

May 6, 2026

# First Quarter 2026 Financial Results

# Forward-Looking Statements & Other Disclaimers

This presentation contains “forward-looking statements” within the meaning of the federal securities laws made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 about us and our industry that involve substantial risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current expectations, estimates, assumptions and projections about our industry and our business and financial results. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “positioned,” “projects,” “forecasts,” “intends,” “plans,” “continues,” “could,” “believes,” “may,” “will,” “would,” “should,” “goals” and words and terms of similar substance in connection with discussions of future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Although we believe that the forward-looking statements contained in this report are based on reasonable assumptions, you should be aware that a variety of factors, many of which are difficult to predict and outside of our control, could affect our actual financial results or results of operations and could cause actual results to differ materially from those in such forward-looking statements, including, but not limited to: our limited operating history as an independent, publicly traded company and unreliability of historical consolidated financial information as an indicator of our future results; our ability to successfully develop new technologies and introduce new products; an overall decline in the health of the economy and the industries in which we operate, including as a result of inflation, tariffs and other trade barriers and restrictions, market volatility, geopolitical instability and social unrest, the possibility of an economic downturn or recession or other macroeconomic factors; changes in the price and availability of raw materials that we use to produce our products, including due to factors such as supply chain disruptions, including due to increased energy prices, and the impact of inflation; our ability to comply with complex government regulations and the impact of changes in such regulations; global climate change and related regulations and changes in customer demand; the public and political perceptions of nuclear energy and radioactive materials; economic, political, regulatory, foreign exchange and other risks of international operations; the impact of tariffs or other restrictions on foreign imports; our ability to borrow funds and access capital markets and any limitations in the terms of our indebtedness; our ability to compete successfully in the markets in which we operate; the effect on our revenue and cash flow from seasonal fluctuations and cyclical market conditions; concentrations of our credit, counterparty and market risk; our ability to successfully execute or effectively integrate potential acquisitions or complete potential divestitures; our joint ventures and strategic co-development partnerships; our ability to recruit and retain qualified personnel; potential material environmental liabilities; the hazardous nature of chemical manufacturing; decommissioning and remediation expenses and regulatory requirements; potential material litigation matters, including disputes related to the Spin-off (as defined herein); the impact of potential cybersecurity attacks, data privacy breaches and other operational disruptions; increasing stakeholder interest in public company performance, disclosure, and goal-setting with respect to sustainability matters; failure to maintain, protect and enforce our intellectual property or to be successful in litigation related to our intellectual property or the intellectual property of others, or competitors developing similar or superior intellectual property or technology; unforeseen U.S. federal income tax and foreign tax liabilities and our ability to achieve anticipated tax treatments in connection with the Spin-off; U.S. federal income tax reform; our ability to operate as an independent, publicly traded company without certain benefits available to us as a part of Honeywell International Inc. (“Honeywell”) prior to the Spin-off, including managing the costs of operating as an independent company following the Spin-off; our ability to achieve some or all of the benefits that we expect to achieve from the Spin-off; our inability to maintain intellectual property agreements; potential timing, declaration, amount and payment of the Company’s dividend program; potential cash contributions to defined benefit pension plans; and our ability to maintain proper and effective internal controls.

These and other factors are more fully discussed in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections included in our Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 19, 2026, and may be updated from time to time in our SEC filings. These risks could cause actual results to differ materially from those implied by forward-looking statements in this presentation. Even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods.

## **Non-GAAP Financial Measures**

This presentation contains financial measures presented on a non-GAAP basis. The non-GAAP financial measures used in this presentation are as follows: Adjusted EBITDA, on a total company basis; Adjusted EBITDA margin, on a total company basis; Adjusted Standalone EBITDA; Adjusted Standalone EBITDA Margin; Adjusted Net Income attributable to Solstice; Adjusted Diluted EPS; Free Cash Flow; Organic sales percentage; Net debt; Total leverage ratio; and Net leverage ratio. Management believes that, when considered together with comparable GAAP measures, these non-GAAP measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. These measures should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Refer to the appendix attached to this presentation for historical reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures.

The Company does not provide a reconciliation of forward-looking Adjusted EBITDA (non-GAAP) or Adjusted diluted Earnings per Share to GAAP net income (loss) attributable to Solstice Advanced Materials, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. Because deductions (such as repositioning charges, impairment charges, and litigation and other matters) used to calculate projected net income (loss) vary based on actual events, the Company is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income (loss) at this time. The amount of these deductions may be material and, therefore, could result in projected GAAP net income (loss) being materially less than projected Adjusted EBITDA (non-GAAP) or Adjusted Net Income attributable to Solstice (non-GAAP). These statements represent forward-looking information and a projected financial outlook, and actual results may vary. Please see the risks and assumptions referred to in the “Forward-Looking Statements” section of this presentation. The guidance in this presentation is only effective as of the date it is given and will not be updated or affirmed unless and until the Company publicly announces updated or affirmed guidance.

# First Quarter 2026 Highlights

Strong top and bottom-line results, reflecting ongoing robust demand across Nuclear, Electronic Materials, and Refrigerants

Focused execution through standalone transition and macroeconomic volatility

Top-tier return profile and conservative leverage position allow for financial flexibility and reinvestment in high-return growth areas

Healthy cash generation with disciplined working capital management

Remain well-positioned for current year; Reaffirming full-year 2026 guidance

# Investing to Capture Secular Growth in Advanced Computing

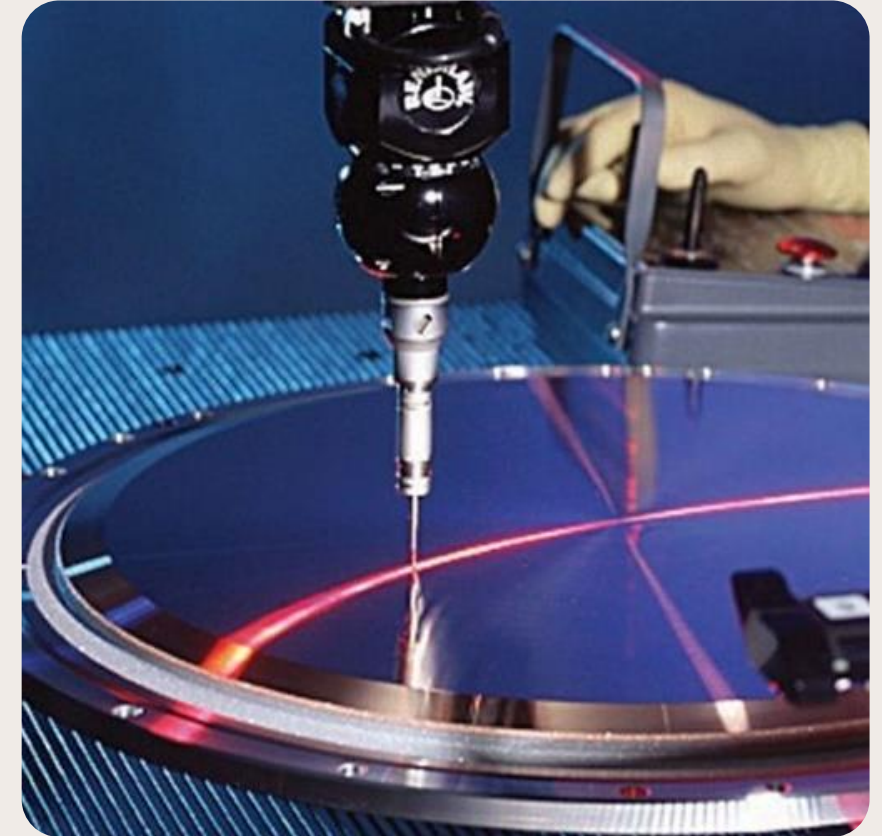
## Accelerating investment to meet demand and drive innovation pipeline

### Semiconductor Dynamics Driving Significant Opportunity for Solstice

- Industry shift to advanced nodes and advanced packaging creating both content and market growth opportunities
- **Solstice's deposition and thermal management platforms make it a partner of choice for leading-edge semiconductor producers and OEMs**

### Strong Customer Demand Underpinning Ongoing Investment

- **Spokane project exceeds Solstice's internal hurdle rate of mid-teens % IRR**
- Evaluating project acceleration opportunities in alignment with increasing customer demand forecasts
- Bolstering innovation pipeline for thermal management and advanced packaging



High-Return Growth Investments Support Solstice's Foundation of Innovation

# First Quarter 2026 Consolidated Results

## Consolidated Financial Highlights

(\$ in millions, except per share amounts)	1Q'26	1Q'25	% Change
<b>Net Sales</b>	\$991	\$897	10%
<b>Net Income attributable to Solstice Advanced Materials</b>	\$85	\$134	(37)%
<b>Diluted EPS</b>	\$0.53	\$0.85	(37)%
<b>Adjusted Diluted EPS<sup>1</sup></b>	\$0.63	N/A	N/A
<b>Adjusted EBITDA<sup>1,2</sup></b>	\$249	\$250	-%
<b>Adjusted EBITDA Margin<sup>1,2</sup></b>	25.1%	27.9%	(277) bps

## Key Takeaways

Strong YoY Net Sales growth driven by Nuclear, Electronic Materials, and Refrigerants

RAS Net Sales growth driven by 27% YoY increase in Nuclear and 19% YoY increase in Refrigerants

ESM Net Sales growth driven by 21% growth in Electronic Materials reflecting robust customer demand for deposition and thermal solutions

Adjusted EBITDA Margin<sup>1</sup> impacted by previously communicated near-term HFO transition and higher R&D investment

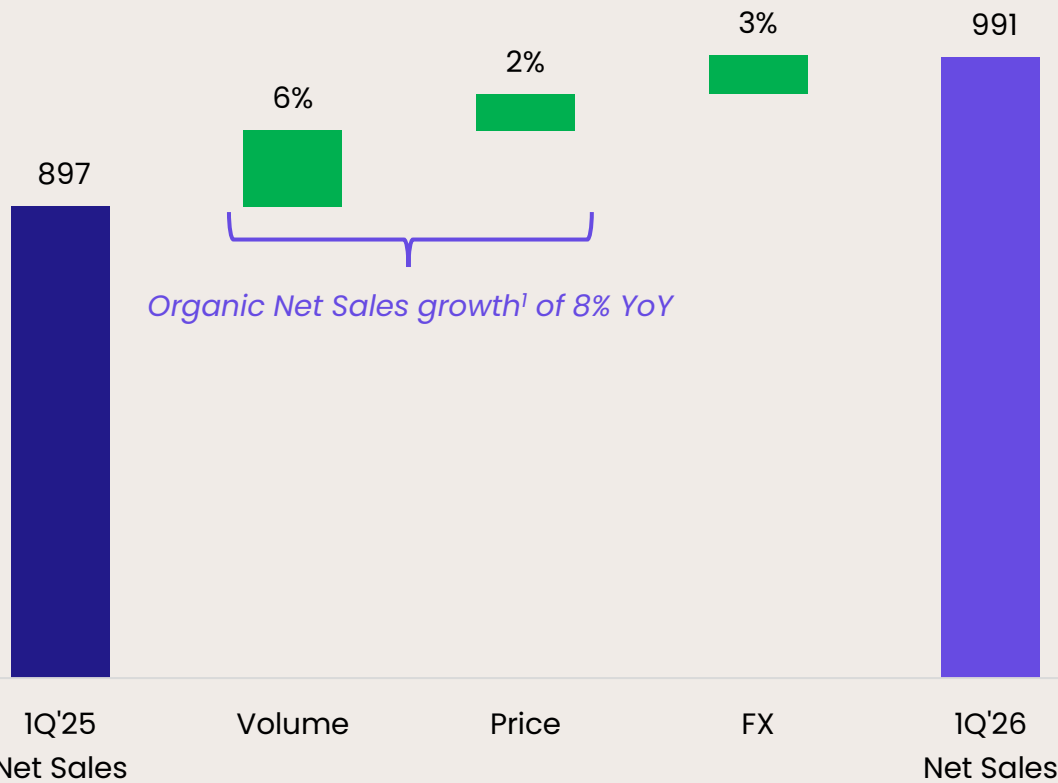
Operating Cash Flow of \$199m; Free Cash Flow<sup>1</sup> of \$124m

<sup>1</sup> Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation. Prior period EBITDA has been adjusted to reflect standalone operations as if the Company had been operating independently during that period. Current period EBITDA reflects actual operations and does not include standalone adjustments, as the Company is now operating independently. <sup>2</sup> 1Q'25 represents Adjusted Standalone EBITDA (non-GAAP) and Adjusted Standalone EBITDA Margin (non-GAAP).

# Net Sales and Adjusted EBITDA<sup>1</sup> Bridges

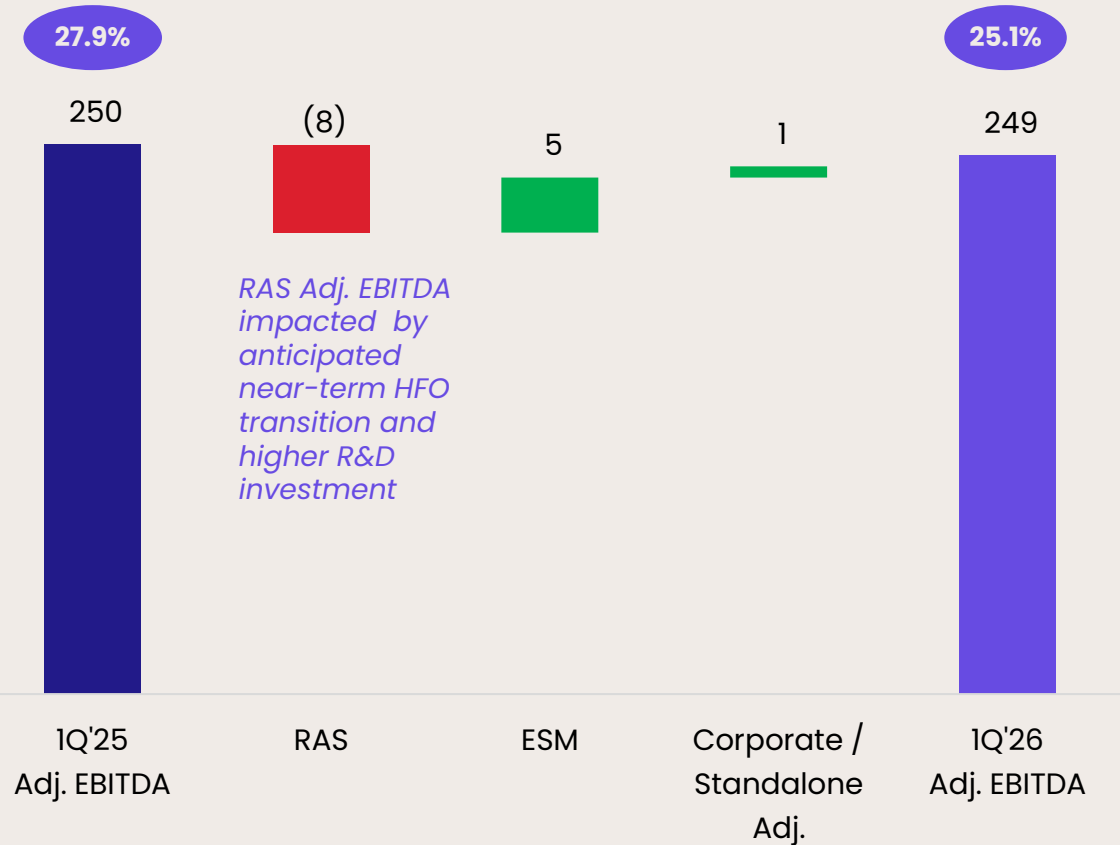
## Change in Net Sales

(\$ in millions)



## Change in Adjusted EBITDA<sup>1</sup> and Margin<sup>1</sup>

(\$ in millions)



<sup>1</sup> Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation. Prior period EBITDA has been adjusted to reflect standalone operations as if the Company had been operating independently during that period. Current period EBITDA reflects actual operations and does not include standalone adjustments, as the Company is now operating independently. <sup>2</sup> 1Q'25 represents Adjusted Standalone EBITDA (non-GAAP) and Adjusted Standalone EBITDA Margin (non-GAAP).

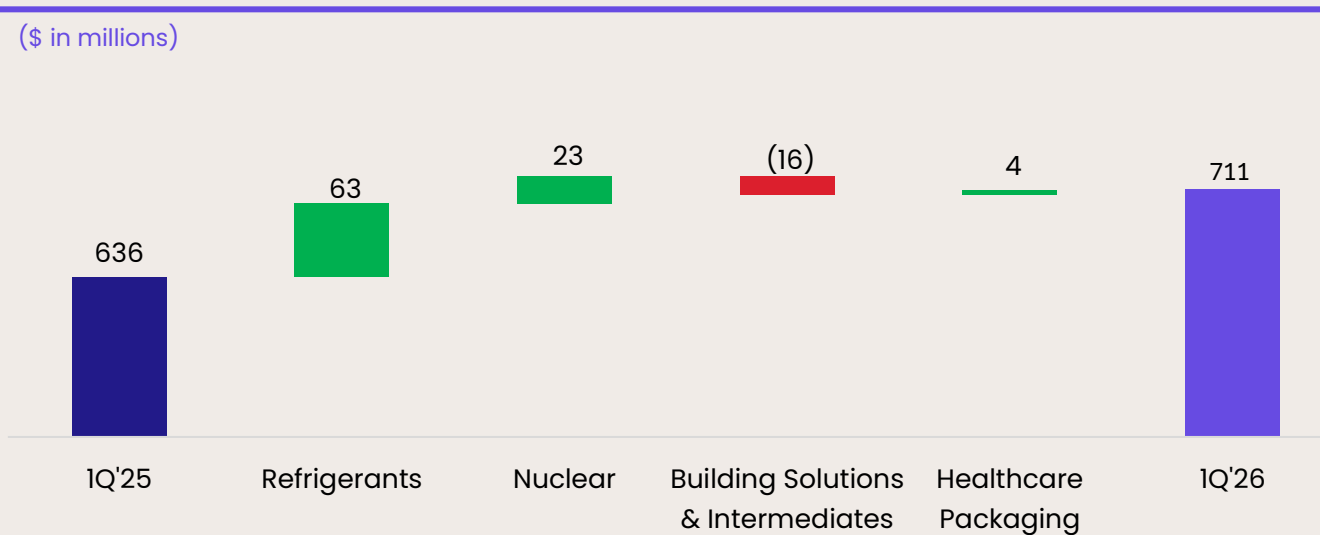
# First Quarter 2026

## Refrigerants & Applied Solutions Results

### Financial Results

(\$ in million)	1Q'26	1Q'25	% Change
Refrigerants	\$389	\$326	19%
Nuclear	107	84	27%
Building Solutions & Intermediates	167	183	(8)%
Healthcare Packaging	47	43	9%
<b>RAS Net Sales</b>	<b>711</b>	<b>636</b>	<b>12%</b>
<b>RAS Adjusted EBITDA<sup>1</sup></b>	<b>242</b>	<b>250</b>	<b>(3)%</b>
<b>RAS Adjusted EBITDA Margin<sup>1</sup></b>	<b>34.1%</b>	<b>39.3%</b>	<b>(522) bps</b>

### RAS Net Sales



### Key Takeaways

- YoY increase in RAS Net Sales primarily driven by 19% growth in Refrigerants and 27% growth in Nuclear, partially offset by Building Solutions & Intermediates
- Refrigerants strength led by continuing 454B demand and accelerating data center orders
- YoY increase in Healthcare Packaging as customer demand patterns recovered following destocking in the second half of 2025
- YoY decline in RAS Adjusted EBITDA primarily driven by anticipated near-term HFO transition and higher R&D investment in next-gen molecules

<sup>1</sup>Please refer to the reconciliation provided in the appendix of this presentation.

# First Quarter 2026

## Electronic & Specialty Materials Results

### Financial Results

(\$ in million)	1Q'26	1Q'25	% Change
Electronic Materials	\$109	\$90	21%
Safety & Defense Solutions	50	50	-%
Research & Performance Chemicals	121	121	-%
<b>Net Sales</b>	<b>281</b>	<b>261</b>	<b>7%</b>
<b>ESM Adjusted EBITDA<sup>1</sup></b>	<b>58</b>	<b>53</b>	<b>10%</b>
<b>ESM Adjusted EBITDA Margin<sup>1</sup></b>	<b>20.8%</b>	<b>20.3%</b>	<b>52 bps</b>

### ESM Net Sales



### Key Takeaways

- YoY increase in ESM Net Sales primarily driven by 21% growth in Electronic Materials reflecting volume growth on robust customer demand for deposition and thermal solutions in leading-edge applications
- Safety & Defense Solutions sales flat reflecting order timing
- YoY increase in ESM Adjusted EBITDA primarily driven by volume growth in Electronic Materials
- Investing in capacity expansion for Electronic Materials and Safety & Defense Solutions to support strong demand outlook

<sup>1</sup>Please refer to the reconciliation provided in the appendix of this presentation.

# Balance Sheet and Capital Management

## Cash Flow Highlights

(Three Months Ended March 31, 2026)

- **Operating Cash Flow of \$199 million** reflecting strong working capital management
  - Lower inventories and receivables, overcoming the increase in revenue and input costs
- **Capital Expenditures of \$82 million<sup>1</sup>** supporting multi-year capacity expansion projects
  - Electronic Materials
  - Safety and Defense Solutions
  - Evaluating Nuclear expansion
- **Free Cash Flow<sup>2</sup> of \$124 million**

## Capital Allocation Priorities

- Invest in High-Return Organic Growth Projects
- Maintain Strong Balance Sheet & Liquidity Position
- Accelerate Growth through Selective M&A
- Return Excess Capital to Shareholders

## Capital Structure

(As of March 31, 2026)

<b>Total Debt</b>	\$2 billion
<b>Cash and Cash Equivalents</b>	\$642 million
<b>Net Debt<sup>2</sup></b>	\$1.3 billion
<b>Net Leverage Ratio<sup>2</sup></b>	1.4x
<b>Total Liquidity</b>	\$1.6 billion

<sup>1</sup> Capital expenditures represents capital expenditures incurred, whether accrued or paid in the current year. <sup>2</sup> Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.

# Financial Guidance

## 2Q'26E

<b>Net Sales</b> (\$ in millions)	\$1,060 – \$1,100
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**25–26% Adj. EBITDA  
Margin**

- Continued momentum in Refrigerants, Nuclear, and Electronic Materials
- Strong Safety & Defense Solutions growth on order patterns
- Margin expansion as commercial actions offset cost inflation, ~\$10m planned downtime

## Reaffirmed

## 2026E

<b>Net Sales</b> (\$ in millions)	\$3,900 – \$4,100
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<b>Adjusted EBITDA<sup>1</sup></b> (\$ in millions)	\$975 – \$1,025
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<b>Adjusted Diluted EPS<sup>1</sup></b>	\$2.45 – \$2.75
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<b>Capital Expenditures</b> (\$ in millions)	\$400 – \$425
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- Assumes stable macroeconomic environment
- ~\$30m revenue impact in 2H'26 from final Nuclear loan return
- ~\$30m TSA cost impact (up to 12 months post-spin)

Nuclear Business Informational Webinar to be held on June 4<sup>th</sup>

# Key Takeaways

Remain well-positioned to deliver on full-year 2026 guidance

Well-aligned to strong secular trends such as artificial intelligence, data centers, semiconductor manufacturing, and nuclear energy

R&D investments to accelerate innovation pipeline consistent with our strategic growth pillars

Robust free cash flow generation with disciplined capital allocation

Rigorous focus on operational excellence, durable margins, and return on capital

# Appendix

# Additional Full Year 2026 Modeling Considerations

<i>(\$ in millions, unless otherwise noted)</i>	<i>Unchanged</i> <b>2026E</b>	<b>Other Considerations</b>
Depreciation and Amortization Expense	\$220 - \$240	Strong demand expected to continue in Low-GWP Refrigerants, Electronic Materials, and Nuclear
Net Interest Expense	\$140 - \$145	Interest rate sensitive end-markets such as housing / construction not expected to improve
Adjusted Effective Tax Rate	~24-26%	Raw material costs expected to be modestly inflationary; expect to fully cover with pricing
		Working capital expected to be a source of cash
		Cash costs related to transaction and restructuring approximated at ~\$100m

# Consolidated Statement of Operations

For The Three Months Ended  
March 31,

(\$ in millions, except per share amounts)

	2026	2025
Product sales	\$915	\$838
Service sales	77	59
<b>Net sales</b>	<b>991</b>	<b>897</b>
Costs, expenses and other		
Cost of products sold	628	531
Cost of services sold	47	45
<b>Total cost of products and services sold</b>	<b>675</b>	<b>577</b>
Research and development expenses	28	22
Selling, general and administrative expenses	108	93
Transaction-related costs	23	28
Other expense (income)	(7)	(11)
Interest and other financial charges	29	1
<b>Total costs, expenses and other</b>	<b>855</b>	<b>710</b>
Income before taxes	136	188
Income tax expense	31	47
<b>Net income</b>	<b>105</b>	<b>140</b>
Less: Net income attributable to noncontrolling interest	20	6
<b>Net income attributable to Solstice Advanced Materials</b>	<b>85</b>	<b>134</b>
<b>Basic earnings per share</b>	<b>\$0.53</b>	<b>\$0.85</b>
<b>Diluted earnings per share</b>	<b>\$0.53</b>	<b>\$0.85</b>
Weighted average number of common shares outstanding - basic	158.8	158.7
Weighted average number of common shares outstanding - diluted	159.3	158.7

# Reconciliation of Organic Sales Percentage

	<b>For The Three Months Ended March 31, 2026 vs. 2025</b>
<b>Total % Change in Net Sales</b>	<b>10.5%</b>
Foreign Currency Translation	(2.5)%
Acquisitions, Divestitures and Other, Net	-
<b>Organic Sales Percentage</b>	<b>8.0%</b>

# Reconciliation of Adjusted EBITDA & Adjusted Standalone EBITDA

(\$ in millions)	For The Three Months Ended March 31,		For The LTM Ended March 31, <sup>1</sup>
	2026	2025	2026
<b>Net income attributable to Solstice Advanced Materials</b>	<b>\$85</b>	<b>\$134</b>	<b>\$188</b>
Net income attributable to noncontrolling interest	20	6	61
<b>Net Income (GAAP)</b>	<b>\$105</b>	<b>\$140</b>	<b>\$249</b>
Depreciation	53	50	194
Amortization	6	7	28
Interest and other financial charges	29	1	56
Other adjustments <sup>2</sup>	(2)	(8)	(33)
Stock compensation expense	5	6	27
Transaction-related costs	23	28	113
Income tax expense	31	47	346
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>249</b>	<b>271</b>	<b>978</b>
Less - Standalone adjustments	-	(21)	(22)
<b>Adjusted Standalone EBITDA (Non-GAAP)</b>	<b>249</b>	<b>250</b>	<b>956</b>
<b>Net Sales</b>	<b>991</b>	<b>897</b>	<b>3,980</b>
<b>Adjusted EBITDA margin (Non-GAAP)</b>	<b>25.1%</b>	<b>30.2%</b>	<b>24.6%</b>
<b>Adjusted Standalone EBITDA Margin (Non-GAAP)</b>	<b>25.1%</b>	<b>27.9%</b>	<b>24.0%</b>

<sup>1</sup> LTM stands for "last twelve months". <sup>2</sup> Other adjustments primarily consisted of gains and losses from disposal of long-lived assets, remeasurement of foreign currencies, environmental reserves, asset retirement obligations, nonoperating pension expense (income), and certain legal costs, net of recoveries.

# Reconciliation of Adjusted Standalone EBITDA

(\$ in millions)	For The Three Months Ended March 31,	
	2026	2025
Refrigerants & Applied Solutions (RAS)	\$711	\$636
Electronic & Specialty Materials (ESM)	281	261
<b>Total Net Sales</b>	<b>991</b>	<b>897</b>

(\$ in millions)	For The Three Months Ended March 31,	
	2026	2025
RAS Adjusted EBITDA	\$242	\$250
ESM Adjusted EBITDA	58	53
<b>Segment Adjusted EBITDA</b>	<b>301</b>	<b>303</b>
Less:		
Corporate and All Other	52	32
Standalone Adjustments	-	21
<b>Total Adjusted Standalone EBITDA (Non-GAAP)</b>	<b>249</b>	<b>250</b>

# Reconciliation of Adjusted Net Income Attributable to Solstice and Adjusted Diluted EPS

<i>(\$ in millions, except per share amounts)</i>	<b>For The Three Months Ended March 31, 2026</b>
<b>Net income attributable to Solstice Advanced Materials (GAAP)</b>	<b>\$85</b>
Other adjustments <sup>1</sup>	(2)
Amortization of acquired intangibles	1
Transaction costs	23
Tax effect of adjusting items	(5)
<b>Adjusted net income attributable to Solstice (Non-GAAP)</b>	<b>100</b>
Diluted weighted average shares outstanding	159.3
<b>Diluted EPS (GAAP)</b>	<b>\$0.53</b>
<b>Adjusted diluted EPS (Non-GAAP)</b>	<b>\$0.63</b>

<i>(\$ in millions)</i>	<b>For The Three Months Ended March 31, 2026</b>
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$249</b>
Less:	
Depreciation	53
Amortization <sup>2</sup>	5
Interest and other financial charges	29
Stock compensation expense	5
Income tax provision plus tax effect on adjusting items <sup>3</sup>	36
Net income attributable to noncontrolling interest	20
<b>Adjusted net income attributable to Solstice (Non-GAAP)</b>	<b>100</b>

<sup>1</sup> Other adjustments primarily consisted of gains and losses from disposal of long-lived assets, remeasurement of foreign currencies, environmental reserves, asset retirement obligations, nonoperating pension expense (income), and certain legal costs, net of recoveries. <sup>2</sup> Excludes \$1M amortization of acquired intangible assets. <sup>3</sup> Includes \$5M tax effect of adjustments.

# Reconciliation of Free Cash Flow

<i>(\$ in millions)</i>	<b>For The Three Months Ended March 31, 2026</b>
<b>Net Cash Provided by Operating Activities (GAAP)</b>	<b>\$199</b>
Less: Capital expenditures paid	75
<b>Free Cash Flow (Non-GAAP)</b>	<b>124</b>

# Capitalization Table

(\$ in millions)

March 31, 2026

Debt	
Term Loan B due 2032	\$986
Unsecured Senior Notes due 2033	985
<b>Total Debt</b>	<b>1,971</b>
Less: Cash and Cash Equivalents	642
<b>Net Debt (Non-GAAP)</b>	<b>1,329</b>
<b>LTM Adjusted Standalone EBITDA (Non-GAAP)</b>	<b>956</b>
<b>Total Leverage Ratio (Non-GAAP)</b>	<b>2.1 x</b>
<b>Net Leverage Ratio (Non-GAAP)</b>	<b>1.4 x</b>

# Non-GAAP Financial Measures

The Company uses non-GAAP financial measures to supplement the financial measures prepared in accordance with U.S. GAAP. These include (1) Organic sales percentage, (2) Adjusted EBITDA, (3) Adjusted EBITDA Margin, (4) Adjusted Standalone EBITDA, (5) Adjusted Standalone EBITDA margin, (6) Adjusted Net Income attributable to Solstice, (7) Adjusted diluted EPS, (8) Free Cash Flow, (9) Net debt, (10) Total leverage ratio, and (11) Net leverage ratio.

Below are definitions and reconciliations of certain non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP. Management believes that, when considered together with reported amounts, these measures are useful to investors and management in understanding our ongoing operations and in the analysis of ongoing operating trends. Management believes these non-GAAP financial measures provide investors with a meaningful measure of its performance period to period, align the measures to how management evaluates performance internally, and make it easier for investors to compare our performance to peers. These measures should be considered in addition to, and not as replacements for, the most directly comparable US GAAP measure. The non-GAAP financial measures we use are as follows:

## **Organic Sales Percentage**

The Company defines organic sales percentage as the year-over-year change in reported sales relative to the comparable period, excluding the impact on sales from foreign currency translation and acquisitions, net of divestitures, for the first 12 months following the transaction date. We believe this measure is useful to investors and management in understanding our ongoing operations and in analysis of ongoing operating trends.

## **Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Standalone EBITDA, and Adjusted Standalone EBITDA Margin**

The Company defines Adjusted EBITDA as net income excluding income taxes, depreciation, amortization, interest and other financial charges, remeasurement of foreign currencies, stock-based compensation expense, nonoperating pension expense (income), transaction-related costs, repositioning charges, asset retirement obligations accretion, asset impairment charges, litigation costs and insurance settlements (net of recoveries), gains and losses on disposal of assets, and certain other items that are otherwise of an unusual or non-recurring nature. The Company defines Adjusted EBITDA margin as Adjusted EBITDA divided by Net sales. The Company defines Adjusted Standalone EBITDA as Adjusted EBITDA less, for fiscal year 2025, estimated recurring and ongoing costs required to operate a new independent public company, and autonomous entity adjustments as well as adjustments for certain other employee compensation expense for employees that have historically been shared with other Honeywell businesses and were transferred to the Company in connection with the spin-off. The Company defines Adjusted Standalone EBITDA Margin as Adjusted Standalone EBITDA divided by Net sales. We believe these measures are useful to investors as they provide greater transparency with respect to supplemental information used by management in its financial and operational decision making, as well as understanding ongoing operating trends.

## **Adjusted Net Income attributable to Solstice and Adjusted Diluted EPS**

The Company defines Adjusted net income attributable to Solstice as Net income attributable to Solstice Advanced Materials excluding the after-tax impact – based on the tax rates by jurisdiction, net of discrete items – of amortization of acquired intangibles, remeasurement of foreign currencies, nonoperating pension expense (income), transaction-related costs, repositioning charges, asset retirement obligations accretion, asset impairment charges, litigation costs and insurance settlements (net of recoveries), gains and losses on disposal of assets, and certain other items that are otherwise of an unusual or non-recurring nature. We believe Adjusted net income attributable to Solstice is useful to investors as it provides greater transparency with respect to supplemental information used by management in its financial and operational decision making, as well as in understanding ongoing operational trends. The Company defines Adjusted diluted EPS as Adjusted net income attributable to Solstice divided by diluted weighted average shares outstanding to reflect shares that are dilutive or anti-dilutive based on the amount of Adjusted net income attributable to Solstice Advanced Materials. The weighted average common shares outstanding used to calculate Adjusted diluted earnings (loss) per share will differ from such shares used to calculate diluted earnings (loss) per share (GAAP) when the inclusion of dilutive shares has an anti-dilutive effect for one calculation but not for the other. We believe Adjusted diluted EPS is useful to investors as it provides greater transparency with respect to supplemental information used by management in its financial and operational decision making, as well as in understanding ongoing operational trends.

## **Free Cash Flow**

The Company defines free cash flow as net cash provided by operating activities less net capital expenditures. Net capital expenditures include capital expenditures paid less proceeds from the disposals of property, plant, and equipment. We believe this measure is useful to investors and management as a measure of cash generated by operations that can be used to invest in future growth through new business development activities or acquisitions, pay dividends, repurchase stock, or repay debt obligations prior to their maturities. This measure can also be used to evaluate our ability to generate cash flow from operations and the impact that this cash flow has on our liquidity.

## **Net Debt, Total Leverage ratio and Net Leverage ratio**

The Company defines net debt as total debt less cash. The Company defines total leverage ratio as total debt divided by Adjusted EBITDA. The Company defines net leverage ratio as net debt divided by Adjusted EBITDA. For purposes of showing total leverage ratio and net leverage ratio, we use Adjusted Standalone EBITDA instead of Adjusted EBITDA. We believe these measures are useful to investors and management in understanding our overall financial condition.

