Solstice

February 11, 2026

Fourth Quarter 2025 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 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 any dividend program the Company may adopt; 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 final Information Statement, dated as of October 17, 2025, attached as exhibit 99.1 to our Current Report on Form 8-K filed with the SEC on October 17, 2025, as 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 Standalone EBITDA - capex; Cash conversion; Organic sales percentage; Net debt, Total leverage ratio; Net leverage ratio, and Return on Invested Capital; if and as noted in the presentation. 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 Net Earnings per Share attributable to Solstice to GAAP net income (loss), 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). 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.

Fourth Quarter 2025 Highlights

Successful spin-off completed on Oct. 30th with accelerating momentum as an independent public company

Better-than-anticipated results, reflecting demand for Solstice’s differentiated product portfolio and strong execution

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

Returning capital to shareholders through disciplined capital allocation strategy with quarterly dividend

Well-positioned for 2026; Providing guidance consistent with Investor Day

Solstice is Well-Aligned to Support U.S. Nuclear Renaissance

Metropolis Works is the only uranium hexafluoride (UF_6) conversion facility in the U.S.

Expansion of Metropolis Conversion to 10+ kt/yr in 2026

- Anticipating ~20% higher production in 2026 vs. 2024 planned levels
- Higher production output backed, in part, by the U.S. Department of Energy (DOE)
- Disciplined capital investments and improved operational excellence

Strong Demand Underpinning Ongoing Expansion

- Robust backlog of $2B+, driven by orders from long-term customers
- Current facility production capacity largely contracted through 2030
- DOE goal of quadrupling American nuclear energy capacity by 2050

Actively Exploring Further Capacity Expansion Opportunities

- Evaluating both debottlenecking and new capacity investments
- Long-term supply discussions initiated with customers
- Retained leading EPC firm to conduct initial engineering analysis
- Committed to maintaining disciplined, high ROIC approach

Near-term and Medium-term Earnings Dynamics

- 2026 revenue impacted ~$30m by last UF_6 loan return from 2017-2023 idling of facility
- **Double-digit earnings growth CAGR 2026-2030 underpinned by current backlog**

Leveraging 60+ Years of Operational Excellence, Industry Leadership, and Proprietary Expertise

Full Year 2025 Consolidated Results

Consolidated Financial Highlights

($ in millions)	FY 2025	FY 2024	% Change
Net Sales	$3,886	$3,770	3%
Net Income attributable to Solstice	$237	$594	(60)%
Adjusted Standalone EBITDA[1]	$957	$995	(4)%
Adjusted Standalone EBITDA Margin[1]	24.6%	26.4%	(176) bps

Key Takeaways

- Full year Net Sales growth of 6% excluding opportunistic Nuclear (AES) sales in 2024[2]
- RAS Net Sales growth driven by 16% YoY increase in Refrigerants on strong demand
- ESM Net Sales growth driven by 7% growth in Electronic Materials underscoring differentiated technology platform
- Full year Adjusted Standalone EBITDA Margin[1] impacted by roughly $30m of transitory cost items
- ROIC of ~19%, reflecting strong business quality and accelerating growth investment

[1] *Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.* [2] *Excludes 3 opportunistic Nuclear (AES) transactions (2 in Q1 2024 and 1 in Q2 2024) totaling $108 million in net sales.*

Fourth Quarter 2025 Consolidated Results

Consolidated Financial Highlights

($ in millions)	4Q'25	4Q'24	% Change
Net Sales	$987	$913	8%
Net Income attributable to Solstice	$41	$133	(69)%
Adjusted Standalone EBITDA[1]	$189	$235	(20)%
Adjusted Standalone EBITDA Margin[1]	19.1%	25.8%	(662) bps

Key Takeaways

- Strong YoY Net Sales growth driven by Nuclear (AES), Electronic Materials, and Refrigerants
- RAS Net Sales growth driven by 39% YoY increase in Nuclear (AES) and 20% YoY increase in Refrigerants
- ESM growth driven by 19% YoY increase in Electronic Materials
- Adjusted Standalone EBITDA Margin[1] impacted by anticipated transitory and plant costs identified at 3Q Earnings
- Declared quarterly dividend of $0.075 per share

[1] *Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.*

Net Sales and Adjusted Standalone EBITDA[1] Bridges

Net Sales (Change in Net Sales)

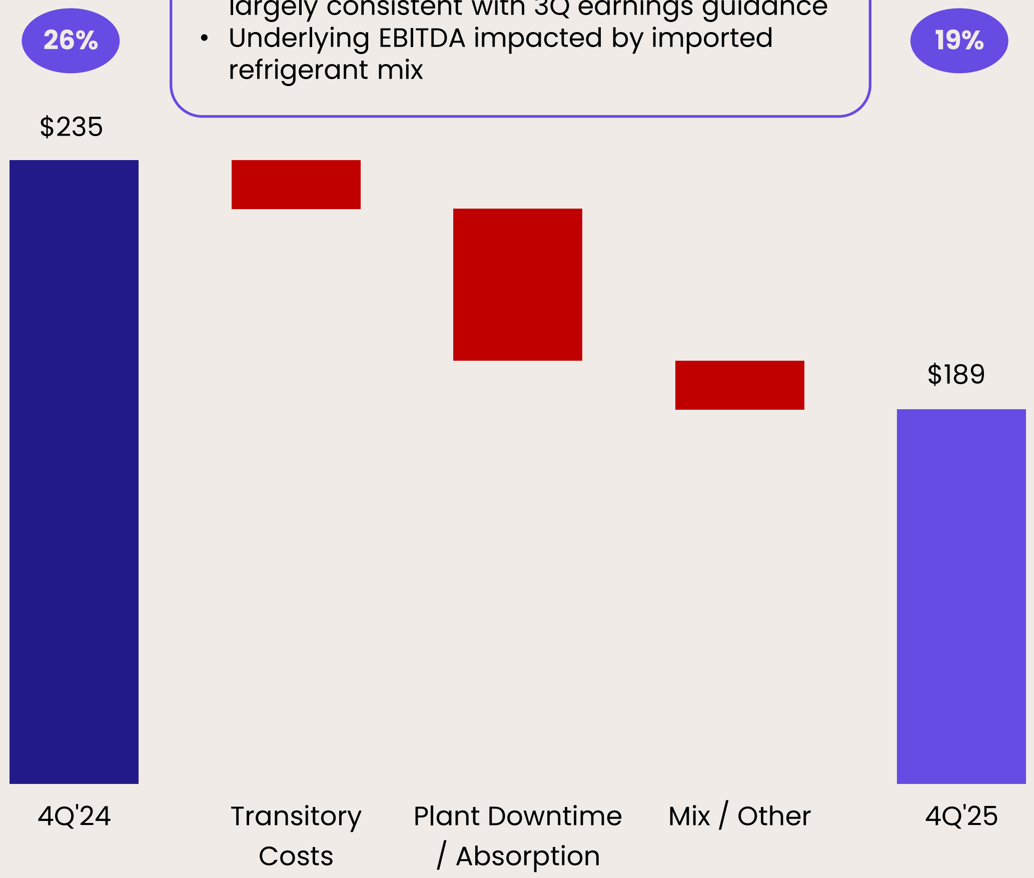
($ in millions)

- Organic Net Sales growth[1] of 6% YoY

Adj. Standalone EBITDA[1] (Change in Adj. EBITDA)

($ in millions and as a % of Net Sales)

- Transitory costs and downtime impacts largely consistent with 3Q earnings guidance
- Underlying EBITDA impacted by imported refrigerant mix



[1] *Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.*

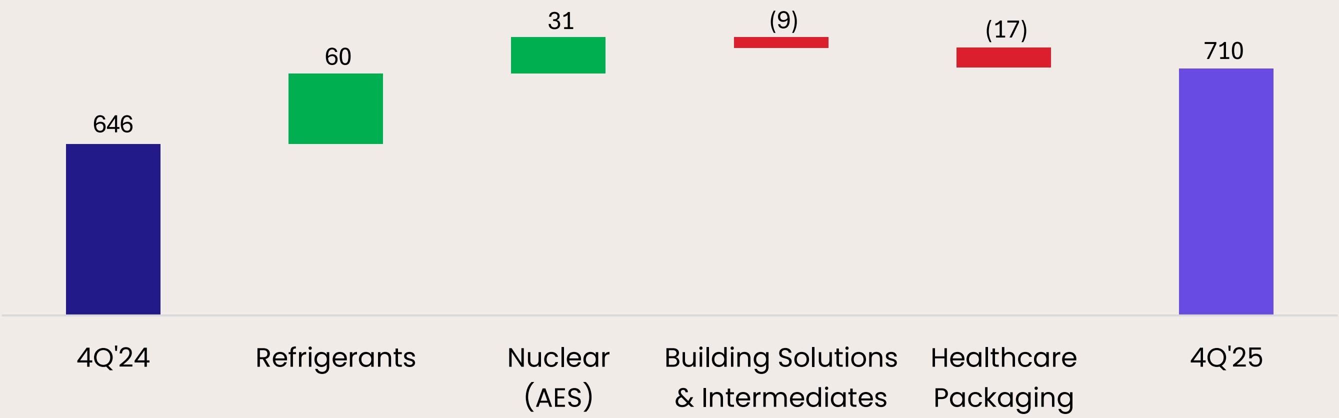
Fourth Quarter 2025
Refrigerants & Applied Solutions Results

Financial Results

($ in million)	4Q'25	4Q'24	% Change
Refrigerants	$367	$307	20%
Nuclear (AES)	111	80	39%
Building Solutions & Intermediates	181	190	(5)%
Healthcare Packaging	52	69	(25)%
RAS Net Sales	**710**	**646**	**10%**
RAS Adjusted EBITDA[1]	**190**	**252**	**(25)%**
RAS Adjusted EBITDA Margin[1]	**26.8%**	**39.0%**	**(1,225) bps**

RAS Net Sales

($ in millions)



Key Takeaways

- YoY increase in RAS Net Sales primarily driven by 39% growth in Nuclear (AES) and 20% growth in Refrigerants, partially offset by Healthcare Packaging
- Data Center sales for Refrigerants up high double-digits in 2025, expected to accelerate in 2026
- YoY decline in RAS Segment Adjusted EBITDA primarily driven by anticipated transitory costs items, fixed cost absorption in Healthcare Packaging due to lower volumes, as well as refrigerant product mix

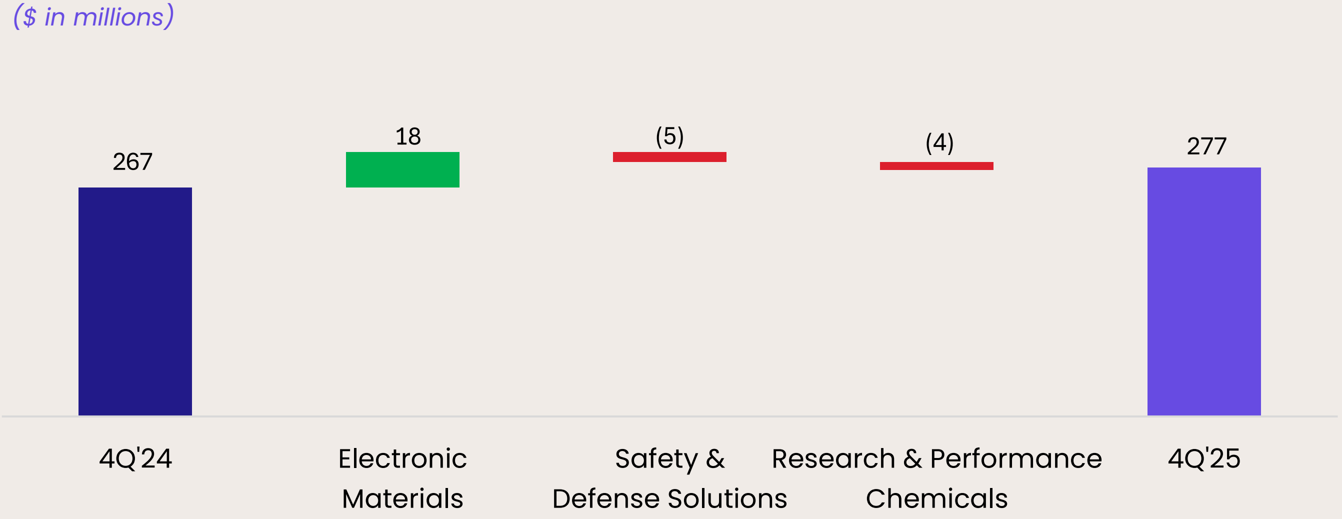
[1] *Please refer to the reconciliation provided in the appendix of this presentation.*

Fourth Quarter 2025
Electronic & Specialty Materials Results

Financial Results

($ in million)	4Q’25	4Q’24	% Change
Electronic Materials	$112	$94	19%
Safety & Defense Solutions	43	48	(10)%
Research & Performance Chemicals	121	125	(3)%
Net Sales	**277**	**267**	**4%**
ESM Adjusted EBITDA[1]	**51**	**57**	**(11)%**
ESM Adjusted EBITDA Margin[1]	**18.4%**	**21.3%**	**(294) bps**

ESM Net Sales



Key Takeaways

- YoY increase in ESM Net Sales primarily driven by 19% growth in Electronic Materials, partially offset by lower volumes in Safety & Defense Solutions and lower construction related demand in Research & Performance Chemicals
- YoY decrease in ESM Segment Adjusted EBITDA primarily driven by the impact of previously communicated plant downtime and anticipated transitory cost items
- Investing in capacity expansion for Electronic Materials and Safety & Defense Solutions to support strong demand outlook

[1] *Please refer to the reconciliation provided in the appendix of this presentation.*

Balance Sheet and Capital Management

Cash Flow Highlights
(Twelve Months Ended December 31, 2025)

- Capital Expenditures of $408 million
- Adjusted Standalone EBITDA – Capex[1] of $549 million
- Cash Conversion[1] of 57%

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 December 31, 2025)

Term Loan B (SOFR + 175 bps)	$1 billion
5.625% Senior Notes due 2033	$1 billion
Total Debt	$2 billion
Cash and Cash Equivalents	$534 million
Net Debt[1]	$1.4 billion
Net Leverage Ratio[1]	1.5x
Revolving Credit Facility Availability	$1 billion
Total Liquidity	$1.5 billion

[1] *Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.*

Financial Guidance

1Q'26E	
Net Sales *($ in millions)*	$935 - $985
Adjusted EBITDA[1] *($ in millions)*	$235 - $245

~25% Adj. EBITDA Margin

2026E	
Net Sales *($ in millions)*	$3,900 - $4,100
Adjusted EBITDA[1] *($ in millions)*	$975 - $1,025
Adjusted Diluted EPS[1,2]	$2.45 - $2.75
Capital Expenditures *($ in millions)*	$400 - $425

- Continued momentum in Refrigerants, Nuclear (AES), and Electronic Materials
- Absence of transitory cost items and plant downtime
- Year-over-year margin headwind primarily from product mix

- Assumes stable macroeconomic environment
- ~$30m revenue impact from final Nuclear (AES) loan return
- ~$30m TSA cost impact (up to 12 months post-spin)

Nuclear (AES) Virtual Deep-Dive to be held later in 2026

[1] Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation. [2] The Company defines Adjusted Diluted EPS as adjusted net income divided by the diluted weighted average shares outstanding. The Company defines Adjusted Net Income as net income attributable to Solstice Advanced Materials excluding the after-tax impact of amortization of acquired intangibles, remeasurement of foreign currencies, nonoperating pension and other postretirement 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.

Key Takeaways

Well-positioned to deliver on full-year 2026 guidance

Implementing fit-for-purpose strategy to unlock full growth potential

Well-aligned to strong secular trends areas such as nuclear, high-performance computing, data centers, and defense spending

Investing in high-growth businesses support differentiated growth strategy, while also initiating return of cash to shareholders

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

Appendix

Additional Full Year 2026 Modeling Considerations

($ in millions, unless otherwise noted)	**2026E**
Depreciation and Amortization Expense	$220 - $240
Net Interest Expense	$140 - $145
Adjusted Effective Tax Rate	~24-26%

Other Considerations

Strong demand expected to continue in Low-GWP Refrigerants, Electronic Materials, and Nuclear

Interest rate sensitive end-markets such as housing / construction not expected to improve

Raw material costs expected to be modestly inflationary; expect to fully covered 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

($ in millions)	For The Three Months Ended December 31, 2025	For The Three Months Ended December 31, 2024	For The Year Ended December 31, 2025	For The Year Ended December 31, 2024
Product sales	$900	$832	$3,587	$3,453
Service sales	87	81	299	317
Net sales	**987**	**913**	**3,886**	**3,770**
Costs, expenses and other				
Cost of products sold	674	540	2,419	2,214
Cost of services sold	55	68	217	250
Total cost of products and services sold	**729**	**608**	**2,636**	**2,464**
Research and development expenses	27	21	97	83
Selling, general and administrative expenses	112	89	421	392
Transaction-related costs	27	20	117	26
Other expense (income)	(17)	(3)	(60)	(5)
Interest and other financial charges	23	2	28	13
Total costs, expenses and other	**901**	**737**	**3,239**	**2,973**
Income before taxes	86	176	647	797
Income tax expense	32	42	362	192
Net (loss) Income	**54**	**134**	**285**	**605**
Less: Net income (loss) attributable to noncontrolling interest	13	1	48	11
Net (loss) income attributable to Solstice Advanced Materials	**41**	**133**	**237**	**594**

2025 Segment Financials

($ in millions)	For The Three Months Ended, March 31, 2025	June 30, 2025	September 30, 2025	December 31, 2025	For The Year Ended December 31, 2025
Refrigerants & Applied Solutions Net Sales					
Refrigerants	$326	$418	$400	$367	$1,511
Building Solutions and Intermediates	183	181	175	181	719
Alternative Energy Services	84	98	63	111	356
Healthcare Packaging	43	59	49	52	204
Net Sales Refrigerants & Applied Solutions	**636**	**756**	**687**	**710**	**2,789**
Electronic & Specialty Materials Net Sales					
Research and Performance Chemicals	121	132	126	121	500
Electronic Materials	90	104	103	112	409
Safety and Defense Solutions	50	41	53	43	187
Net Sales Electronic & Specialty Materials	**261**	**277**	**282**	**277**	**1,097**
Net sales	**897**	**1,033**	**969**	**987**	**3,886**
RAS Segment Adjusted EBITDA	250	298	243	190	981
ESM Segment Adjusted EBITDA	53	52	47	51	203
Segment Adjusted EBITDA	**303**	**350**	**290**	**241**	**1,184**
Less:					
Corporate and All Other	32	46	54	52	184
Standalone Adjustments	21	21	1	0	43
Adjusted Standalone EBITDA[1]	**250**	**283**	**235**	**189**	**957**

[1] *Non-GAAP financial measure. Historical reconciliations of non-GAAP financial measures provided in the appendix of this presentation.*

Reconciliation of Organic Sales Percentage

	For The Three Months Ended December 31, 2025 vs. 2024
Total % Change in Net Sales	**8%**
Foreign Currency Translation	(2)%
Acquisitions, Divestitures and Other, Net	-
Organic Sales Percentage	**6%**

Reconciliation of Adjusted EBITDA, Adjusted Standalone EBITDA

	For The Three Months Ended December 31,		For The Year Ended December 31,	
($ in millions)	**2025**	**2024**	**2025**	**2024**
Net (loss) income attributable to Solstice Advanced Materials	**$41**	**$133**	**$237**	**$594**
Net income (loss) attributable to noncontrolling interest	13	1	48	11
Net Income (GAAP)	**54**	**134**	**285**	**605**
Depreciation	40	49	191	175
Amortization	14	7	29	42
Interest and other financial charges	23	3	28	13
Other adjustments[1]	(8)	3	(38)	28
Stock compensation expense	8	4	27	17
Transaction-related costs	27	19	117	26
Income tax expense	32	42	362	192
Adjusted EBITDA (Non-GAAP)	**189**	**261**	**1,000**	**1,098**
Less - Standalone adjustments	0	26	43	103
Adjusted Standalone EBITDA (Non-GAAP)	**189**	**235**	**957**	**995**
Net Sales	**987**	**913**	**3,886**	**3,770**
Adjusted EBITDA margin (Non-GAAP)	***19.1%***	***28.6%***	***25.7%***	***29.1%***
Adjusted Standalone EBITDA Margin (Non-GAAP)	***19.1%***	***25.8%***	***24.6%***	***26.4%***

[1] Other adjustments primarily consisted of gains and losses from disposal of long-lived assets, remeasurement of foreign currencies, environmental reserves, asset retirement obligations, pensions expenses, and certain legal costs, net of recoveries.

Reconciliation of Adjusted EBITDA, Adjusted Standalone EBITDA (Continued)

	For The Three Months Ended,			
($ in millions)	**March 31, 2025**	**June 30, 2025**	**September 30, 2025**	**December 31, 2025**
Net (loss) income attributable to Solstice Advanced Materials	**$134**	**$97**	**$(35)**	**$41**
Net income (loss) attributable to noncontrolling interest	6	2	26	13
Net Income (GAAP)	**140**	**99**	**(9)**	**54**
Depreciation	50	55	46	40
Amortization	7	4	4	14
Interest and other financial charges	1	2	2	23
Other adjustments[1]	(8)	7	(29)	(8)
Stock compensation expense	6	6	8	8
Transaction-related costs	28	31	32	27
Income tax expense	47	101	182	32
Adjusted EBITDA (Non-GAAP)	**271**	**304**	**236**	**189**
Less - Standalone adjustments	21	21	1	0
Adjusted Standalone EBITDA (Non-GAAP)	**250**	**283**	**235**	**189**

[1] *Other adjustments primarily consisted of gains and losses from disposal of long-lived assets, remeasurement of foreign currencies, environmental reserves, asset retirement obligations, pensions expenses, and certain legal costs, net of recoveries.*

Reconciliation of Adjusted Standalone EBITDA

($ in millions)	For The Three Months Ended December 31, 2025	For The Three Months Ended December 31, 2024	For The Year Ended December 31, 2025	For The Year Ended December 31, 2024
Refrigerants & Applied Solutions (RAS)	$710	$646	$2,789	$2,721
Electronic & Specialty Materials (ESM)	277	267	1,097	1,049
Total Net Sales	**987**	**913**	**3,886**	**3,770**

($ in millions)	For The Three Months Ended December 31, 2025	For The Three Months Ended December 31, 2024	For The Year Ended December 31, 2025	For The Year Ended December 31, 2024
RAS Adjusted EBITDA	$190	$252	$981	$1,058
ESM Adjusted EBITDA	51	57	203	201
Segment Adjusted EBITDA	**241**	**309**	**1,184**	**1,259**
Less:				
Corporate and All Other	52	48	184	161
Standalone Adjustments	0	26	43	103
Total Adjusted Standalone EBITDA	**189**	**235**	**957**	**995**

Reconciliation of Adjusted Standalone EBITDA – Capex and Calculation of Cash Conversion

($ in millions)	**For The Year Ended December 31, 2025**	**2024**
Adjusted Standalone EBITDA (Non-GAAP)	$957	$995
Less: Total capital expenditures incurred	408	296
Adjusted Standalone EBITDA - Capex (Non-GAAP)	**549**	**699**
Cash Conversion (Non-GAAP)	***57.4%***	***70.3%***

Capitalization Table

($ in millions)	**December 31, 2025**
Debt	
Term Loan B due 2032	$986
Unsecured Senior Notes due 2033	986
Total Debt	**1,972**
Less: Cash and Cash Equivalents	534
Net Debt (Non-GAAP)	**1,438**
Adjusted Standalone EBITDA (Non-GAAP)	**957**
Total Leverage Ratio (Non-GAAP)	**2.1 x**
Net Leverage Ratio (Non-GAAP)	**1.5 x**

Return on Invested Capital

($ in millions)	For The Year Ended December 31,
Net Income (GAAP)	**$285**
Income tax expense	362
Depreciation	191
Amortization	29
Other adjustments	(41)
Stock compensation expense	27
Interest and other financial charges	28
Transaction costs	117
Asset retirement obligation accretion	1
Pension and other postretirement expense	3
Adjusted EBITDA (Non-GAAP)	**1,000**
Standalone Adjustments	(43)
Standalone Adjusted EBITDA	**957**
Less - D&A	219
Standalone Adjusted EBIT	**738**
Less - Tax effects on Adj. EBIT[1]	185
Net Operating Profit After Tax	**553**

($ in millions)	December 31, 2025
Total Debt Principal[2]	$2,000
Total Cash & Cash Equivalents	534
Total Net Debt	1,466
Total Equity	1,377
Total Invested Capital	**2,843**
Total Return on Invested Capital	**19.4%**

[1] The blended tax rate excludes the frictional taxes related to the Spin-off. [2] Represents the total principal amount outstanding.

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 Standalone EBITDA - capex, (7) Cash conversion, (8) Net debt, (9) Total leverage ratio, (10) Net leverage ratio, and (11) Return on Invested Capital.

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, pension and other postretirement 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 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 Standalone EBITDA – capex, and Cash Conversion

The Company defines Adjusted Standalone EBITDA - capex as Adjusted Standalone EBITDA less capital expenditures. Capital expenditures represent capital expenditures incurred, whether accrued or paid in the current year. The Company defines cash conversion as Adjusted Standalone EBITDA - capex divided by Adjusted Standalone EBITDA. We believe these measures are 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. These measures 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 as expected, 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.

Return on Invested Capital

We define Return on Invested Capital as Net Operating Profit After Taxes ("NOPAT") (which is defined as Standalone Adjusted EBITDA, less depreciation and amortization, and tax effected), divided by invested capital, which is calculated as the principal amount of outstanding debt less cash and cash equivalents, plus shareholders' equity. We believe that return on invested capital offers valuable insight to management, investors, analysts, and other stakeholders as a measure of how effectively the Company generates income from the capital provided by shareholders and creditors.

Solstice