan Action* and *Hanna Action* into a single consolidated derivative lawsuit, *In re Vertiv Holdings Co Stockholder Derivative Litigation, Consolidated C.A. No. 2023-0608-NAC* (the "Consolidated Derivative Action"), (ii) designated the complaint in the *Hanna Action* as the operative complaint in the Consolidated Derivative Action, and (iii) stayed the Consolidated Derivative Action on terms identical to those of the existing stay of the *Sullivan Action*.

The Company believes it has meritorious defenses against the allegations made in the aforementioned lawsuits, which are at the preliminary stages. However, the Company is unable at this time to predict the outcome of these matters or the amount of any cost associated with their resolution.

In November 2023, following the filing of the putative securities class action and the *Sullivan Action* described above, the Company received a subpoena from the U.S. Securities and Exchange Commission (the "SEC") and a parallel request for documents from the U.S. Attorney's Office for the Southern District of New York, which relate to the allegations made in those actions. The Company is actively responding to these matters.

In January 2024, the Mexican tax administration service, the Servicio de Administracion Tributaria (the "SAT"), initiated a process to suspend the importer registration of one of the Company's wholly owned Mexico subsidiaries, Tecnología del Pacífico S.A. de C.V. ("TDP"), in connection with a contested customs tax audit for the period April 2016 to February 2018. After further investigation and discussion with SAT, TDP agreed to make payments and fees totaling approximately payments and fees totaling approximately \$10.1 were recorded in "Accrued expenses and other liabilities" on the Consolidated Balance Sheets as of December 31, 2023 and subsequently paid in the first quarter of 2024. The Company intends to seek reimbursement of this amount as an undue payment from SAT, for which the outcome is currently unknown and no receivable has been established.

The Company is unable at this time to predict the outcome of these matters, including whether any proceedings may be instituted in connection with the government inquiries, or the amount of any cost associated with their resolution.

#### *Bank Guarantees and Bonds*

In the ordinary course of business, we are required to commit to bank guarantees and bonds that require payments to our customers for any non-performance. The outstanding face value of these instruments fluctuates with the value of our projects in progress. As of December 31, 2024 the outstanding value of bank guarantees and bonds totaled \$133.4.

As of December 31, 2024, other than as described above, there were no known contingent liabilities (including guarantees, taxes and other claims) that management believes were or will be material in relation to the Company's Consolidated Financial Statements, nor were there any material commitments outside the normal course of business.



