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Q3 2023 RESULTS PRESENTATION

November 1, 2023





Disclaimer

Forward-Looking Statements

This presentation contains “forward-looking statements.” All statements, other than statements of fact, that address activities, events or developments that we or our management intend, expect, project, believe or anticipate will or may occur in the future are forward-looking statements. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks and uncertainties, which may cause the actual results or performance of the Company to differ materially from such forward-looking statements. Such risks and uncertainties include, but are not limited to, (1) our ability to achieve our outlook regarding the fourth quarter 2023 and full year 2023, (2) our ability to recognize the expected savings from, and the timing and impact of, our existing and anticipated cost reduction actions, and our ability to optimize our portfolio and operational footprint (3) the disruption to our business and global economy caused by the lingering effects of COVID-19, (4) the amount of our obligations and nature of our contractual restrictions pursuant to, and disputes that have or may hereafter arise under the agreements we entered into with Honeywell in connection with our spin-off, (5) risks related to our recently completed acquisitions including our ability to achieve the targeted amount of annual cost synergies and successfully integrate the acquired operations (including successfully driving category growth in connected offerings), (6) the Company’s announced share repurchase program, the timing, purchase price and number of additional shares purchased under such program, if at all, the sources of funds under the repurchase program and the impacts of the repurchase program, and (7) the other risks described under the headings “Risk Factors” and “Cautionary Statement Concerning Forward-Looking Statements” in our Annual Report on Form 10-K for the year ended December 31, 2022 and other periodic filings we make from time to time with the Securities and Exchange Commission. Forward-looking statements are not guarantees of future performance, and actual results, developments, and business decisions may differ from those envisaged by our forward-looking statements. Except as required by law, we undertake no obligation to update such statements to reflect events or circumstances arising after the date of this presentation and we caution investors not to place undue reliance on any such forward looking statements.

Use of Non-GAAP Measures

This presentation and accompanying earnings material includes certain “non-GAAP financial measures” as defined under the Securities Exchange Act of 1934 and in accordance with Regulation G. Management believes the use of such non- GAAP financial measures assists investors in understanding the ongoing operating performance of the Company by presenting the financial results between periods on a more comparable basis. Such non-GAAP financial measures should not be construed as an alternative to reported results determined in accordance with U.S. GAAP.

The Company discloses a tabular comparison of Non-GAAP Adjusted Net Income, Non-GAAP Adjusted Net Income per diluted common share, Non-GAAP Adjusted EBITDA, and Non-GAAP Adjusted Income from Operations, each of which is a non-GAAP measure, because management believes that they are instrumental in comparing the results from period to period. Non-GAAP Adjusted Net Income, Non-GAAP Adjusted Net Income per diluted common share, Non-GAAP Adjusted EBITDA, and Non-GAAP Adjusted Income from Operations should not be considered in isolation or as a substitute for Net Income, Net Income per diluted common share or Income from operations, as applicable, as reported on the face of our consolidated statements of operations. We define Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Net Income per diluted common share as Net Income and Net income per diluted common share, respectively, as set forth on the face of our consolidated statements of operations, adjusted for the following items: pension settlement loss, restructuring and impairment expenses; acquisition/divestiture related costs, divestiture loss, litigation settlement, net of insurance proceeds, Tax Matters Agreement gain, foreign exchange transaction loss (income), and tax effect of applicable non-GAAP adjustments. We define Non-GAAP Adjusted EBITDA as Net Income as set forth on the face of our consolidated statements of operations, adjusted for the following items: provision for income taxes; depreciation and amortization; interest expense, net; stock-based compensation expense, pension settlement loss, restructuring and impairment expenses; acquisition/divestiture related costs, divestiture loss, litigation settlement, net of insurance proceeds, and Tax Matters Agreement gain, and foreign exchange transaction loss (income). We define Non-GAAP Adjusted Income from Operations as Income from operations as set forth on the face of our consolidated statements of operations, adjusted for the following items: stock-based compensation expense, restructuring and impairment charges, and acquisition/divestiture related costs. We have included reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and provided in accordance with U.S. GAAP at the end of this presentation.

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Resideo Q3 2023 Highlights

- Financial results above midpoint of outlook range (excluding restructuring)
- Sharpened focus on portfolio optimization
- Driving further cost cutting initiatives to lower near-term and structural costs
- Continue to enhance digital experience at ADI, supporting touchless sales growth
- Repurchased 1.8M shares for $30M as part of $150M repurchase program



REVENUE
$1.55B for Q3 2023

-4% Y/Y



ADJUSTED EBITDA
$138M for Q3 2023

-14% Y/Y



CASH FROM OPERATIONS
$60M for Q3 2023

+62% Y/Y

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Products and Solutions Q3 2023 Highlights

- Sale of non-strategic Genesis Cable business and acquisition of Sfty, adding capabilities to European life safety services offerings
- Increased content per home in new construction channel
- Expanded partnerships with leading national insurance providers
- Lowes vendor of the year for electrical category



REVENUE
$654M for Q3 2023

-7% Y/Y



PRICE ACTION REALIZATION

+$25M Y/Y



GROSS MARGIN
38.7% for Q3 2023

+250 bps Y/Y

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ADI Global Distribution Q3 2023 Highlights

- E-commerce revenue grew 5% y/y; continued enhancement of digital customer experience
- Opening of Dallas super center distribution hub providing capacity for growth, technology enhancements to support customer service, and improved supply chain efficiency
- Growth in access control and relatively flat performance across other key commercial categories offset by continued pressure in residential security



REVENUE
$900M for Q3 2023

-1% Y/Y



GROSS MARGIN
18.3% for Q3 2023

-100 bps Y/Y



E-COMMERCE SALES GROWTH

+5% Y/Y

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The Future of Living

Our **2nd Annual ESG Report**, The Future of Living, demonstrates our continued commitment to helping protect what matters most and showcases our efforts and progress in the areas of:

- product sustainability
- environmental impact reductions
- development of our Company culture
- dedication to the communities we serve
- transparency and accountability

This report is a critical milestone within our multi-year ESG strategy as we continue our commitment to the well-being of people and the planet.



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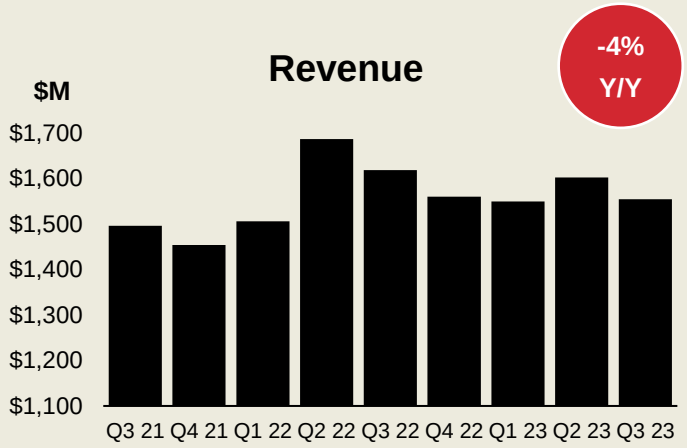
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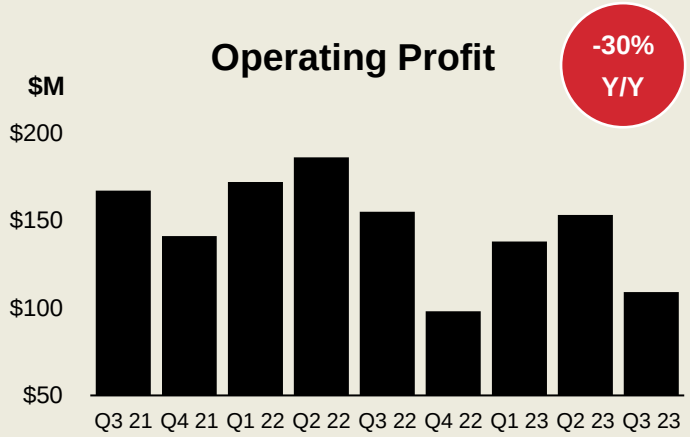
Q3 2023 Financial Summary

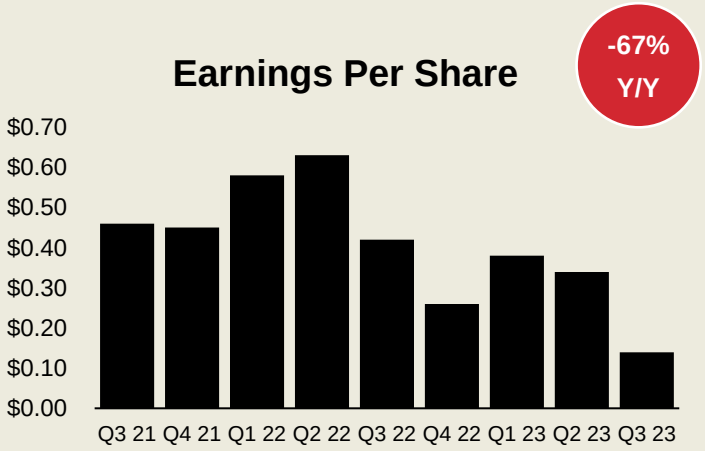
($ in millions, except per share)	Q3 2023	Q3 2022	% change Y/Y
Net Revenue	**1,554**	**1,618**	**-4%**
P&S Revenue	654	707	-7%
ADI Revenue	900	911	-1%
Gross Margin	**26.8%**	**26.6%**	**+20bps**
P&S Gross Margin	38.7%	36.2%	+250bps
ADI Gross Margin	18.3%	19.3%	-100bps
Operating Profit	**109**	**155**	**-30%**
P&S Operating Profit	107	124	-14%
ADI Operating Profit	60	78	-23%
Corp. Operating Expense	(58)	(47)	+23%
Adjusted EBITDA	**138**	**160**	**-14%**
EPS – Diluted	**0.14**	**0.42**	**-67%**
Non-GAAP EPS – Diluted	**0.41**	**0.48**	**-15%**

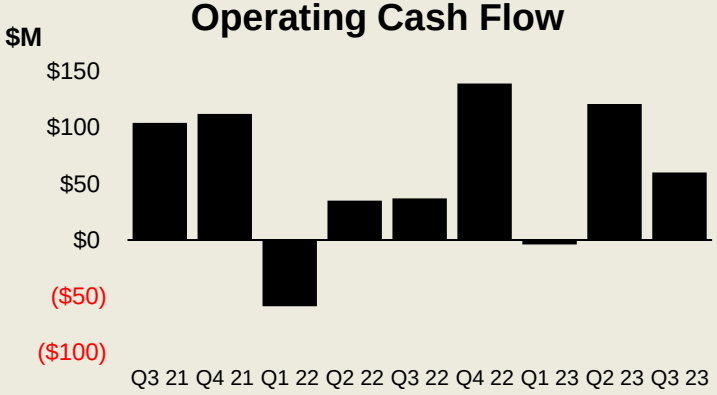
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Resideo Key Financial Trends









Q3 2023 HIGHLIGHTS

- Revenue slowed from softer end market demand across residential categories
- Progress on input cost reductions within Products and Solutions drove gross margin improvement
- Operating profit impacted by $38M of restructuring charge, lower Products and Solutions volumes, and reduced ADI gross margin
- Strong operating cash flow reflects improved working capital y/y

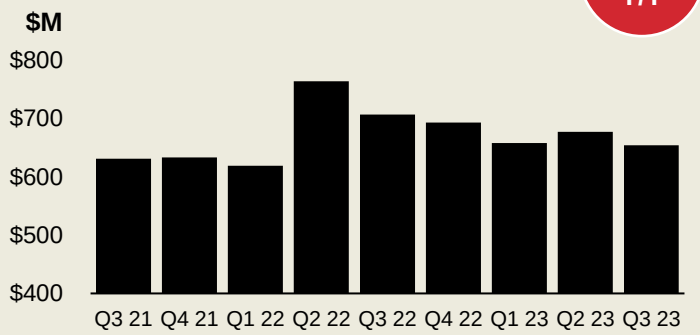
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Products and Solutions Financial Trends

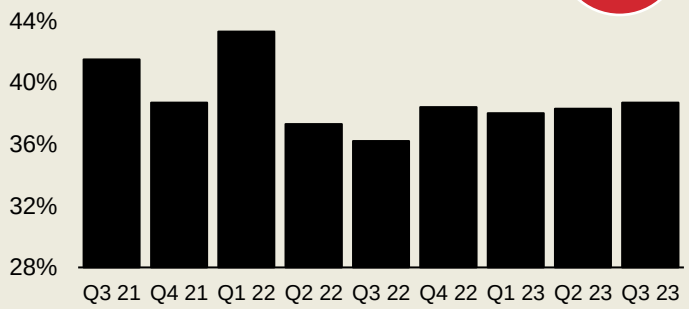
P&S Revenue

-7% Y/Y



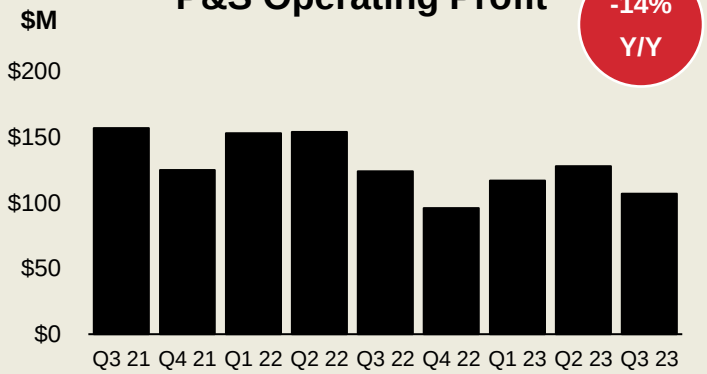
P&S Gross Margin

+250 bps



P&S Operating Profit

-14% Y/Y

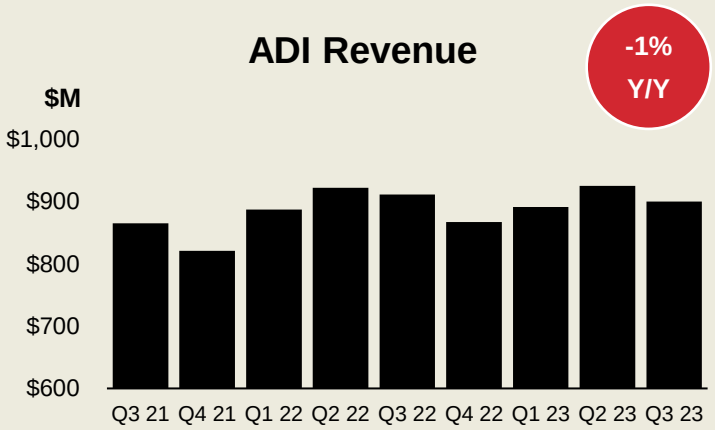


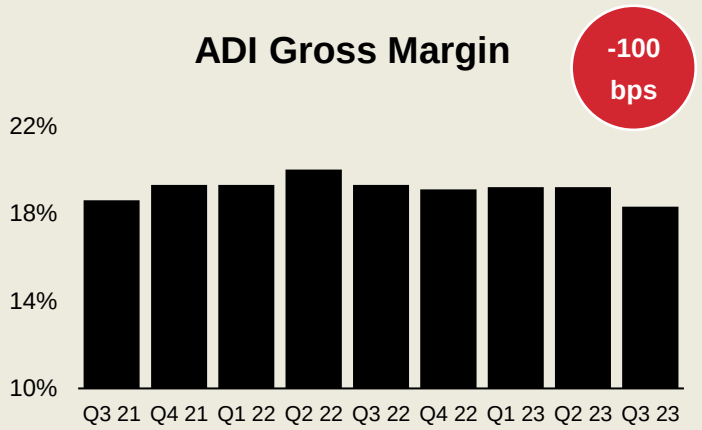
Q3 2023 HIGHLIGHTS

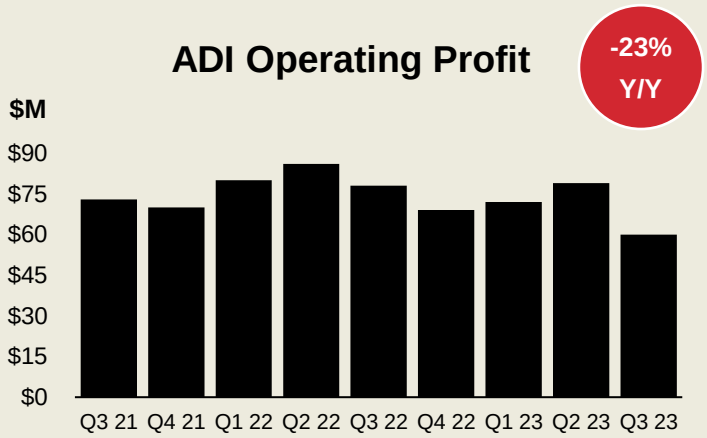
- Revenue down 7% y/y driven by reduced Air and Energy product volumes, partially offset by price realization
- Gross margin up 250 bps reflecting progress reducing input costs, partially offset by lower volumes
- OPEX down $11M y/y, excluding restructuring, with cost savings initiatives more than offsetting inflation impacts
- Adjusted EBITDA up 5% y/y to $153M with Adjusted EBITDA margin expansion of 270 bps y/y

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ADI Global Distribution Financial Trends







Q3 2023 HIGHLIGHTS

- Revenue down 1% y/y driven by declines in residential security category, offset by growth in access control
- E-commerce sales up 5% y/y, reflecting continued progress on digital initiatives
- Gross margin down y/y due to reduced inflationary benefits and slowing demand environment
- Focus on cost controls with SG&A down $3M y/y and $10M in restructuring to drive further savings in 2024

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Balance Sheet and Cash Flow Summary (Unaudited)

($ in millions)	Sept 30, 2023	Dec 31, 2022	Oct 1, 2022
Cash and cash equivalents	368	326	255
Total debt	1,409	1,416	1,419
Accounts receivable, net	988	1,002	1,043
Inventories, net	970	975	957
Accounts payable	863	894	936
Cash provided (used) by operating activities	60	139	37
Cash capital expenditures	25	51	10

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2023 Outlook

($ in millions)

	Q4 2023	2023 UPDATED (1)	2023 PREVIOUS
Revenue	$1,495 to $1,545	$6,200 to $6,250	$6,190 to $6,290
Gross margin	26.0% to 27.0%	26.6% to 27.2%	26.2% to 27.2%
GAAP operating profit	$135 to $155	$535 to $555	$530 to $570
GAAP EPS	$0.43 to $0.53	$1.30 to $1.41	$1.15 to $1.35
Non-GAAP EPS	$0.29 to $0.39	$1.39 to $1.50	$1.29 to $1.49
Adjusted EBITDA	$126 - $146	$542 - $562	$538 - $578
Additional items	Reimbursement expense ~$43 Net interest expense ~$19 Gain on sale of Genesis ~$24M Avg. diluted shares ~148M	Restructuring expense ~$42 Stock-based comp ~$50 D&A ~$98 Gain on sale of Genesis ~$24M Capital expenditures ~$100 Net interest expense ~$69 Reimbursement expense ~$170 Avg. diluted shares ~149M	Corporate costs ~$210 Restructuring expense ~$29 Stock-based comp ~$50 D&A ~$100 Capital expenditures ~$100 Net interest expense ~$71 Reimbursement expense ~$170 Avg. diluted shares ~149M

(1) Includes impact of sale of Genesis on October 16, 2023. Revenue reduced by $25M, operating profit reduced by $4M relative to previous 2023 Outlook.

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Improving the Business to Drive Long-Term Sustainable Value

- Navigating near-term cyclical headwinds
- Optimizing portfolio to drive growth and profitability
- Reducing input costs and operating expense to drive margin improvement
- Expanding partnerships and long-term investments

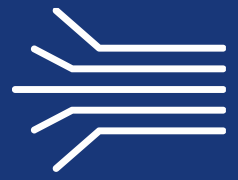
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Our Values



Start with the customer

We understand our customers' needs and pride ourselves on delivering exceptional experiences.



Act as one team

We work together toward common goals, engaging from a place of humility and respect.



Pioneer the future

We embrace change, boldly step into the unknown, and relentlessly foster innovation to fuel our growth.



Make a difference

We care about the long-lasting positive impact we make on each other, our customers, our communities, and the planet.

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APPENDIX

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Summary Financial Results (Unaudited) [1]

(in millions)	Q3 2023 Products and Solutions	Q3 2023 ADI Global Distribution	Q3 2023 Corporate	Q3 2023 Total Company	YTD 2023 Products and Solutions	YTD 2023 ADI Global Distribution	YTD 2023 Corporate	YTD 2023 Total Company
Net revenue	$ 654	$ 900	$ —	$ 1,554	$ 1,989	$ 2,716	$ —	$ 4,705
Cost of goods sold	401	735	1	1,137	1,227	2,202	3	3,432
Gross profit (loss)	253	165	(1)	417	762	514	(3)	1,273
Research and development expenses	27	—	1	28	82	—	2	84
Selling, general and administrative expenses	88	93	52	233	284	283	152	719
Intangible asset amortization	6	2	1	9	17	8	3	28
Restructuring and impairment expenses	25	10	3	38	27	12	3	42
Income (loss) from operations	$ 107	$ 60	$ (58)	$ 109	$ 352	$ 211	$ (163)	$ 400

(in millions)	Q3 2022 Products and Solutions	Q3 2022 ADI Global Distribution	Q3 2022 Corporate	Q3 2022 Total Company	YTD 2022 Products and Solutions	YTD 2022 ADI Global Distribution	YTD 2022 Corporate	YTD 2022 Total Company
Net revenue	$ 707	$ 911	$ —	$ 1,618	$ 2,090	$ 2,720	$ —	$ 4,810
Cost of goods sold	451	735	2	1,188	1,280	2,190	5	3,475
Gross profit (loss)	256	176	(2)	430	810	530	(5)	1,335
Research and development expenses	29	—	—	29	80	—	1	81
Selling, general and administrative expenses	96	96	44	236	283	281	152	716
Intangible asset amortization	7	2	1	10	16	5	4	25
Restructuring and impairment expenses	—	—	—	—	—	—	—	—
Income (loss) from operations	$ 124	$ 78	$ (47)	$ 155	$ 431	$ 244	$ (162)	$ 513

	Q3 2023 % change compared with prior period Products and Solutions	Q3 2023 % change compared with prior period ADI Global Distribution	Q3 2023 % change compared with prior period Corporate	Q3 2023 % change compared with prior period Total Company	YTD 2023 % change compared with prior period Products and Solutions	YTD 2023 % change compared with prior period ADI Global Distribution	YTD 2023 % change compared with prior period Corporate	YTD 2023 % change compared with prior period Total Company
Net revenue	(7)%	(1)%	N/A	(4)%	(5)%	— %	N/A	(2)%
Cost of goods sold	(11)%	— %	(50)%	(4)%	(4)%	1 %	(40)%	(1)%
Gross profit (loss)	(1)%	(6)%	(50)%	(3)%	(6)%	(3)%	(40)%	(5)%
Research and development expenses	(7)%	N/A	N/A	(3)%	3 %	N/A	100 %	4 %
Selling, general and administrative expenses	(8)%	(3)%	18 %	(1)%	— %	1 %	— %	— %
Intangible asset amortization	(14)%	— %	— %	(10)%	6 %	60 %	(25)%	12 %
Restructuring and impairment expenses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income (loss) from operations	(14)%	(23)%	23 %	(30)%	(18)%	(14)%	1 %	(22)%

[1] Dollars reported in millions herein are computed based on the amounts in thousands. As a result, the sum of the components, and related calculations, reported in millions may not equal the total amounts due to rounding.

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Consolidated Interim Statements of Operations (Unaudited)

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net revenue	$ 1,554	$ 1,618	$ 4,705	$ 4,810
Cost of goods sold	1,137	1,188	3,432	3,475
Gross profit	417	430	1,273	1,335
Operating expenses:				
Research and development expenses	28	29	84	81
Selling, general and administrative expenses	233	236	719	716
Intangible asset amortization	9	10	28	25
Restructuring and impairment expenses	38	—	42	—
Total operating expenses	$ 308	$ 275	873	822
Income from operations	109	155	400	513
Reimbursement Agreement expense	43	30	128	116
Other expenses, net	13	$ 14	10	10
Interest expense, net	16	15	50	39
Income before taxes	37	96	212	348
Provision for income taxes	16	33	84	104
Net income	$ 21	$ 63	$ 128	$ 244
Earnings per share:				
Basic	$ 0.14	$ 0.43	$ 0.87	$ 1.68
Diluted	$ 0.14	$ 0.42	$ 0.86	$ 1.64
Weighted average number of shares outstanding:				
Basic	147	146	147	145
Diluted	148	149	149	149

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Consolidated Balance Sheets (Unaudited)

(in millions, except par value)	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 368	$ 326
Accounts receivable, net	988	1,002
Inventories, net	970	975
Other current assets	289	199
Total current assets	2,615	2,502
Property, plant and equipment, net	380	366
Goodwill	2,687	2,724
Intangible assets, net	456	475
Other assets	321	320
Total assets	$ 6,459	$ 6,387
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 863	$ 894
Current portion of long-term debt	12	12
Accrued liabilities	592	640
Total current liabilities	1,467	1,546
Long-term debt	1,397	1,404
Obligations payable under Indemnification Agreements	599	580
Other liabilities	351	328
Total liabilities	3,814	3,858
Stockholders' equity		
Common stock, $0.001 par value: 700 shares authorized, 151 and 146 shares issued and outstanding at September 30, 2023, respectively, and 148 and 146 shares issued and outstanding at December 31, 2022, respectively	—	—
Additional paid-in capital	2,219	2,176
Retained earnings	728	600
Accumulated other comprehensive loss, net	(221)	(212)
Treasury stock at cost	(81)	(35)
Total stockholders' equity	2,645	2,529
Total liabilities and stockholders' equity	$ 6,459	$ 6,387

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Consolidated Statements of Cash Flows (Unaudited)

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Cash Flows From Operating Activities:				
Net income	$ 21	$ 63	$ 128	$ 244
Adjustments to reconcile net income to net cash in operating activities:				
Depreciation and amortization	22	24	71	69
Restructuring and impairment expenses	38	—	42	—
Stock-based compensation expense	11	14	36	36
Other, net	—	13	2	8
Changes in assets and liabilities, net of acquired companies:				
Accounts receivable, net	26	3	(9)	(142)
Inventories, net	11	(2)	(4)	(129)
Other current assets	(8)	(17)	(5)	(38)
Accounts payable	(58)	(49)	(14)	5
Accrued liabilities	(20)	22	(114)	(25)
Other, net	17	(34)	44	(15)
Net cash provided by operating activities	60	37	177	13
Cash Flows From Investing Activities:				
Capital expenditures	(25)	(10)	(74)	(34)
Acquisitions, net of cash acquired	(10)	(27)	(16)	(660)
Other investing activities, net	—	—	—	(13)
Net cash used in investing activities	(35)	(37)	(90)	(707)
Cash Flows From Financing Activities:				
Common stock repurchases	(28)	—	(28)	—
Proceeds from issuance of A&R Term B Facility	—	—	—	200
Repayments of long-term debt	(3)	(3)	(9)	(9)
Other financing activities, net	2	2	(10)	(9)
Net cash (used in) provided by financing activities	(29)	(1)	(47)	182
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(9)	1	1	(12)
Net increase (decrease) in cash, cash equivalents and restricted cash	(13)	—	41	(524)
Cash, cash equivalents and restricted cash at beginning of period	383	255	329	779
Cash, cash equivalents and restricted cash at end of period	$ 370	$ 255	$ 370	$ 255

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted Net Income Per Diluted Common Share and Net Income Comparison

(in millions, except per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
GAAP Net income applicable to common shares	$ 21	$ 63	$ 128	$ 244
Restructuring and impairment expenses	38	—	42	—
Acquisition and divestiture related costs	1	—	1	10
Divestiture loss	—	5	—	5
Litigation settlement, net of insurance proceeds	—	14	—	14
Pension settlement loss	3	—	6	—
Tax Matters Agreement gain	—	(8)	(4)	(8)
Foreign exchange transaction loss (income)	10	—	2	(1)
Tax effect of applicable non-GAAP adjustments [1]	(13)	(3)	(12)	(5)
Non-GAAP Adjusted net income applicable to common shares	$ 60	$ 71	$ 163	$ 259

	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
GAAP Net income per diluted common share	$ 0.14	$ 0.42	$ 0.86	$ 1.64
Restructuring and impairment expenses	0.26	—	0.28	—
Acquisition and divestiture related costs	0.01	—	0.01	0.07
Divestiture loss	—	0.03	—	0.03
Litigation settlement, net of insurance proceeds	—	0.10	—	0.09
Pension settlement loss	0.02	—	0.04	—
Tax Matters Agreement gain	—	(0.05)	(0.03)	(0.05)
Foreign exchange transaction loss (income)	0.07	—	0.01	(0.01)
Tax effect of applicable non-GAAP adjustments [1]	(0.09)	(0.02)	(0.08)	(0.03)
Non-GAAP Adjusted net income per diluted common share	$ 0.41	$ 0.48	$ 1.09	$ 1.74

[1] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for the three and nine months ended September 30, 2023 and October 1, 2022.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted EBITDA

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net revenue	$ 1,554	$ 1,618	$ 4,705	$ 4,810
GAAP Net income applicable to common shares	$ 21	$ 63	$ 128	$ 244
Provision for income taxes	16	33	84	104
GAAP Income before taxes	37	96	212	348
Depreciation and amortization	22	24	71	69
Interest expense, net	16	15	50	39
Stock-based compensation expense	11	14	36	36
Pension settlement loss	3	—	6	—
Restructuring and impairment expenses	38	—	42	—
Acquisition and divestiture related costs	1	—	1	10
Divestiture loss	—	5	—	5
Litigation settlement, net of insurance proceeds	—	14	—	14
Tax Matters Agreement gain	—	(8)	(4)	(8)
Foreign exchange transaction loss (income)	10	—	2	(1)
Non-GAAP Adjusted EBITDA	$ 138	$ 160	$ 416	$ 512
Non-GAAP Adjusted EBITDA as a % of net revenue	8.9 %	9.9 %	8.8 %	10.6 %

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Products and Solutions Segment

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net revenue	$ 654	$ 707	$ 1,989	$ 2,090
GAAP Income from operations	$ 107	$ 124	$ 352	$ 431
Stock-based compensation expense	4	5	13	13
Restructuring and impairment expenses	25	—	27	—
Acquisition and divestiture related costs	1	—	1	—
Non-GAAP Adjusted Income from Operations	$ 137	$ 129	$ 393	$ 444
Depreciation and amortization	16	17	51	50
Non-GAAP Adjusted EBITDA	$ 153	$ 146	$ 444	$ 494
Non-GAAP Adjusted EBITDA as a % of net revenue	23.4 %	20.7 %	22.3 %	23.6 %

ADI Global Distribution Segment

(in millions)	Three Months Ended		Nine Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Net revenue	$ 900	$ 911	$ 2,716	$ 2,720
GAAP Income from operations	$ 60	$ 78	$ 211	$ 244
Stock-based compensation expense	1	2	4	6
Restructuring and impairment expenses	10	—	12	—
Divestiture loss	—	5	—	5
Non-GAAP Adjusted Income from Operations	$ 71	$ 85	$ 227	$ 255
Depreciation and amortization	4	4	13	10
Non-GAAP Adjusted EBITDA	$ 75	$ 89	$ 240	$ 265
Non-GAAP Adjusted EBITDA as a % of net revenue	8.3 %	9.8 %	8.8 %	9.7 %

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Adjusted Net Income Per Diluted Common Share

(in millions, except per share data)	Q4 2023 Low	Q4 2023 High	Fiscal Year 2023 Low	Fiscal Year 2023 High
GAAP Net income per diluted common share	$ 0.43	$ 0.53	$ 1.30	$ 1.41
Restructuring and impairment expenses	—	—	0.28	0.28
Pension settlement loss [1]	—	—	0.04	0.04
Foreign exchange transaction loss [1]	—	—	0.01	0.01
Acquisition related costs	—	—	0.01	0.01
Divestiture gain, net of tax	(0.19)	(0.19)	(0.19)	(0.19)
Tax Matters Agreement gain	—	—	(0.03)	(0.03)
Tax effect of applicable non-GAAP adjustments [2]	0.05	0.05	(0.03)	(0.03)
Non-GAAP Adjusted net income per diluted common share	$ 0.29	$ 0.39	$ 1.39	$ 1.50

[1] We are unable to estimate the fourth quarter 2023 amounts. The Fiscal Year 2023 amounts represent actual results through the nine months ended September 30, 2023.

[2] We calculated the tax effect of non-GAAP adjustments by applying a flat statutory tax rate of 25% for fourth quarter 2023 and full year 2023.

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Non-GAAP Financial Measures and Reconciliations (Unaudited)

Non-GAAP Adjusted EBITDA

(in millions)	Q4 2023 Low	Q4 2023 High	Fiscal Year 2023 Low	Fiscal Year 2023 High
Net revenue	$ 1,495	$ 1,545	$ 6,200	$ 6,250
GAAP Net income applicable to common shares	$ 63	$ 79	$ 194	$ 210
Provision for income taxes	27	31	108	112
GAAP Income before taxes	90	110	302	322
Depreciation and amortization	27	27	98	98
Interest expense, net	19	19	69	69
Stock-based compensation expense	14	14	50	50
Restructuring and impairment expenses	—	—	42	42
Pension settlement loss [(1)]	—	—	6	6
Foreign exchange transaction loss [(1)]	—	—	2	2
Acquisition related costs	—	—	1	1
Divestiture gain	(24)	(24)	(24)	(24)
Tax Matters Agreement gain	—	—	(4)	(4)
Non-GAAP Adjusted EBITDA	$ 126	$ 146	$ 542	$ 562
Non-GAAP Adjusted EBITDA as a % of net revenue	8.4 %	9.4 %	8.7 %	9.0 %

(1) We are unable to estimate the fourth quarter 2023 amounts. The Fiscal Year 2023 amounts represent actual results through the nine months ended September 30, 2023.

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