

TE Connectivity First Quarter 2026 Earnings

January 21, 2026

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Forward-Looking Statements and Non-GAAP Financial Measures

Forward-Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, the extent, severity and duration of business interruptions negatively affecting our business operations; business, economic, competitive and regulatory risks, such as conditions affecting demand for products in the automotive and other industries we serve; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we

operate, including continuing military conflict in certain parts of the world; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in TE Connectivity plc's Annual Report on Form 10-K for the fiscal year ended Sept. 26, 2025, as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

Non-GAAP Financial Measures

Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP financial measure, in this presentation.

Effective for fiscal 2026, we exclude amortization expense on intangible assets and, if applicable, the related tax effects from our calculation of certain non-GAAP financial measures.

Earnings Highlights

Q1 Results Exceeded Guidance with an Increase of 22% in Sales and 33% in Adjusted EPS Y/Y

- Sales of \$4.7B, increased 22% reported and 15% on an organic basis Y/Y
 - Reported Sales growth in both segments Y/Y
- Record Orders of \$5.1B, increased 28% Y/Y and 9% sequentially; book to bill of 1.1
- Adjusted Operating Margins of 22%, expanded 180bps Y/Y driven by strong operational performance
- Adjusted EPS of \$2.72, increased 33% Y/Y
- Strong Free Cash Flow generation of \$608M with ~100% returned to shareholders

Q2 Guidance Reflects Strong Sales and EPS Growth Y/Y

- Expect Sales of ~\$4.7B, increasing 13% reported and 6% organically Y/Y
 - Expect sequential growth in the Industrial Segment, partially offset by seasonality in Transportation
- Adjusted EPS of ~\$2.65, increasing 20% Y/Y

Segment Orders Summary

(\$ in millions)

Reported	FY25 Q1	FY25 Q4	FY26 Q1	Q1 Growth	
				Y/Y	Q/Q
Industrial	1,860	2,254	2,734	47%	21%
Transportation	2,151	2,428	2,386	11%	(2)%
Total TE	4,011	4,682	5,120	28%	9%
Book to Bill	1.05	0.99	1.10		

- Industrial segment orders reflect ongoing momentum in DDN, Energy, and AD&M; orders indicating market recovery in ACL
- Transportation segment orders showing strong momentum Y/Y

Record order levels reflecting broadening of growth in the Industrial Segment, with increasing momentum in AI applications

Industrial Solutions

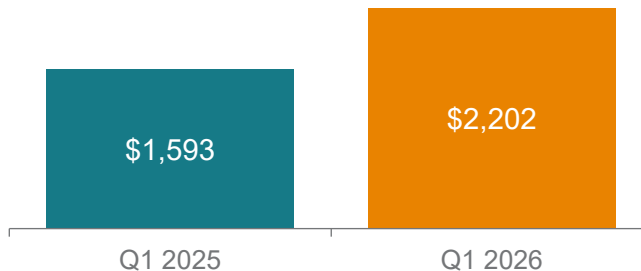
- **Digital Data Networks**
Strong growth driven by momentum in AI applications
- **Automation & Connected Living**
Growth across all regions with improvement in Factory Automation applications
- **Energy**
Organic growth driven by grid hardening & renewable applications
- **AD&M**
Growth reflects ongoing strength in commercial air and defense markets
- **Medical**
Sales growth Y/Y as expected

\$ in Millions

Q1 SALES

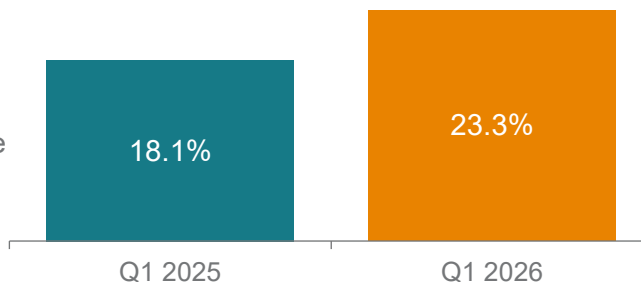
Reported
Up 38%

Organic
Up 26%



Q1 ADJUSTED OPERATING MARGIN

Margin expansion of 520bps driven by strong operational performance and benefits of higher volume



Metric	Q1 2025	Q1 2026
Adjusted EBITDA Margin	21.4%	26.8%

Q1 BUSINESS PERFORMANCE

Y/Y Growth Rates

Reported **Organic**

		Reported	Organic
Digital Data Networks (DDN)	\$707	71%	70%
Automation & Connected Living (ACL)	549	15%	12%
Energy	406	88%	15%
Aerospace, Defense and Marine (AD&M)	381	14%	11%
Medical	159	5%	5%

Metric	Q1 2026	Reported	Organic
Industrial Solutions	\$2,202	38%	26%

Continued momentum with all businesses growing Y/Y

Transportation Solutions

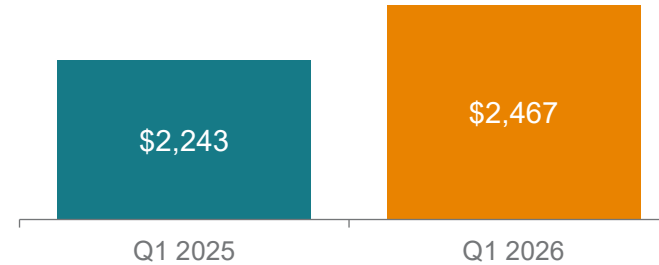
- **Automotive**
Sales increase driven by content growth in Asia and Europe
- **Commercial Transportation**
Sales growth driven by Asia and Europe
- **Sensors**
Sales growth in Asia with weakness in Western regions

\$ in Millions

Q1 SALES

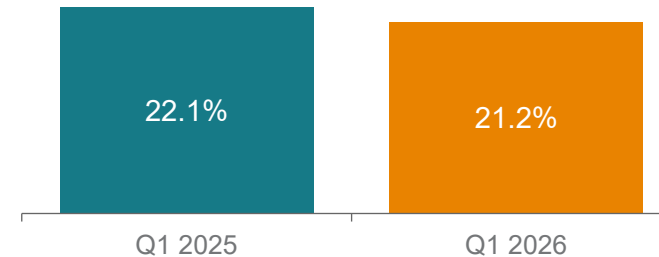
Reported
Up 10%

Organic
Up 7%



Q1 ADJUSTED OPERATING MARGIN

Margin performance in line with expectations; delivered sequential margin improvement



	Q1 2025	Q1 2026
Adjusted EBITDA Margin	26.3%	26.3%

Q1 BUSINESS PERFORMANCE

Y/Y Growth Rates		Reported	Organic
Automotive	\$1,885	10%	7%
Commercial Transportation	370	19%	16%
Sensors	212	1%	(2)%
Transportation Solutions	\$2,467	10%	7%

Strong Auto content growth along with improvement in Commercial Transportation end markets

Q1 Financial Summary

(\$ in Millions, except per share amounts)

	Q1 FY25	Q1 FY26
Net Sales	\$ 3,836	\$ 4,669
Operating Income	\$ 690	\$ 963
<i>Operating Margin</i>	18.0%	20.6%
Acquisition-Related Charges	5	6
Restructuring & Other Charges, Net	50	10
Amortization Expense	39	57
Adjusted Operating Income	\$ 784	\$ 1,036
<i>Adjusted Operating Margin</i>	20.4%	22.2%
Earnings Per Share*	\$ 1.75	\$ 2.53
Acquisition-Related Charges	0.01	0.02
Restructuring & Other Charges, Net	0.14	0.02
Amortization Expense	0.11	0.15
Tax Items	0.04	-
Adjusted EPS	\$ 2.05	\$ 2.72
Adjusted Effective Tax Rate	22.8%	21.8%

*Represents Diluted Earnings Per Share from Continuing Operations

Adjusted Operating Income, Adjusted Operating Margin, Adjusted Earnings Per Share, and Adjusted Effective Tax Rate are non-GAAP financial measures; see Appendix for descriptions and reconciliations.



Q1 Financial Performance

SALES

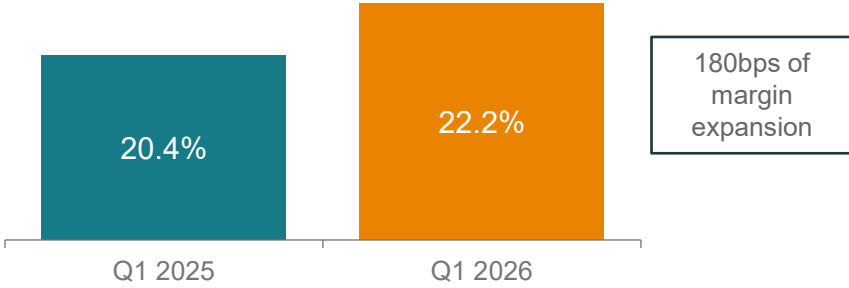
\$ in Billions



ADJUSTED EPS

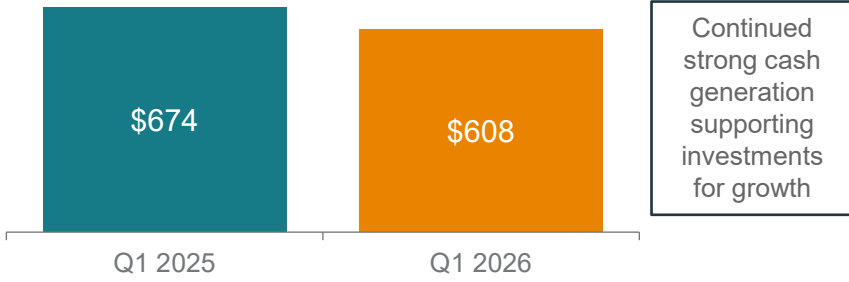


ADJUSTED OPERATING MARGIN



FREE CASH FLOW

\$ in Millions



Delivered Growth of 22% in Sales and 33% in Adjusted EPS Y/Y

Additional Information

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Y/Y Q1 2026



	Sales (in millions)	Adjusted EPS
Q1 2025 Results	\$3,836	\$2.05
Operational Performance	729	0.61
FX Impact	104	0.03
Tax Rate Impact	-	0.03
Q1 2026 Results	\$4,669	\$2.72



Y/Y Q2 2026



	Sales (in millions)	Adjusted EPS
Q2 2025 Results	\$4,143	\$2.21
Operational Performance	377	0.39
FX Impact	180	0.05
Tax Rate Impact	-	-
Q1 2026 Guidance	\$4,700	\$2.65



Balance Sheet and Cash Flow Summary

Free Cash Flow and Working Capital

(\$ in Millions)	Q1 2025	Q1 2026
Cash from Operating Activities	\$878	\$865
Capital expenditures, net	(204)	(257)
Free Cash Flow	\$674	\$608
A/R	\$2,912	\$3,469
Days Sales Outstanding*	68	67
Inventory	\$2,619	\$2,951
Days on Hand*	93	89
Accounts Payable	\$1,859	\$2,149
Days Outstanding*	68	66

Liquidity, Cash and Debt

(\$ in Millions)	Q1 2025	Q1 2026
Beginning Cash Balance	\$1,319	\$1,255
Free Cash Flow	674	608
Dividends	(189)	(209)
Share repurchases	(303)	(405)
Net increase in debt	90	-
Acquisition of businesses, net of cash acquired	(325)	-
Other	(12)	2
Ending Cash Balance	\$1,254	\$1,251
Total Debt	\$4,205	\$5,708



Appendix

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Non-GAAP Financial Measures

We present non-GAAP performance and liquidity measures as we believe it is appropriate for investors to consider adjusted financial measures in addition to results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP financial measures provide supplemental information and should not be considered replacements for results in accordance with GAAP. Management uses non-GAAP financial measures internally for planning and forecasting purposes and in its decision-making processes related to the operations of our company. We believe these measures provide meaningful information to us and investors because they enhance the understanding of our operating performance, ability to generate cash, and the trends of our business. Additionally, we believe that investors benefit from having access to the same financial measures that management uses in evaluating our operations. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP financial measures in combination with the most directly comparable GAAP financial measures in order to better understand the amounts, character, and impact of any increase or decrease in reported amounts. These non-GAAP financial measures may not be comparable to similarly-titled measures reported by other companies.

The following provides additional information regarding our non-GAAP financial measures:

- **Organic Net Sales Growth (Decline)** – represents net sales growth (decline) (the most comparable GAAP financial measure) excluding the impact of foreign currency exchange rates, and acquisitions and divestitures that occurred in the preceding twelve months, if any. Organic Net Sales Growth (Decline) is a useful measure of our performance because it excludes items that are not completely under management’s control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity. This measure is a significant component in our incentive compensation plans.
- **Adjusted Operating Income and Adjusted Operating Margin** – represent operating income and operating margin, respectively, (the most comparable GAAP financial measures) before special items including restructuring and other charges, acquisition-related charges, amortization expense on intangible assets, impairment of goodwill, and other income or charges, if any. We utilize these adjusted measures in combination with operating income and operating margin to assess segment level operating performance and to provide insight to management in evaluating segment operating plan execution and market conditions. Adjusted Operating Income is a significant component in our incentive compensation plans.
- **Adjusted Income Tax (Expense) Benefit and Adjusted Effective Tax Rate** – represent income tax (expense) benefit and effective tax rate, respectively, (the most comparable GAAP financial measures) after adjusting for the tax effect of special items including restructuring and other charges, acquisition-related charges, amortization expense on intangible assets, impairment of goodwill, other income or charges, and certain significant tax items, if any.
- **Adjusted Income from Continuing Operations** – represents income from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition-related charges, amortization expense on intangible assets, impairment of goodwill, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects

Non-GAAP Financial Measures (cont.)

- **Adjusted Earnings Per Share** – represents diluted earnings per share from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition-related charges, amortization expense on intangible assets, impairment of goodwill, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects. This measure is a significant component in our incentive compensation plans.
- **Adjusted EBITDA and Adjusted EBITDA Margin** – represent net income and net income as a percentage of net sales, respectively, (the most comparable GAAP financial measures) before interest expense, interest income, income taxes, depreciation, and amortization, as adjusted for net other income (expense), income (loss) from discontinued operations, and special items including restructuring and other charges, acquisition-related charges, impairment of goodwill, and other income or charges, if any.
- **Free Cash Flow (FCF)** – is a useful measure of our ability to generate cash. The difference between net cash provided by operating activities (the most comparable GAAP financial measure) and Free Cash Flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations. Free Cash Flow is defined as net cash provided by operating

activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Voluntary pension contributions are excluded from the GAAP financial measure because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including cash paid (collected) pursuant to collateral requirements related to cross-currency swap contracts, are also excluded by management in evaluating Free Cash Flow. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments. In the calculation of Free Cash Flow, we subtract certain cash items that are ultimately within management's and the Board of Directors' discretion to direct and may imply that there is less or more cash available for our programs than the most comparable GAAP financial measure indicates. It should not be inferred that the entire Free Cash Flow amount is available for future discretionary expenditures, as our definition of Free Cash Flow does not consider certain non-discretionary expenditures, such as debt payments. In addition, we may have other discretionary expenditures, such as discretionary dividends, share repurchases, and business acquisitions, that are not considered in the calculation of Free Cash Flow.

Segment Summary



		For the Quarters Ended			
		December 26, 2025		December 27, 2024	
		(\$ in millions)			
		Net Sales		Net Sales	
Transportation Solutions		\$ 2,467		\$ 2,243	
Industrial Solutions		2,202		1,593	
Total		\$ 4,669		\$ 3,836	
		Operating Income	Operating Margin	Operating Income	Operating Margin
Transportation Solutions		\$ 501	20.3 %	\$ 446	19.9 %
Industrial Solutions		462	21.0	244	15.3
Total		\$ 963	20.6 %	\$ 690	18.0 %
		Adjusted Operating Income ⁽¹⁾	Adjusted Operating Margin ⁽¹⁾	Adjusted Operating Income ⁽¹⁾	Adjusted Operating Margin ⁽¹⁾
Transportation Solutions		\$ 523	21.2 %	\$ 495	22.1 %
Industrial Solutions		513	23.3	289	18.1
Total		\$ 1,036	22.2 %	\$ 784	20.4 %

⁽¹⁾ Adjusted operating income and adjusted operating margin are non-GAAP financial measures. See description of non-GAAP financial measures.

Reconciliation of Net Sales Growth

Change in Net Sales for the Quarter Ended December 26, 2025 versus Net Sales for the Quarter Ended December 27, 2024							
	Net Sales		Organic Net Sales				
	Growth		Growth (Decline) ⁽¹⁾		Translation ⁽²⁾	Acquisitions	
			(\$ in millions)				
Transportation Solutions:							
Automotive	\$	163	9.5 %	\$	112	6.5 %	\$ 51 \$ —
Commercial transportation		58	18.6		51	16.3	7 —
Sensors		3	1.4		(5)	(2.3)	8 —
Total Transportation Solutions		224	10.0		158	7.0	66 —
Industrial Solutions:							
Digital data networks		294	71.2		288	69.7	6 —
Automation and connected living		70	14.6		55	11.6	14 1
Aerospace, defense, and marine		47	14.1		36	10.9	11 —
Energy		190	88.0		32	14.6	7 151
Medical		8	5.3		8	5.3	— —
Total Industrial Solutions		609	38.2		419	26.3	38 152
Total	\$	833	21.7 %	\$	577	15.0 %	\$ 104 \$ 152

⁽¹⁾ Organic net sales growth (decline) is a non-GAAP financial measure. See description of non-GAAP financial measures.

⁽²⁾ Represents the change in net sales resulting from changes in foreign currency exchange rates.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended December 26, 2025

		Adjustments			
	U.S. GAAP	Acquisition- Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Amortization Expense ⁽¹⁾	Adjusted (Non-GAAP) ⁽²⁾
	(\$ in millions, except per share data)				
Operating income:					
Transportation Solutions	\$ 501	\$ —	\$ 4	\$ 18	\$ 523
Industrial Solutions	462	6	6	39	513
Total	<u>\$ 963</u>	<u>\$ 6</u>	<u>\$ 10</u>	<u>\$ 57</u>	<u>\$ 1,036</u>
Operating margin	<u>20.6 %</u>				<u>22.2 %</u>
Income tax expense	<u>\$ (210)</u>	<u>\$ (1)</u>	<u>\$ (3)</u>	<u>\$ (11)</u>	<u>\$ (225)</u>
Effective tax rate	<u>21.9 %</u>				<u>21.8 %</u>
Income from continuing operations	<u>\$ 751</u>	<u>\$ 5</u>	<u>\$ 7</u>	<u>\$ 46</u>	<u>\$ 809</u>
Diluted earnings per share from continuing operations	<u>\$ 2.53</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>	<u>\$ 0.15</u>	<u>\$ 2.72</u>

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended December 27, 2024

		Adjustments				
	U.S. GAAP	Acquisition- Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Amortization Expense ⁽¹⁾	Tax Items ⁽²⁾	Adjusted (Non-GAAP) ⁽³⁾
	(\$ in millions, except per share data)					
Operating income:						
Transportation Solutions	\$ 446	\$ —	\$ 32	\$ 17	\$ —	\$ 495
Industrial Solutions	244	5	18	22	—	289
Total	<u>\$ 690</u>	<u>\$ 5</u>	<u>\$ 50</u>	<u>\$ 39</u>	<u>\$ —</u>	<u>\$ 784</u>
Operating margin	<u>18.0 %</u>					<u>20.4 %</u>
Income tax expense	<u>\$ (178)</u>	<u>\$ (1)</u>	<u>\$ (9)</u>	<u>\$ (7)</u>	<u>\$ 13</u>	<u>\$ (182)</u>
Effective tax rate	<u>25.2 %</u>					<u>22.8 %</u>
Income from continuing operations	<u>\$ 528</u>	<u>\$ 4</u>	<u>\$ 41</u>	<u>\$ 32</u>	<u>\$ 13</u>	<u>\$ 618</u>
Diluted earnings per share from continuing operations	<u>\$ 1.75</u>	<u>\$ 0.01</u>	<u>\$ 0.14</u>	<u>\$ 0.11</u>	<u>\$ 0.04</u>	<u>\$ 2.05</u>

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Represents income tax expense related to the revaluation of deferred tax assets as a result of a decrease in the corporate tax rate in a non-U.S. jurisdiction.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Quarter Ended March 28, 2025

		Adjustments				
	U.S. GAAP	Acquisition- Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Amortization Expense ⁽¹⁾	Tax Items ⁽²⁾	Adjusted (Non-GAAP) ⁽³⁾
	(\$ in millions, except per share data)					
Operating income:						
Transportation Solutions	\$ 445	\$ —	\$ 33	\$ 17	\$ —	\$ 495
Industrial Solutions	303	12	12	24	—	351
Total	<u>\$ 748</u>	<u>\$ 12</u>	<u>\$ 45</u>	<u>\$ 41</u>	<u>\$ —</u>	<u>\$ 846</u>
Operating margin	<u>18.1 %</u>					<u>20.4 %</u>
Income tax expense	<u>\$ (742)</u>	<u>\$ (2)</u>	<u>\$ (11)</u>	<u>\$ (8)</u>	<u>\$ 574</u>	<u>\$ (189)</u>
Effective tax rate	<u>98.3 %</u>					<u>22.2 %</u>
Income from continuing operations	<u>\$ 13</u>	<u>\$ 10</u>	<u>\$ 34</u>	<u>\$ 33</u>	<u>\$ 574</u>	<u>\$ 664</u>
Diluted earnings per share from continuing operations	<u>\$ 0.04</u>	<u>\$ 0.03</u>	<u>\$ 0.11</u>	<u>\$ 0.11</u>	<u>\$ 1.91</u>	<u>\$ 2.21</u>

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Represents income tax expense related to a net increase in the valuation allowance for certain deferred tax assets associated with a ten-year tax credit obtained by a Swiss subsidiary in fiscal 2024.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Non-GAAP Financial Measures to GAAP

Financial Measures for the Year Ended September 26, 2025

		Adjustments				
	U.S. GAAP	Acquisition-Related Charges ⁽¹⁾	Restructuring and Other Charges, Net ⁽¹⁾	Amortization Expense ⁽¹⁾	Tax Items ⁽²⁾	Adjusted (Non-GAAP) ⁽³⁾
		(\$ in millions, except per share data)				
Operating income:						
Transportation Solutions	\$ 1,818	\$ —	\$ 75	\$ 70	\$ —	\$ 1,963
Industrial Solutions	1,393	57	51	120	—	1,621
Total	\$ 3,211	\$ 57	\$ 126	\$ 190	\$ —	\$ 3,584
Operating margin	18.6 %					20.8 %
Income tax expense	\$ (1,361)	\$ (12)	\$ (13)	\$ (37)	\$ 618	\$ (805)
Effective tax rate	42.5 %					22.5 %
Income from continuing operations	\$ 1,843	\$ 45	\$ 113	\$ 153	\$ 618	\$ 2,772
Diluted earnings per share from continuing operations	\$ 6.16	\$ 0.15	\$ 0.38	\$ 0.51	\$ 2.07	\$ 9.27

⁽¹⁾ The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

⁽²⁾ Represents income tax expense of \$574 million related to a net increase in the valuation allowance for certain deferred tax assets associated with a ten-year tax credit obtained by a Swiss subsidiary in fiscal 2024 as well as income tax expense of \$44 million related to an increase in the valuation allowance for certain U.S. tax loss and credit carry forwards.

⁽³⁾ See description of non-GAAP financial measures.

Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin

	For the Quarters Ended	
	December 26, 2025	December 27, 2024
	(\$ in millions)	
Net income	\$ 750	\$ 528
Loss from discontinued operations	1	—
Income tax expense	210	178
Other (income) expense, net	(3)	1
Interest expense	30	6
Interest income	(25)	(23)
Operating income	963	690
Acquisition-related charges	6	5
Restructuring and other charges, net	10	50
Amortization expense	57	39
Adjusted operating income ⁽¹⁾	1,036	784
Depreciation	202	147
Adjusted EBITDA ⁽¹⁾	<u>\$ 1,238</u>	<u>\$ 931</u>
Net sales	\$ 4,669	\$ 3,836
Net income as a percentage of net sales	16.1 %	13.8 %
Adjusted EBITDA margin ⁽¹⁾	26.5 %	24.3 %

	For the Quarters Ended			For the Quarters Ended		
	December 26, 2025			December 27, 2024		
	Transportation Solutions	Industrial Solutions	Total	Transportation Solutions	Industrial Solutions	Total
	(\$ in millions)					
Operating income	\$ 501	\$ 462	\$ 963	\$ 446	\$ 244	\$ 690
Acquisition-related charges	—	6	6	—	5	5
Restructuring and other charges, net	4	6	10	32	18	50
Amortization expense	18	39	57	17	22	39
Adjusted operating income ⁽¹⁾	523	513	1,036	495	289	784
Depreciation	125	77	202	95	52	147
Adjusted EBITDA ⁽¹⁾	<u>\$ 648</u>	<u>\$ 590</u>	<u>\$ 1,238</u>	<u>\$ 590</u>	<u>\$ 341</u>	<u>\$ 931</u>
Net sales	\$ 2,467	\$ 2,202	\$ 4,669	\$ 2,243	\$ 1,593	\$ 3,836
Operating margin	20.3 %	21.0 %	20.6 %	19.9 %	15.3 %	18.0 %
Adjusted operating margin ⁽¹⁾	21.2 %	23.3 %	22.2 %	22.1 %	18.1 %	20.4 %
Adjusted EBITDA margin ⁽¹⁾	26.3 %	26.8 %	26.5 %	26.3 %	21.4 %	24.3 %

⁽¹⁾ See description of non-GAAP financial measures.

Reconciliation of Free Cash Flow

	For the Quarters Ended	
	December 26, 2025	December 27, 2024
	(in millions)	
Net cash provided by operating activities	\$ 865	\$ 878
Net cash used in investing activities	(254)	(537)
Net cash used in financing activities	(616)	(395)
Effect of currency translation on cash	1	(11)
Net decrease in cash, cash equivalents, and restricted cash	\$ (4)	\$ (65)
Net cash provided by operating activities	\$ 865	\$ 878
Capital expenditures, net	(257)	(204)
Free cash flow⁽¹⁾	\$ 608	\$ 674

⁽¹⁾ Free cash flow is a non-GAAP financial measure. See description of non-GAAP financial measures.

Reconciliation of Forward-Looking Non-GAAP Financial Measures to Forward-Looking GAAP Financial Measures

	Outlook for Quarter Ending March 27, 2026 ⁽¹⁾	Outlook for Fiscal 2026 ⁽¹⁾
Diluted earnings per share from continuing operations	\$ 2.26	
Acquisition-related charges	0.01	
Restructuring and other charges, net	0.23	
Amortization expense	0.15	
Adjusted diluted earnings per share from continuing operations ⁽²⁾	<u>\$ 2.65</u>	
Net sales growth	13.4 %	
Translation	(4.3)	
(Acquisitions) divestitures, net	(2.9)	
Organic net sales growth ⁽²⁾	<u>6.2 %</u>	
Effective tax rate	21.9 %	22.8 %
Effective tax rate adjustments ⁽³⁾	0.1	(0.1)
Adjusted effective tax rate ⁽²⁾	<u>22.0 %</u>	<u>22.7 %</u>

⁽¹⁾ Outlook is as of January 21, 2026.

⁽²⁾ See description of non-GAAP financial measures.

⁽³⁾ Includes adjustments for special tax items and the tax effect of acquisition-related charges and net restructuring and other charges, calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.