


UL Solutions

# UL SOLUTIONS INC.

# EARNINGS PRESENTATION

Q1 2024

May 20, 2024

# FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, about UL Solutions' (the "Company") financial results and estimates and business prospects that involve substantial risks and uncertainties. You can identify these statements by the use of words such as “may,” “will,” “should,” “would,” “likely,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “continue” and variations of these terms and similar expressions, or the negative of these terms or similar expressions in connection with any discussion of future operating or financial performance or business plans or prospects. Factors that could cause actual results to differ materially include, but are not limited to, the following: falsification of or tampering with our reports or certificates; increases in self-certification of products in industries in which we provide services or corresponding decreases in third-party certifications; any conflict of interest or perceived conflict of interest between our testing, inspection and certification services and our enterprise and advisory services; increased competition in industries in which we participate; ineffectiveness of our portfolio management techniques and strategies; adverse market conditions or adverse changes in the political, social or legal condition in the markets in which we operate; failure to effectively implement our growth strategies and initiatives; increased government regulation of industries in which we operate; adverse government actions in respect of our operations, including enforcement actions related to environmental, health and safety matters; failure to retain and increase capacity at our existing facilities or build new facilities in a timely and cost-effective manner; failure to comply with applicable laws and regulations in each jurisdiction in which we operate, including environmental laws and regulations; fluctuations in foreign currency exchange rates; imposition of or increases in customs duties and other tariffs; deterioration of relations between the United States and countries in which we operate, including China; changes in labor regulations in jurisdictions in which we operate; changes in labor relations and unionization efforts by our employees; failure to recruit, attract and retain key employees, including through the implementation of diversity, equity and inclusion initiatives, and the succession of senior management; failure to recruit, attract and retain sufficient qualified personnel to meet our customers' needs; past and future acquisitions, joint ventures, investments and other strategic initiatives; increases in raw material prices, fuel prices and other operating costs; changes in services we deliver or products we use; inability to develop new solutions or the occurrence of defects, failures or delay with new and existing solutions; increase in uninsured losses; ineffectiveness of deficiencies in our enterprise risk management program; volatility in credit markets or changes in our credit rating; actions of our employees, agents, subcontractors, vendors and other business partners; failure to maintain relationships with our customers, vendors and business partners; consolidation of our customers and vendors; disruptions in our global supply chain; changes in access to data from external sources; pending and future litigation, including in respect of our testing, inspection and certification services; allegations concerning our failure to properly perform our offered services; changes in the regulatory environment for our industry or the industries of our customers; delays in obtaining, failure to obtain or the withdrawal or revocation of our licenses, approvals or other authorizations; changes in our accreditations, approvals, permits or delegations of authority; issues with the integrity of our data or the databases upon which we rely; failure to manage our SaaS hosting network infrastructure capacity or disruptions in such infrastructure; cybersecurity incidents and other technology disruptions; risks associated with intellectual property, including potential infringement; compliance with agreements and instruments governing our indebtedness and the incurrence of new indebtedness; interest rate increases; volatility in the price of our Class A common stock; actions taken by, and control exercised by, ULSE Inc.; ineffectiveness in, or failure to maintain, our internal control over financial reporting; negative publicity or changes in industry reputation; changes in tax laws and regulations, resolution of tax disputes or imposition of audit examinations; failure to generate sufficient cash to service our indebtedness; constraints imposed on our ability to operate our business or make necessary capital investments due to our outstanding indebtedness; natural disasters and other catastrophic events, including pandemics and the rapid spread of contagious illnesses, such as new variants of COVID-19; and other risks discussed in our filings with the Securities and Exchange Commission. Changes in such assumptions or factors could produce materially different results. A further description of these and other factors is located in the section entitled “Risk Factors” in our Quarterly Report on Form 10-Q for the first quarter of 2024 and in our subsequent Quarterly Reports and Current Reports. The information contained in this presentation is as of the date indicated. The Company assumes no obligation to update any forward-looking statements contained in this presentation as a result of new information or future events or developments.

**Non-GAAP Measures**

In addition to financial measures based on generally accepted accounting principles in the United States ("U.S. GAAP"), this presentation includes supplemental non-GAAP financial information. Management uses non-GAAP measures in addition to U.S. GAAP measures to understand and compare operating results across periods and for forecasting and other purposes, including Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Net Income margin, Adjusted Diluted Earnings Per Share, Free Cash Flow, Free Cash Flow margin, and Net Leverage. Management believes these non-GAAP measures reflect results in a manner that enables, in some instances, more meaningful analysis of trends and facilitates comparison of results across periods. These non-GAAP financial measures have no standardized meaning presented in U.S. GAAP and may not be comparable to other similarly titled measures used by other companies due to potential differences between the companies in calculations. The use of these non-GAAP measures has limitations and they should not be considered as substitutes for measures of financial performance and financial position as prepared in accordance with GAAP. Reconciliations and definitions of each non-GAAP measure are included in the appendix to this presentation.

# PRESENTERS



## Jennifer Scanlon

**President and Chief Executive Officer**

Company Overview and Highlights



## Ryan Robinson

**Executive Vice President and Chief Financial Officer**

Financial Review and Outlook

# WELCOME

## TO THE FIRST UL SOLUTIONS EARNINGS CALL

**NYSE: ULS** **Completed upsized IPO and listed on April 12**




**Strong Q1 2024:**

- 6.5% Revenue growth, 7.5% Organic[1]
- 3.4% Net income growth, 13.0% Adjusted Net Income[2] increase
- Adjusted EBITDA[2] up 18.0%
- Megatrends continue to propel growth, led by the “Electrification of Everything”

[1]Refer to Organic definition in the Appendix.

[2]Adjusted Net Income and Adjusted EBITDA are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to the most directly comparable GAAP financial measures.

# UL SOLUTIONS AT A GLANCE

**~$2.7B**
2023 revenue

**$563M**
2023 Adjusted EBITDA[1]

**15,000+**
UL Solutions employees serving customer needs

**80,000+**
customers including approximately 60% of the Fortune 500 and Global 500

Served customers in
**110+ countries**

**35+**
Industries served

Our trusted and iconic UL Mark has appeared on
**billions**
of products since its introduction in 1906

Invested
**~$2.6B**
In 54 acquisitions and organic capital investments (2010-2023)

**91**
Locations with labs

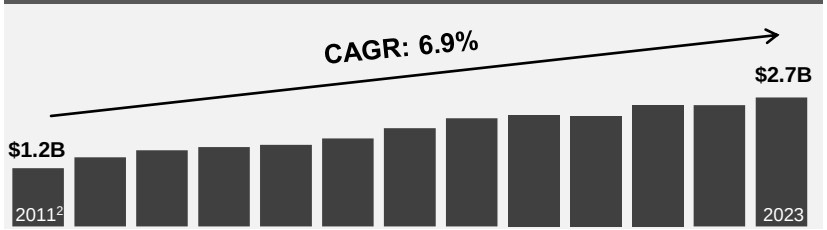
Source: As of December 31st, 2023 except where noted

[1]Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for definition and reconciliation to the most directly comparable GAAP financial measure.

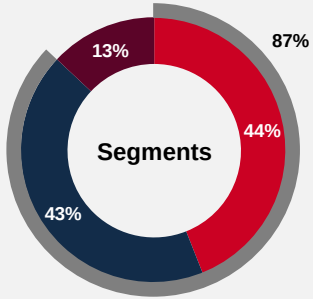
# UL SOLUTIONS OVERVIEW

- A leading global business services company focused on independent testing, inspection and certification (TIC)
- Dedicated to safety science since 1894[1]
- Strong brand recognition and differentiation through engineering and safety sciences
- The UL Mark is recognized as one of the most iconic symbols of safety in the world

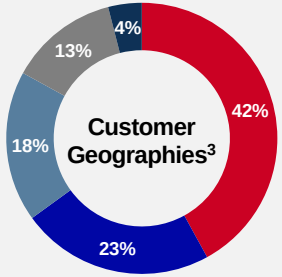
## Constant and Attractive Revenue Growth (2011-2023)




## Revenue Breakdown (2023)




- Consumer
- Industrial
- Software and Advisory
- Testing, Inspection and Certification




- US
- China[4]
- Europe, Middle East and Africa
- Asia Pacific
- Other Americas

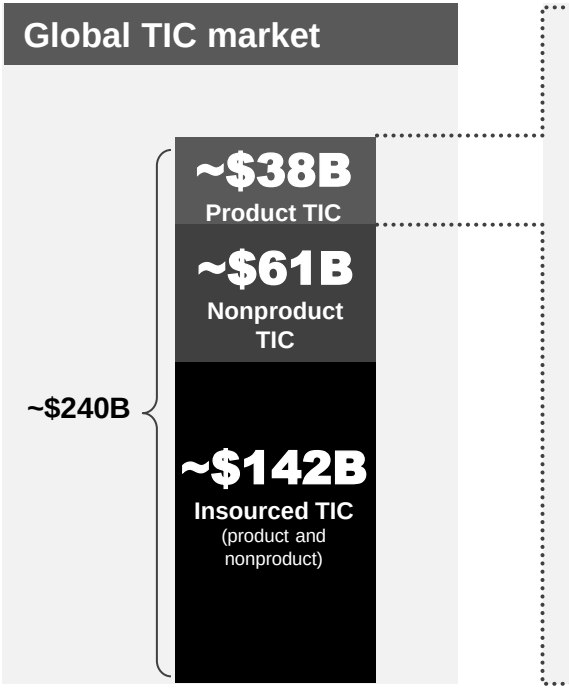
### Four Major Service Categories

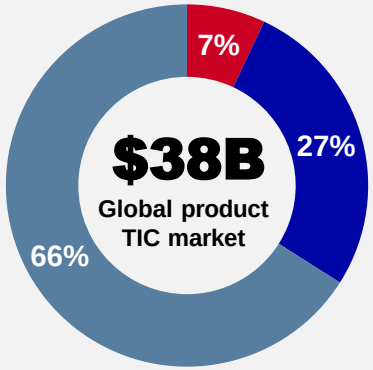
- Certification testing 27%
- Non-certification testing and other services 30%
- Ongoing certification services 33%
- Software 10%

[1] As part of the nonprofit Underwriters' Electrical Bureau, a predecessor to Underwriters Laboratories and UL Solutions.
[2] Revenue for 2011 includes $81 million for UL-CCIC Company Limited, a joint venture interest of UL Solutions that was originally reported using the equity method of accounting.
[3] Revenue by geography shows breakdown by customer location.
[4] Represents revenue from Greater China – mainland China, Hong Kong and Taiwan.

# UL SOLUTIONS IS A GLOBAL LEADER

## WITH #1 PRODUCT TIC MARKET SHARE (BY REVENUE)[1]




- UL Solutions
- Next top 10
- All others

1. **Mission-driven growth company**
2. **Dedicated to applied safety science and ESG**
3. **Long-term customer relationships** — reinforced by our iconic UL Mark — **provide recurring revenue streams**
4. **Global scale** and **operating leverage**
5. **Healthy balance sheet and disciplined capital allocation strategy**

Source: 2022 market data based on UL Solutions estimates.
[1] Outsourced product TIC market.

# RECENT UPDATES

## Industrial

### Korea Battery Lab



New facility in South Korea provides evaluation, certification and analysis services tailored to EV battery systems, giving customers improved access to the latest safety technology to increase innovation and speed to market

## Consumer

### North America Retail Center of Excellence



Largest laboratory investment in the retail and consumer products sectors in our history

100,000-square-foot space serving North American retail industry customers

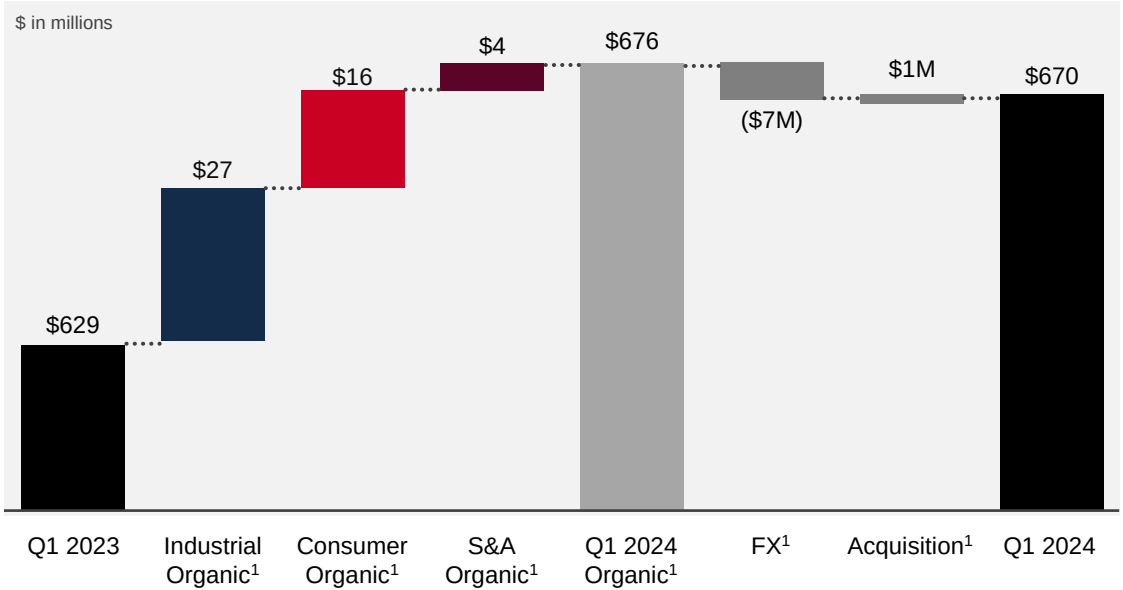
## Software & Advisory

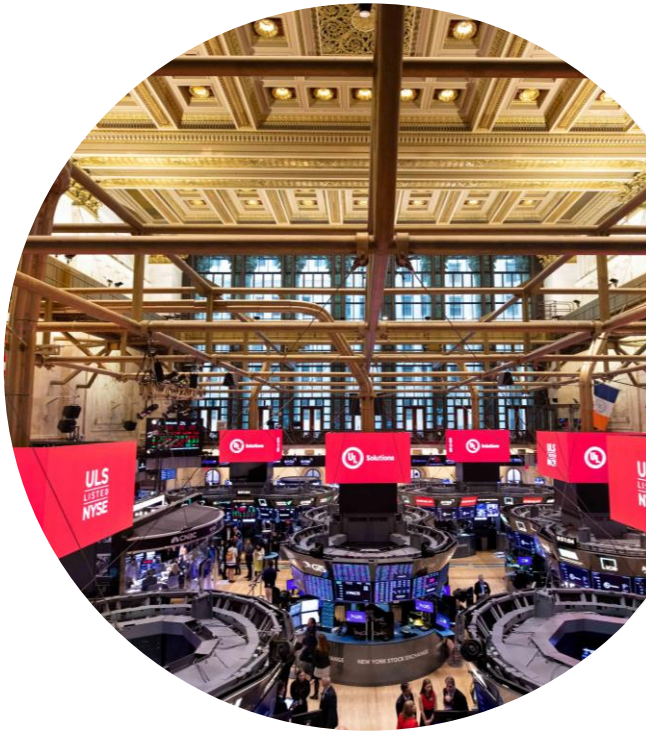
### ULTRUS™




New brand that unites our flagship software to help customers meet regulatory, supply chain, and sustainability challenges

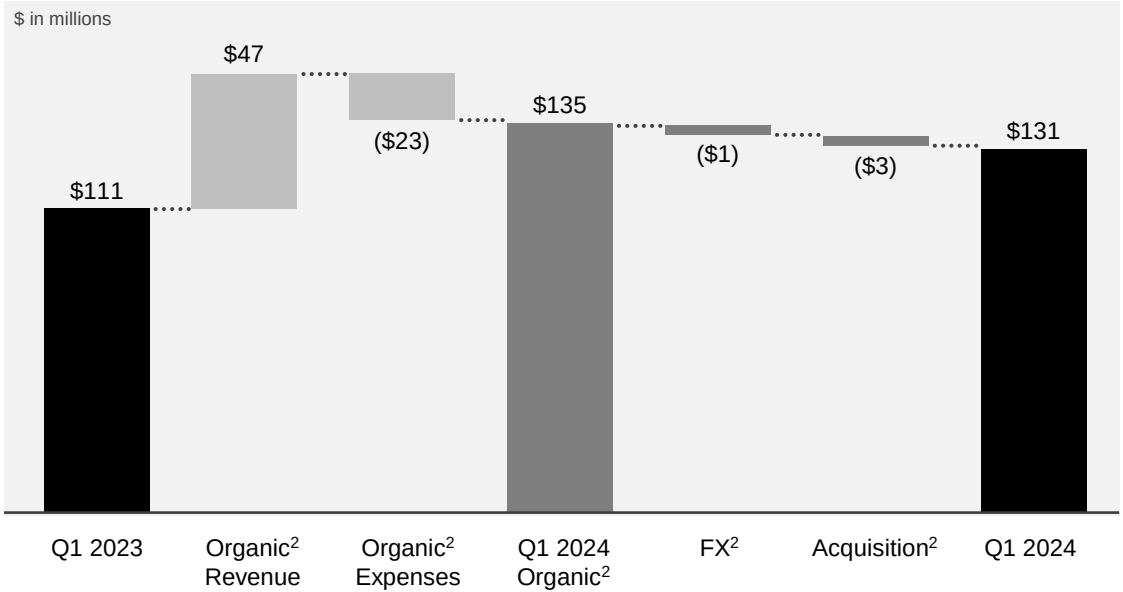
# Q1 2024 REVENUE +7.5% ORGANIC[1]




[1]Refer to Organic, FX and Acquisition definitions in Appendix.

# Q1 ADJUSTED EBITDA[1] PERFORMANCE +18.0%



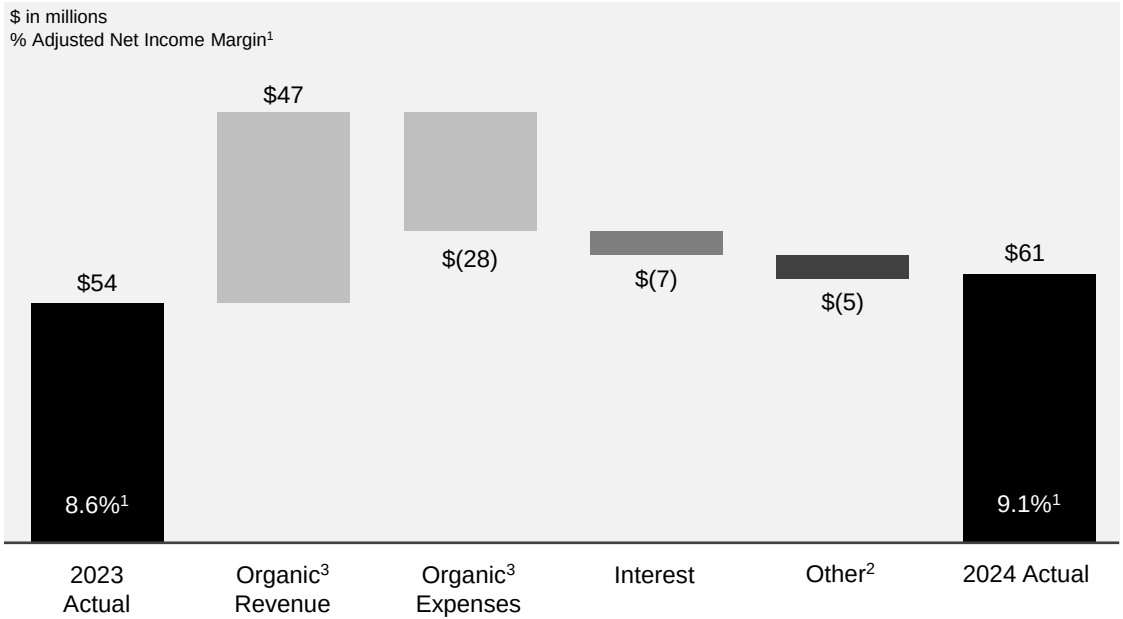




[1]Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for definition and reconciliation to the most directly comparable GAAP financial measure

[2]Refer to Organic, FX and Acquisition definitions in Appendix.

# Q1 ADJUSTED NET INCOME[1] PERFORMANCE +13%







[1]Adjusted Net Income and Adjusted Net Income margin are non-GAAP financial measures.
Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.

[2]Other includes FX, acquisitions or disposals of business and tax.

[3]Refer to Organic definition in Appendix.

# INDUSTRIAL

## Q1 2024 RESULTS



**9.3% Revenue Growth (+10.0% Organic)**

- Robust industrial electrical product, renewable energy, and component market demand
- Bolstered by new lab capacity

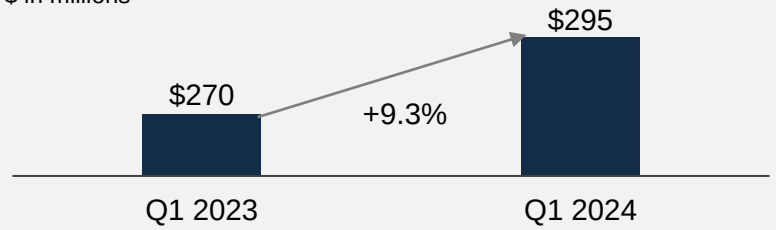
**Adjusted EBITDA[1] increased $6M; Adjusted EBITDA margin decreased 40 bps**

- Reflects increased professional fees and employee benefit costs offset by reduced long-term incentive expenses

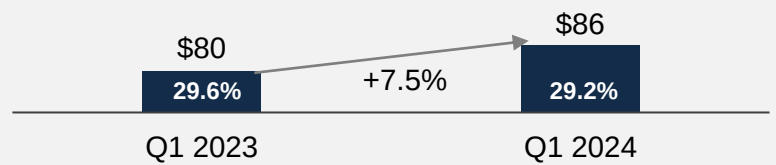
**Business divestiture on May 1st, 2024**

- Completed divestiture of payments testing business; ($40M) annualized revenue impact

### Industrial Revenue




### Industrial Adjusted EBITDA[1] and Adjusted EBITDA margin[1] %




[1]Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.

# CONSUMER

## Q1 2024 RESULTS



**4.0% Revenue Growth (+5.8% Organic)**

- Strength in EMC (electromagnetic compatibility) testing for automotive and consumer electronics
- Improved retail demand, led by North America

**Adjusted EBITDA[1] increased $14M; Adjusted EBITDA margin increased 460 bps**

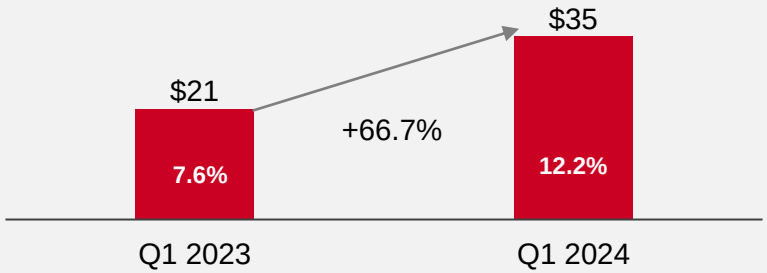
- 2023 actions provided improved cost structure
- Comparison period included higher severance and incentive expenses

### Consumer Revenue

$ in millions




### Consumer Adjusted EBITDA[1] and Adjusted EBITDA margin[1] %




[1]Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.

# SOFTWARE AND ADVISORY

## Q1 2024 RESULTS



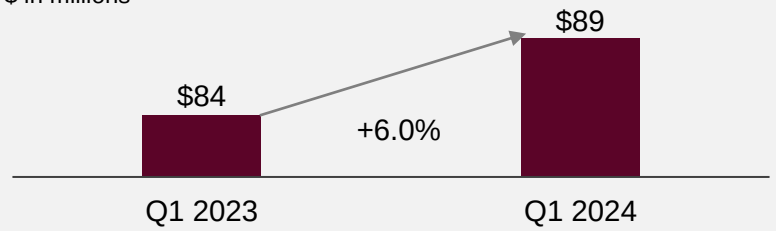
**6.0% Revenue Growth (+4.8% Organic)**

- Advisory, led by renewables, buoyed growth
- ULTRUS™ software brand launch improves customer experience and unifies technology infrastructure

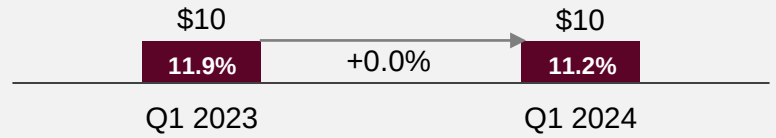
**Adjusted EBITDA[1] remained flat: Adjusted EBITDA margin decreased 70 bps**

- Reflects increased employee benefit costs

### Software & Advisory Revenue




### Software & Advisory Adjusted EBITDA[1] and Adjusted EBITDA margin[1] %

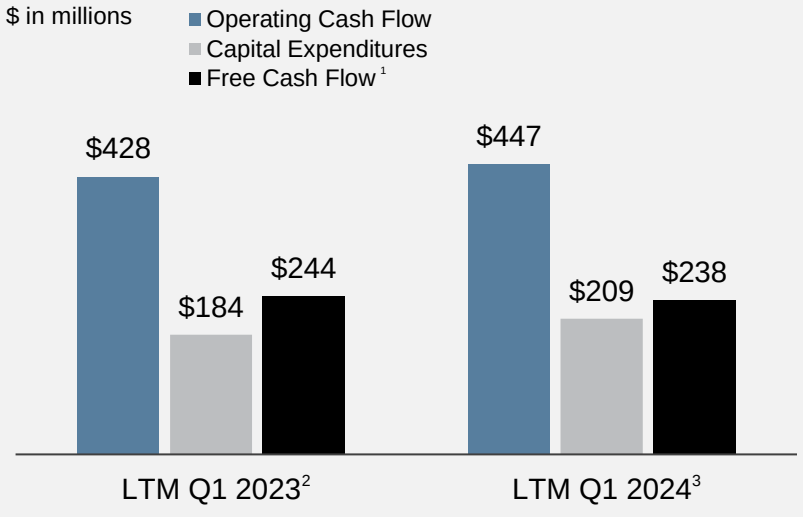



[1]Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.

# LTM CASH FLOW

- Continued strong Free Cash Flow[1] generation of $84M in Q1 2024
- Significant investment in energy transition opportunities underway
- Q1 2024 long-term incentive plan payouts skews comparisons; comparable payouts occurred in Q2 2023
- Net Leverage[1] of 0.9 times net debt to trailing twelve months Adjusted EBITDA[1]

## LTM Cash Flow



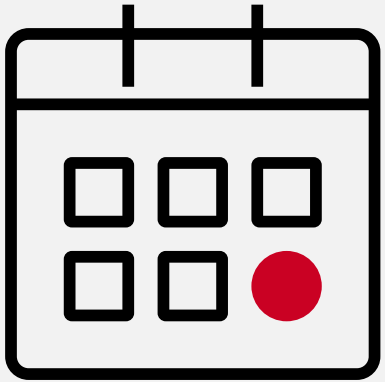

[1]Free Cash Flow, Free Cash Flow margin, Adjusted EBITDA and Net Leverage are non-GAAP measures. Refer to the Appendix to this presentation for definitions and reconciliations to their most directly comparable GAAP financial measures.

[2]Last 12 months as of March 31, 2023

[3]Last 12 months as of March 31, 2024

# FULL-YEAR 2024 OUTLOOK

- Mid-single digit steady constant currency, **organic[1] revenue growth** is expected to continue
  - "Electrification of Everything" along with Digitalization and Sustainability megatrends are fueling growth in all segments
  - Divestiture of Industrial payments testing business will reduce revenue by an annualized amount of ~$40M
- **Adjusted EBITDA margin[2]** improvement expected from increased productivity
- **Capital expenditures** expected to remain at ~7-8% revenue
- Tuck-in **acquisition** opportunities continue to be pursued



The Company's 2024 outlook is based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve the results expressed by this outlook.

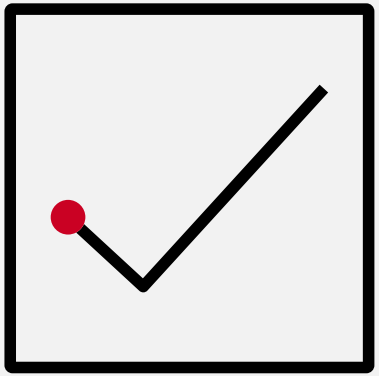
[1]Refer to Organic definition in the Appendix.

[2]Adjusted EBITDA margin is a non-GAAP measure. Refer to the Appendix to this presentation for definition.

# SUMMARY

## Strong Q1 resulted from focused execution

- All operating segments and geographies contributed to revenue growth
- Improvement in Adjusted EBITDA margins[1] was driven by outsized Industrial revenue growth and Consumer efficiencies, aided by reduced long-term incentive expense
- Our new ULTRUS™ software brand unites our flagship regulatory, supply chain and sustainability offerings in Software & Advisory
- Ended quarter with strong financial profile positioned for growth, profitability, and durable Free Cash Flow[1] generation as a newly public company



[1]Adjusted EBITDA margin and Free Cash Flow are non-GAAP measures. Refer to the Appendix to this presentation for definitions.

# APPENDIX

# COMPONENTS OF REVENUE CHANGE

| (in millions, unless otherwise stated) | Three Months Ended March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Organic[1] | Acquisition[2] | FX[3] | Total | Organic % Change | Total % Change |
| Revenue change | | | | | | |
| Industrial | $ 27 | $ 1 | $ (3) | $ 25 | 10.0 % | 9.3 % |
| Consumer | 16 | (1) | (4) | 11 | 5.8 % | 4.0 % |
| Software and Advisory | 4 | 1 | — | 5 | 4.8 % | 6.0 % |
| Total | $ 47 | $ 1 | $ (7) | $ 41 | 7.5 % | 6.5 % |

[1]Organic reflects change in a given period excluding Acquisition and FX in that same year, expressed in dollars or as a percentage.

[2]Acquisition is calculated as change in a given period related to acquisitions or disposals of businesses using prior period exchange rates, expressed in dollars or as a percentage. The impact from an acquisition or disposal is measured as Acquisition for the initial twelve month period following the acquisition or disposal date. Subsequently, the impact from the acquired or disposed business is measured as Organic.

[3]FX reflects the impact that foreign currency exchange rates have in a given period, expressed in dollars or as a percentage. The Company uses constant currency to calculate by translating current period activity at prior period exchange rates, expressed as a percentage.

# ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN[1] [2] (NON-GAAP MEASURE)

| (in millions, unless otherwise stated) | Twelve Months Ended December 31, 2023 | Three Months Ended March 31, 2024 | Three Months Ended March 31, 2023 |
|---|---|---|---|
| Net income | $ 276 | $ 60 | $ 58 |
| Depreciation and amortization expense | 154 | 41 | 36 |
| Interest expense | 35 | 15 | 8 |
| Other expense (income), net | (13) | 3 | (5) |
| Income tax expense | 70 | 13 | 14 |
| Goodwill impairment | 37 | — | — |
| Restructuring | 4 | (1) | — |
| Adjusted EBITDA[1] | $ 563 | $ 131 | $ 111 |
| Revenue | $ 2,678 | $ 670 | $ 629 |
| Net income margin | 10.3% | 9.0% | 9.2% |
| Adjusted EBITDA margin[2] | 21.0% | 19.6% | 17.6% |

[1] The Company defines Adjusted EBITDA as net income adjusted for depreciation and amortization expense, interest expense, other expense (income), income tax expense, as well as stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable. The Company believes that the presentation of Adjusted EBITDA provides additional information to investors about certain non-cash items and unusual items that are not expected to continue at the same level in the future. Further, the Company believes Adjusted EBITDA provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest expense, income tax expense, stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affects the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income as calculated in accordance with GAAP

[2] Adjusted EBITDA margin is calculated as Adjusted EBITDA as a percentage of revenue.

# ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN[1] [2] (NON-GAAP MEASURE) BY SEGMENT

| (in millions, unless otherwise stated) | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| **Industrial** | | |
| Segment operating income | $ 75 | $ 72 |
| Depreciation and amortization expense | 11 | 8 |
| Adjusted EBITDA[1] | $ 86 | $ 80 |
| Revenue | $ 295 | $ 270 |
| Operating income margin | 25.4 % | 26.7 % |
| Adjusted EBITDA margin[2] | 29.2 % | 29.6 % |
| **Consumer** | | |
| Segment operating income | $ 17 | $ 3 |
| Depreciation and amortization expense | 19 | 18 |
| Restructuring | (1) | — |
| Adjusted EBITDA[1] | $ 35 | $ 21 |
| Revenue | $ 286 | $ 275 |
| Operating income margin | 5.9 % | 1.1 % |
| Adjusted EBITDA margin[2] | 12.2 % | 7.6 % |
| **Software and Advisory** | | |
| Segment operating loss | $ (1) | $ — |
| Depreciation and amortization expense | 11 | 10 |
| Adjusted EBITDA[1] | $ 10 | $ 10 |
| Revenue | $ 89 | $ 84 |
| Operating income margin | (1.1)% | — % |
| Adjusted EBITDA margin[2] | 11.2 % | 11.9 % |

[1]See definition on previous slide.
[2]See definition on previous slide.

# ADJUSTED NET INCOME AND ADJUSTED NET INCOME MARGIN[1] [2] (NON-GAAP MEASURE)

| (in millions, unless otherwise stated) | Three Months Ended March 31, 2024 | 2023 |
|---|---|---|
| Net income | $ 60 | $ 58 |
| Other expense (income), net[4] | 3 | (5) |
| Restructuring | (1) | — |
| Tax effect of adjustments[3] | (1) | 1 |
| Adjusted Net Income[1] | $ 61 | $ 54 |
| Revenue | $670 | $629 |
| Net income margin | 9.0% | 9.2% |
| Adjusted Net Income margin[2] | 9.1% | 8.6% |

[1] The Company defines Adjusted Net Income as net income adjusted for other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable, each net of tax. The Company believes that the presentation of Adjusted Net Income provides additional information to investors about certain non-cash items and unusual items that are expected to continue at the same level in the future. Further, the Company believes Adjusted Net Income provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted Net Income. Adjusted Net Income does not take into account certain significant items, including other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affect the Company's net income, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted Net Income in conjunction with net income as calculated in accordance with GAAP.

[2]Adjusted Net Income margin is calculated as Adjusted Net Income as a percentage of revenue

[3]The Company computed the tax effect of adjustments to net earnings by applying the statutory tax rate in the relevant jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.

[4]Other expense (income), net consists primarily of non-operating gains and losses, income and expenses related to the revaluation performed on designated balance sheet accounts, gains and losses on foreign currency transactions, investment income, equity in earnings of non-consolidated affiliates and non-operating pension and postretirement benefit expenses.

# ADJUSTED DILUTED EARNINGS PER SHARE[1] (NON-GAAP MEASURE)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2024 | 2023 |
| Diluted earnings per share[2] | $ 0.28 | $ 0.28 |
| Other expense (income), net | 0.02 | (0.03) |
| Restructuring | (0.01) | — |
| Tax effect of adjustments[3] | (0.01) | 0.01 |
| Adjusted Diluted Earnings Per Share[1] | $ 0.28 | $ 0.26 |

[1] The Company defines Adjusted Diluted Earnings Per Share as diluted earnings per share attributable to stockholder of UL Solutions adjusted for other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable. The Company believes that the presentation of Adjusted Diluted Earnings Per Share provides additional information to investors about certain non-cash items and unusual items that are expected to continue at the same level in the future. Further, the Company believes Adjusted Diluted Earnings Per Share provides a meaningful measure of business performance and provides a basis for comparing its performance to that of other peer companies using similar measures. There are material limitations to using Adjusted Diluted Earnings Per Share. Adjusted Diluted Earnings Per Share does not take into account certain significant items, including other expense (income), stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses which directly affect the Company's diluted earnings per share, as applicable. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted Diluted Earnings Per Share in conjunction with diluted earnings per share as calculated in accordance with GAAP.

[2]Diluted earnings per share and Adjusted Diluted Earnings Per Share have been adjusted for the period ended March 31, 2023 to reflect a 2-for-1 forward split of the Company's Class A common stock effected on November 20, 2023.

[3]The Company computed the tax effect of adjustments to net earnings by applying the statutory tax rate in the relevant jurisdictions to the income or expense items that are adjusted in the period presented. If a valuation allowance exists, the rate applied is zero.

# FREE CASH FLOW[1] (NON-GAAP MEASURE)

| (in millions, unless otherwise stated) | Three Months Ended March 31, | | LTM[2] March 31, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Net cash provided by operating activities | $ 141 | $ 161 | 447 | $ 428 |
| Capital expenditures | (57) | (63) | (209) | (184) |
| Free Cash Flow[1] | $ 84 | $ 98 | $ 238 | $ 244 |
| Revenue | $ 670 | $ 629 | $ 2,719 | $ 2,526 |
| Net cash provided by operating activities margin | 21.0 % | 25.6 % | 16.4 % | 16.9 % |
| Free Cash Flow margin[3] | 12.5 % | 15.6 % | 8.8 % | 9.7 % |

[1]The Company defines Free Cash Flow as cash from operating activities less cash outlays related to capital expenditures. The Company defines capital expenditures to include purchases of property, plant and equipment and capitalized software. These items are subtracted from cash from operating activities because they represent long-term investments that are required for normal business activities. The Company uses Free Cash Flow as an additional liquidity measure and believes it provides useful information to investors about the cash generated from its core operations that may be available to repay debt, make other investments and return cash to stockholders. There are material limitations to using Free Cash Flow. Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Free Cash Flow in conjunction with net cash provided by operating activities as calculated in accordance with GAAP.

[2]Last 12 months

[3]Free Cash Flow margin is calculated as Free Cash Flow as a percentage of revenue

# NET LEVERAGE[3] (NON-GAAP MEASURE)

| (in millions, unless otherwise stated) | LTM[2] March 31, 2024 |
|---|---|
| Term loans | $ 500 |
| Revolving credit facility | 85 |
| 6.500% senior notes due 2028 | 300 |
| Total debt | $ 885 |
| Cash and cash equivalents | 344 |
| Total debt net of cash and cash equivalents | $ 541 |
| | |
| Adjusted EBITDA[1] | 583 |
| Net Leverage[3] | 0.9 |

[1]The Company defines Adjusted EBITDA as net income adjusted for depreciation and amortization expense, interest expense, other expense (income), income tax expense, as well as stock-based compensation expense for equity-settled awards, material asset impairment charges and restructuring expenses, as applicable.

[2]Last 12 months

[3]Net Leverage is calculated as total debt less cash and cash equivalents divided by Adjusted EBITDA