Third Quarter Fiscal 2024 Earnings Conference Call



June 5, 2024

Disclaimer

Certain information in this presentation and discussed on the conference call which this presentation accompanies constitutes forward-looking information within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this presentation regarding the Company's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties and are based on current expectations and management estimates; actual results may differ materially. The risks and uncertainties which could impact these statements are described in the Company's filings under the Securities Exchange Act of 1934, as amended, including its annual report on Form 10-K for the year ended July 29, 2023 filed with the Securities and Exchange Commission (the "SEC") on September 26, 2023 and other filings the Company makes with the SEC, and include, but are not limited to, our dependence on principal customers; the relatively low margins of our business, which are sensitive to inflationary and deflationary pressures and intense competition, including as a result of the continuing consolidation of retailers and the growth of consumer choices for grocery and consumable purchases; our ability to realize the anticipated benefits of our transformation initiatives; changes in relationships with our suppliers; our ability to operate, and rely on third parties to operate, reliable and secure technology systems; labor and other workforce shortages and challenges; the addition or loss of significant customers or material changes to our relationships with these customers; our ability to realize anticipated benefits of our acquisitions; our ability to continue to grow sales, including of our higher margin natural and organic foods and non-food products, and to manage that growth; our ability to maintain sufficient volume in our wholesale segment to support our operating infrastructure; the impact and duration of any pandemics or disease outbreaks; our ability to access additional capital; increases in healthcare, pension and other costs under our and multiemployer benefit plans; the potential for additional asset impairment charges; our sensitivity to general economic conditions including inflation, changes in disposable income levels and consumer purchasing habits; our ability to timely and successfully deploy our warehouse management system throughout our distribution centers and our transportation management system across the Company and to achieve efficiencies and cost savings from these efforts; the potential for disruptions in our supply chain or our distribution capabilities from circumstances beyond our control, including due to lack of long-term contracts, severe weather, labor shortages or work stoppages or otherwise; moderated supplier promotional activity, including decreased forward buying opportunities; union-organizing activities that could cause labor relations difficulties and increased costs; our ability to maintain food quality and safety; and volatility in fuel costs. Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. The Company is not undertaking to update any information in the foregoing reports until the effective date of its future reports required by applicable laws. Any estimates of future results of operations are based on a number of assumptions, many of which are outside the Company's control and should not be construed in any manner as a guarantee that such results will in fact occur. These estimates are subject to change and could differ materially from final reported results. The Company may from time to time update these publicly announced estimates, but it is not obligated to do so.

This presentation also contains the non-GAAP financial measures Adjusted EBITDA, Adjusted EPS, Adjusted EBITDA leverage ratio, Adjusted EBITDA margin rate, free cash flow, adjusted effective tax rate and capital and cloud implementation expenditures. The reconciliation of these non-GAAP financial measures (except for capital and cloud implementation expenditures) to the most directly comparable GAAP financial measure is presented in the appendix to this presentation. The components of capital and cloud implementation expenditures for fiscal 2024 will be primarily dependent on the nature of certain contracts to be executed. The presentation of non-GAAP financial measures is not intended to be considered in isolation or as a substitute for any measure prepared in accordance with GAAP. The Company believes that presenting non-GAAP financial measures aids in making period-to-period comparisons, assessing the performance of our business and understanding the underlying operating performance and core business trends, and is a meaningful indication of its actual and estimated operating performance. The Company's management utilizes and plans to utilize this non-GAAP financial information to compare the Company's operating performance during certain fiscal periods to the comparable periods in the other fiscal years and, in certain cases, to internally prepared projections.

Agenda

Introduction	Steve Bloomquist *Vice President, Investor Relations*
Opening Remarks	Sandy Douglas *Chief Executive Officer*
Financial Results	Matteo Tarditi *President and Chief Financial Officer*
Q&A	

Results Summary

$ in Millions, except for per share data.

	Q3 FY24	Q3 FY23	% Change
Net Sales	$7,498	$7,507	▼ (0.1)%
Gross Profit	$1,020	$1,000	▲ 2.0%
Adjusted EBITDA	$130	$159	▼ (18.2)%
Adjusted EPS	$0.10	$0.54	▼ (81.5)%

- Net sales decline driven by a decrease in units sold largely offset by inflation and new business with existing customers.
- Adjusted EBITDA decline primarily reflects the reinstatement of normal course incentive compensation expense, lower inflation-driven procurement gains and a lower retail gross profit rate. These were partially offset by cost saving efficiency initiatives.
- Adjusted EPS decline primarily reflects lower Adjusted EBITDA.

Definitions and reconciliations for non-GAAP measures are provided at the end of the presentation.

Opening Remarks

Sandy Douglas

Chief Executive Officer

Refined Industry Focus Driving Strategy

Sizeable opportunity to offer products and services to drive mutual value

Unique Vantage Point

- Scaled and diversified product and service offering provides a unique perspective to evaluate the evolving dynamics impacting food retailers, suppliers and consumers
- 30,000 customer locations and 11,000 suppliers provides significant industry visibility

Methodical Analysis

- Analyzed business against markedly different industry backdrop compared to three years ago when prior long-term strategy was created
- Confident revised focus will help drive shareholder, customer, supplier and associate value

Driving Industry Value

- Committed to delivering meaningful value to retailers by providing the assortment and value-added services that help customers compete
- Believe suppliers will increasingly prioritize diversified retailer base focused on brand building and profitable growth
- See opportunity to help retailers position themselves for this new environment with targeted products and services

New Multi-Year Strategic Plan Driven Actions

Focused on optimizing financial performance through managing controllable variables

Intensified Network Optimization	Reduced Capital Intensity	Cost Optimization	Increased Working Capital Efficiency
• Meaningful opportunity to streamline supply chain footprint • Scoping and prioritizing options and details; expect DC network changes to reduce fixed asset base and ongoing capital expenditures • Expected to drive higher free cash flow and improved returns on capital	• Opportunity to substantially reduce ongoing capital investments beyond expectations tied to broader network optimization • Fiscal 2025 capital investments expected to be approximately $70 million lower than revised Fiscal 2024 outlook of $370 million • Continue to prioritize maintenance and targeted network enablement and technology enhancements	• Opportunity to significantly reduce recurring expenses • Includes a more unified and strategic approach to our customer and supplier facing work • Better aligning corporate resources to reflect our updated strategy	• Sizable opportunity to improve cash flow by lowering inventory days on hand, while reducing days of sales outstanding and optimizing days to pay • Seeking to increase working capital efficiency without impacting customer experience • Taking actions in Q4 2024 to maximize Fiscal 2025 benefits

Expect to generate free cash flow approaching $100 million in Fiscal 2025 and expect to use funds for debt repayment.

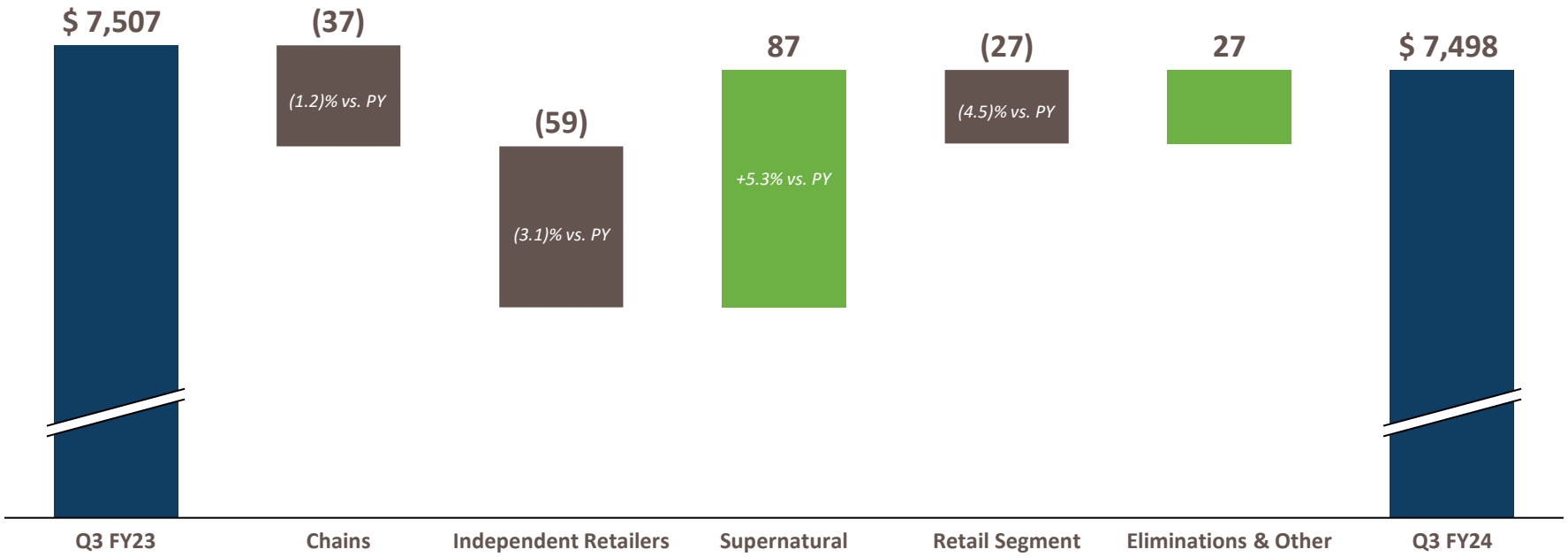
Financial Results

Matteo Tarditi

President and Chief Financial Officer

Q3 FY24 Revenue Performance

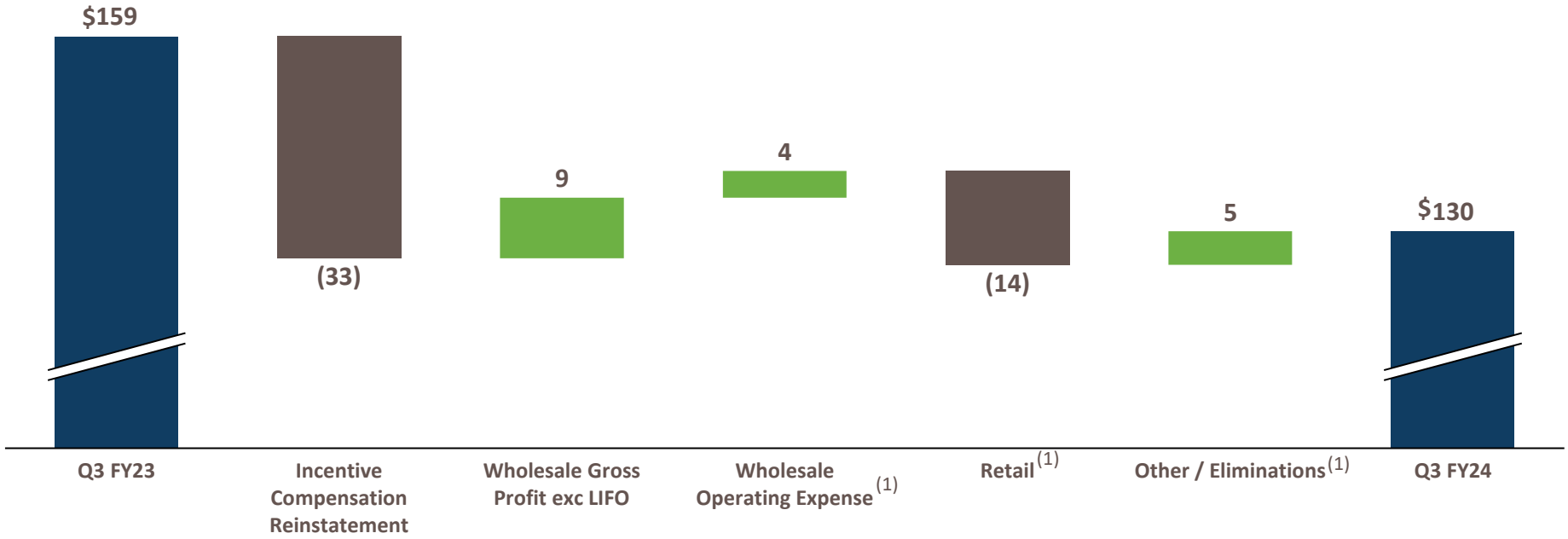
$ in Millions.



- Wholesale sales change reflects a decline in unit volumes offset by inflation and new business with existing customers.
- New business pipeline remains solid and well diversified across all wholesale channels.

Q3 FY24 Adjusted EBITDA

$ in Millions.



The decline in Adjusted EPS from $0.54 in Q3 FY23 to $0.10 in Q3 FY24 was primarily driven by lower Adjusted EBITDA.

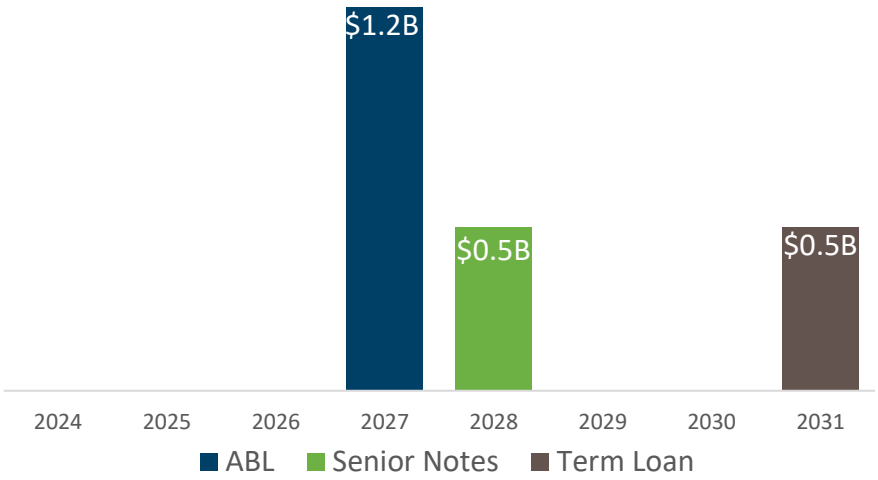
- Q3 FY23 included an approximate $20 million benefit for incentive compensation compared to $13 million of expense in Q3 FY24.
- Sequential improvement in Adjusted EBITDA driven by disciplined expense management, including supply chain efficiencies.

(1) Excluding incentive compensation. *Definitions and reconciliations are provided at the end of this presentation.*

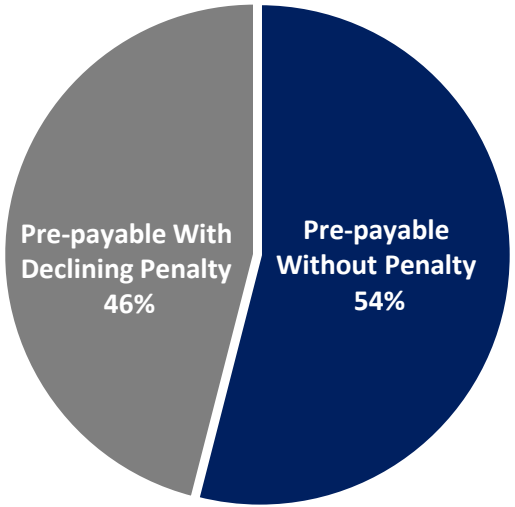
Focused on Optimizing Long-Term Credit Profile

Highly focused on maintaining balance sheet flexibility and reducing net debt

Debt Maturities By Calendar Year(1)



Pre-Payable Debt As % of Outstanding Debt(1) (2)

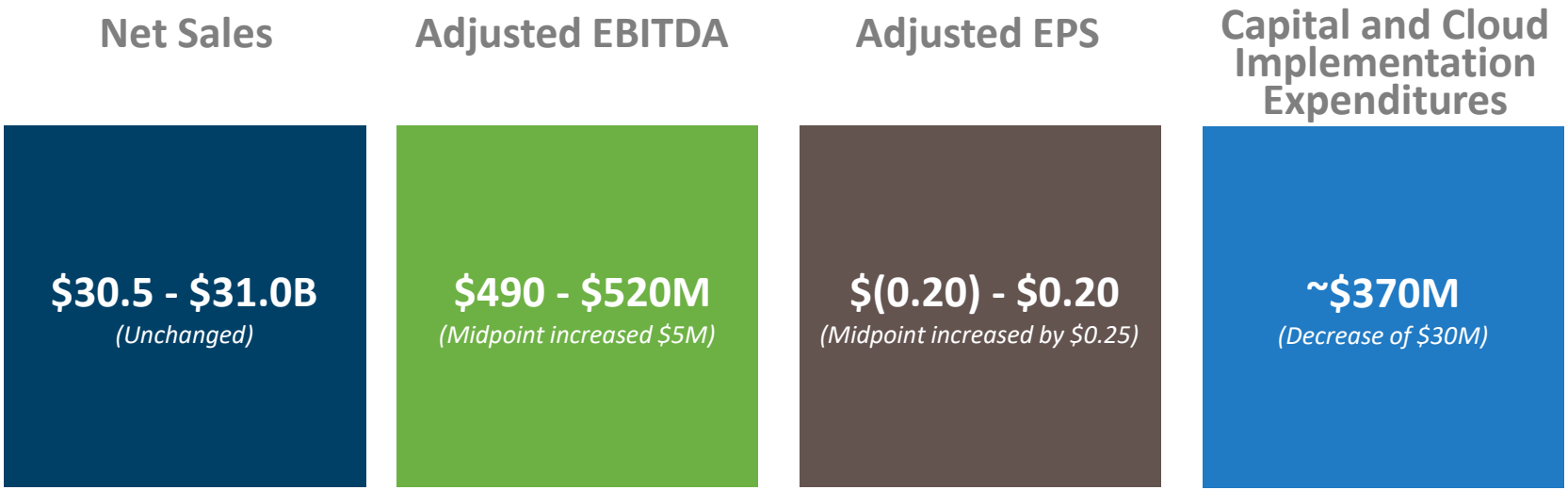


- Amended Term Loan facility and extended maturity until May 2031 preserving significant pre-payment flexibility.
- Prioritizing balance sheet strength and debt repayment. Expect significant free cash flow improvement in Fiscal 2025.

(1) Shown pro forma for the amended 7-year $500 million senior secured term loan facility and new $130 million ABL FILO loan, both of which closed on May 1, 2024.
(2) The $500 million senior unsecured notes and $500 million senior secured term loan currently have 3.375% and 2.0% premiums associated with voluntary pre-payments, both of which will step down to 0% by May 2026. There are no premiums related to mandatory pre-payments (e.g. with proceeds from asset sales).

Updated Fiscal 2024 Outlook [1]

Increased Outlook for Adjusted EBITDA and Adjusted EPS



Outlook balances year-to-date performance with evolving macro and industry backdrop and refined strategic investment focus.

(1) The outlook provided above is for fiscal 2024 which is a 53-week fiscal year. This outlook is forward-looking, is based on management's current estimates and expectations and is subject to several risks, including many that are outside of management's control. See cautionary language on slide 2 and the risk factors contained in the Company's Annual Report on Form 10-K for the year ended July 29, 2023 and other filings the Company makes with the SEC.

Definitions and reconciliations for non-GAAP measures are provided at the end of this presentation.

In Summary

- Refined industry focus leading to important strategic actions to help sustainably improve operational and financial performance.
- Expect strong improvement in free cash flow generation starting in Fiscal 2025.
- Near-term efficiency and operational improvements driving Fiscal 2024 profitability reset.
- Remain focused on beginning to implement new multi-year plan and closing out Fiscal 2024 in a stronger position.

Refined strategic and industry focus expected to drive sustainable financial improvement.

Appendix

Capital Structure

($'s in Millions)	Maturity	Rate [2]	Q4 FY20	Q4 FY21	Q4 FY22	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24
Secured term loan B [1][4]	October 2025	S + 3.25%	$ 1,773	$ 1,002	$ 800	$ 670	$ 670	$ 670	$ 645	$ 645
$2.6B ABL revolver [1][3][4]	June 2027	S + 1.0% / Prime + 0.0%	757	701	840	879	812	1,152	1,054	1,026
Senior unsecured notes	October 2028	6.75%	-	500	500	500	500	500	500	500
Finance leases	Various	Various	156	142	36	26	23	21	15	19
Equipment loans	October 2024	4.43%	49	37	23	13	9	5	4	3
Original issue discount / deferred finance fees			(81)	(52)	(40)	(30)	(28)	(26)	(23)	(23)
Total Debt and Finance Leases (GAAP)			**$ 2,654**	**$ 2,330**	**$ 2,159**	**$ 2,058**	**$ 1,986**	**$ 2,322**	**$ 2,195**	**$ 2,170**
Balance sheet cash			(47)	(41)	(44)	(38)	(37)	(37)	(34)	(39)
Net Debt (GAAP)			**$ 2,607**	**$ 2,289**	**$ 2,115**	**$ 2,020**	**$ 1,949**	**$ 2,285**	**$ 2,161**	**$ 2,131**
LTM Adjusted EBITDA			**$ 691**	**$ 770**	**$ 829**	**$ 760**	**$ 640**	**$ 550**	**$ 497**	**$ 468**
Net Debt / Adjusted EBITDA [5]			**3.8x**	**3.0x**	**2.6x**	**2.7x**	**3.0x**	**4.2x**	**4.3x**	**4.6x**
Available Liquidity [6]			**$ 1,235**	**$ 1,321**	**$ 1,671**	**$ 1,615**	**$ 1,517**	**$ 1,285**	**$ 1,430**	**$ 1,264**

(1) Paid $150M in Q2 FY22 with borrowings on the ABL revolver and paid $125M in Q2 FY23 with proceeds from monetizing certain accounts receivable.

(2) Converted the secured term loan B-1 and ABL revolver benchmark rates from LIBOR to SOFR in Q4 FY22.

(3) Refinanced and upsized the ABL revolver from $2.1B to $2.6B in Q4 FY22.

(4) Subsequent to Q3 FY24, refinanced and paid down the Term Loan to $500M, extended the maturity to May 2031 with a rate of S + 4.75% and executed a $130M FILO ("First In, Last Out") tranche of the ABL at S + 2.50%.

(5) Net debt, as shown, divided by LTM Adjusted EBITDA.

(6) Balance sheet cash plus unused capacity under the revolving ABL facility.

Definitions and reconciliations for non-GAAP measures are provided at the end of this presentation.

Non-GAAP Metric Definitions

Adjusted EPS: The non-GAAP adjusted earnings per diluted common share measure is a consolidated measure, which the Company reconciles by adding Net income attributable to UNFI plus the LIFO charge or benefit, goodwill impairment benefits and charges, restructuring, acquisition, and integration related expenses, gains and losses on sales of assets, certain legal charges and gains, surplus property depreciation and interest expense, losses on debt extinguishment, the impact of diluted shares when GAAP earnings is presented as a loss and non-GAAP earnings represent income, and the tax impact of adjustments and the adjusted effective tax rate, which tax impact is calculated using the adjusted effective tax rate, discontinued operations store closures and other charges, net, and certain other non-cash charges or items, as determined by management.

Adjusted EBITDA: The non-GAAP Adjusted EBITDA measure is a consolidated measure inclusive of continuing and discontinued operations results, which the Company reconciles by adding Net income (loss) from continuing operations, less Net income attributable to noncontrolling interests, plus Non-operating income and expenses, including Net periodic benefit income, excluding service cost, Interest expense, net and Other (income) expense, net, plus Provision (benefit) for income taxes and Depreciation and amortization all calculated in accordance with GAAP, plus adjustments for Share-based compensation, non-cash LIFO charge or benefit, Restructuring, acquisition and integration related expenses, Goodwill impairment charges, Loss (gain) on sale of assets and other asset charges, certain legal charges and gains, certain other non-cash charges or other items, as determined by management, plus Adjusted EBITDA of discontinued operations calculated in a manner consistent with the results of continuing operations, outlined above. The changes to the definition of Adjusted EBITDA in the fourth quarter of fiscal 2023 from prior periods reflect changes to line item references in our Consolidated Financial Statements, which do not impact the calculation of Adjusted EBITDA.

Adjusted EBITDA margin: The percentage that results from dividing Adjusted EBITDA by net sales.

Net debt to Adjusted EBITDA leverage ratio: The non-GAAP adjusted EBITDA leverage ratio is defined as the total carrying (GAAP) value of outstanding short-and long-term debt and finance lease liabilities less net cash and cash equivalents, the sum of which is divided by the trailing four quarters adjusted EBITDA.

Free cash flow: The non-GAAP free cash flow measure is defined as net cash provided by (used in) operating activities less payments for capital expenditures.

Capital and cloud implementation expenditures: The non-GAAP capital and cloud implementation expenditures measure is defined as the sum of payments for capital expenditures and cloud technology implementation expenditures.

Reconciliation – Adjusted EBITDA

Reconciliation of Net (loss) income including noncontrolling interests to Adjusted EBITDA (unaudited)

(in millions)	13-Week Period Ended		39-Week Period Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
Net (loss) income including noncontrolling interests	$ (20)	$ 8	$ (73)	$ 97
Adjustments to net (loss) income including noncontrolling interests:				
Less net income attributable to noncontrolling interests	(1)	(1)	(2)	(5)
Net periodic benefit income, excluding service cost	(4)	(8)	(11)	(22)
Interest expense, net	37	35	112	109
Other income, net	(1)	(1)	(2)	(2)
(Benefit) provision for income taxes	(6)	(1)	(20)	13
Depreciation and amortization	76	77	228	224
Share-based compensation	10	10	26	33
LIFO charge	6	33	19	83
Restructuring, acquisition and integration related expenses (benefits)	9	(4)	17	1
Loss on sale of assets and other asset charges [1]	13	4	37	—
Business transformation costs [2]	11	7	40	16
Other adjustments [3]	—	—	4	—
Adjusted EBITDA	$ 130	$ 159	$ 375	$ 547

(1) Fiscal 2024 primarily includes a $21 million non-cash asset impairment charge related to one of our corporate-owned office locations in the first quarter of fiscal 2024 and a $7 million non-cash asset impairment charge related to the decision to close certain retail store locations in the third quarter of fiscal 2024.

(2) Reflects costs associated with business transformation initiatives, primarily including third-party consulting costs and licensing costs, and third-party professional service fees related to the board-led financial review in the third quarter of fiscal 2024, all of which are included within Operating expenses in the Condensed Consolidated Statements of Operations.

(3) Primarily reflects third-party professional service fees related to shareholder negotiations in the first quarter of fiscal 2024.

Reconciliation – Adjusted EPS

(in millions, except per share amounts)	13-Week Period Ended		39-Week Period Ended	
	April 27, 2024	April 29, 2023	April 27, 2024	April 29, 2023
Net (loss) income attributable to United Natural Foods, Inc.	$ (21)	$ 7	$ (75)	$ 92
Restructuring, acquisition and integration related expenses (benefits)	9	(4)	17	1
Loss (gain) on sale of assets and other asset charges other than losses on sales of receivables [1]	7	—	21	(9)
LIFO charge	6	33	19	83
Surplus property depreciation and interest expense [2]	1	—	3	1
Loss on debt extinguishment	—	—	—	3
Business transformation costs [3]	11	7	40	16
Other adjustments [4]	—	—	4	—
Tax impact of adjustments and adjusted effective tax rate [5]	(7)	(10)	(21)	(37)
Adjusted net income	$ 6	$ 33	$ 8	$ 150
Diluted weighted average shares outstanding	59.8	60.4	60.2	61.0
Adjusted EPS [6]	$ 0.10	$ 0.54	$ 0.13	$ 2.46

(1) Loss (gain) on sale of assets and other asset charges, as reflected here, does not include losses on sales of receivables under the accounts receivable monetization program, which are included in Loss on sale of assets and other asset charges on the Consolidated Statements of Operations and are not adjusted in the calculation of Adjusted EPS. Fiscal 2024 includes a $21 million non-cash asset impairment charge related to one of our corporate-owned office locations in the first quarter of fiscal 2024 and a $7 million non-cash asset impairment charge related to the decision to close certain retail store locations in the third quarter of fiscal 2024.

(2) Reflects surplus, non-operating property depreciation and interest expense.

(3) Reflects costs associated with business transformation initiatives, primarily including third-party consulting costs and licensing costs, and third-party professional service fees related to the board-led financial review in the third quarter of fiscal 2024, all of which are included within Operating expenses in the Condensed Consolidated Statements of Operations.

(4) Primarily reflects third-party professional service fees related to shareholder negotiations in the first quarter of fiscal 2024.

(5) Represents the tax effect of the pre-tax adjustments using an adjusted effective tax rate. The adjusted effective tax rate is calculated based on adjusted net income before tax, and its impact reflects the exclusion of changes to uncertain tax positions, valuation allowances, tax impacts related to the vesting of share-based compensation awards and discrete GAAP tax items which could impact the comparability of the operational effective tax rate. The Company believes using this adjusted effective tax rate will provide better consistency across the interim reporting periods since each of these discrete items can cause volatility in the GAAP tax rate that is not indicative of the underlying ongoing operations of the Company. By providing this non-GAAP measure, management intends to provide investors with a meaningful, consistent comparison of the Company's effective tax rate on ongoing operations.

(6) Adjusted earnings per share amounts are calculated using actual unrounded figures.

Reconciliation – Last Four Quarters Adjusted EBITDA

(in millions)	August 1, 2020 (52 weeks)	July 31, 2021 (52 weeks)	July 30, 2022 (52 weeks)	April 29, 2023 (52 weeks)	July 29, 2023 (52 weeks)	October 28, 2023 (52 weeks)	January 27, 2024 (52 weeks)	April 27, 2024 (52 weeks)
Net income (loss) from continuing operations	$ (251)	$ 149	$ 254	$ 138	$ 30	$ (76)	$ (112)	$ (140)
Adjustments to net income (loss) from continuing operations:								
Less net income attributable to noncontrolling interests	(5)	(6)	(6)	(7)	(6)	(5)	(3)	(3)
Net periodic benefit income, excluding service cost	(39)	(85)	(40)	(32)	(29)	(25)	(22)	(18)
Interest expense, net	192	204	155	143	144	144	145	147
Other income, net	(4)	(8)	(2)	(2)	(2)	(1)	(2)	(2)
Provision (benefit) for income taxes	(91)	34	56	16	(23)	(37)	(51)	(56)
Depreciation and amortization	282	285	285	299	304	308	309	308
Share-based compensation	34	49	43	43	38	32	31	31
LIFO charge	18	24	158	139	119	105	82	55
Restructuring, acquisition and integration related expenses	87	56	21	6	8	10	11	24
Loss (gain) on sale of assets	18	(4)	(87)	—	30	54	58	67
Multiemployer pension plan withdrawal charges (benefit)	—	63	(8)	—	1	1	1	1
Other retail expense	1	5	—	1	1	1	1	1
Business transformation costs	—	—	—	16	25	35	45	49
Other adjustments	—	—	—	—	—	4	4	4
Adjusted EBITDA of continuing operations	681	766	829	760	640	550	497	468
Adjusted EBITDA of discontinued operations	10	4	—	—	—	—	—	—
Adjusted EBITDA	$ 691	$ 770	$ 829	$ 760	$ 640	$ 550	$ 497	$ 468
Net income from discontinued operations, net of tax	$ (18)	$ 6	$ —	$ —	$ —	$ —	$ —	$ —
Adjustments to net income from discontinued operations:								
Benefit for income taxes	(5)	(1)	—	—	—	—	—	—
Restructuring, store closure and other charges, net	33	(1)	—	—	—	—	—	—
Adjusted EBITDA of discontinued operations	$ 10	$ 4	$ —	$ —	$ —	$ —	$ —	$ —

Reconciliation – Adjusted EBITDA by Segment

	Adjusted EBITDA by Segment								
(in millions)	FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	FY2023	Q1 FY2024	Q2 FY2024	Q3 FY2024
Wholesale	$ 696	$ 171	$ 137	$ 143	$ 89	$ 540	$ 117	$ 118	$ 125
Retail	98	20	28	18	4	70	(1)	8	(3)
Other	44	19	15	(1)	(2)	31	3	4	7
Eliminations	(9)	(3)	1	(1)	2	(1)	(2)	(2)	1
Adjusted EBITDA	$ 829	$ 207	$ 181	$ 159	$ 93	$ 640	$ 117	$ 128	$ 130
Total net sales	28,928	7,532	7,816	7,507	7,417	30,272	7,552	7,775	7,498
Adjusted EBITDA margin rate	2.87 %	2.75 %	2.32 %	2.12 %	1.25 %	2.11 %	1.55 %	1.65 %	1.73 %

Reconciliation – FY24 Outlook

Reconciliation of 2024 outlook for Net loss attributable to United Natural Foods, Inc. to Adjusted EBITDA (unaudited)

(in millions)	Fiscal Year Ending August 3, 2024		
	Low Range	Estimate	High Range
Net loss attributable to United Natural Foods, Inc.	$ (109)		$ (85)
Benefit for income taxes	(32)		(26)
LIFO charge		25	
Interest expense, net		161	
Depreciation and amortization		311	
Share-based compensation and other		38	
Net periodic benefit income, excluding service costs		(15)	
Loss on sale of assets and other asset charges		41	
Restructuring, acquisition and integration related expenses		22	
Business transformation costs		48	
Adjusted EBITDA	$ 490		$ 520

Reconciliation of 2024 outlook for estimated Net loss attributable to United Natural Foods, Inc. to Adjusted net (loss) income and estimated Adjusted EPS (unaudited)

(in millions, except per share amounts)	Fiscal Year Ending August 3, 2024		
	Low Range	Estimate	High Range
Net loss attributable to United Natural Foods, Inc.	$ (109)		$ (85)
LIFO charge		25	
Loss on debt extinguishment		10	
Loss on sale of assets and other asset charges [1]		21	
Restructuring, acquisition and integration related expenses		22	
Business transformation costs		48	
Tax impact of adjustments and adjusted effective tax rate [2]		(29)	
Adjusted net (loss) income	$ (12)		$ 12
Diluted weighted average shares outstanding	59		60
Adjusted EPS [3]	$ (0.20)		$ 0.20

(1) Loss on sale of assets and other asset charges, as reflected here, does not include losses on sales of receivables under the accounts receivable monetization program, which are included in Loss on sale of assets and other asset charges on the Consolidated Statements of Operations and are not adjusted in the calculation of Adjusted EPS.

(2) The estimated adjusted effective tax rate excludes the potential impact of changes in uncertain tax positions, tax impacts related to the vesting of share-based compensation awards and valuation allowances. Refer to the reconciliation for adjusted effective tax rate.

(3) Adjusted (loss) earnings per share amounts as presented include rounding.