

Veralto™

Fourth Quarter and Full Year 2023 Results

February 6, 2024

Forward Looking Statements

Certain statements in this presentation, including statements regarding the Company's first quarter and full year 2024 guidance, the Company's differentiation and positioning to continue delivering sustainable, long-term shareholder value and any other statements regarding events or developments that we believe or anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. All statements other than historical factual information are forward-looking statements, including, without limitation, statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; the effects of the separation or the distribution on Veralto's business; growth, declines and other trends in markets Veralto sells into; new or modified laws, regulations and accounting pronouncements; future regulatory approvals and the timing thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the anticipated timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Veralto intends or believes will or may occur in the future.

Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Form 10. These forward-looking statements speak only as of the date of this release and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

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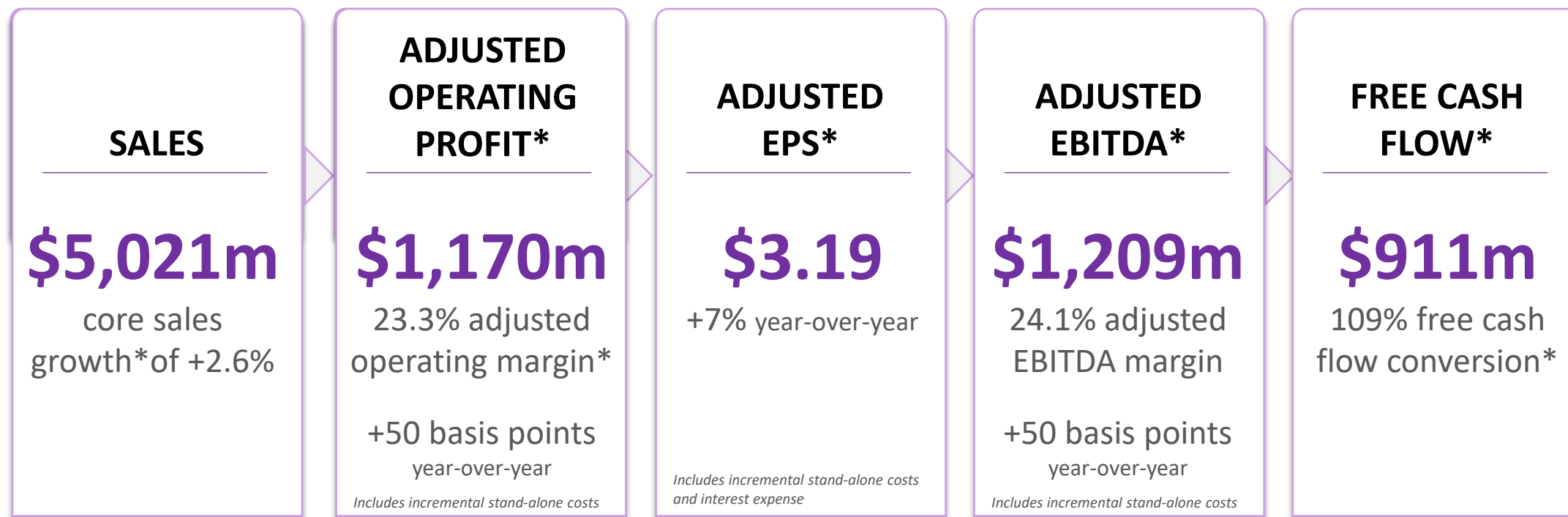
Opening Remarks

Jennifer L. Honeycutt

President and Chief Executive Officer

Q4 and FY 2023 Results | February 6, 2024

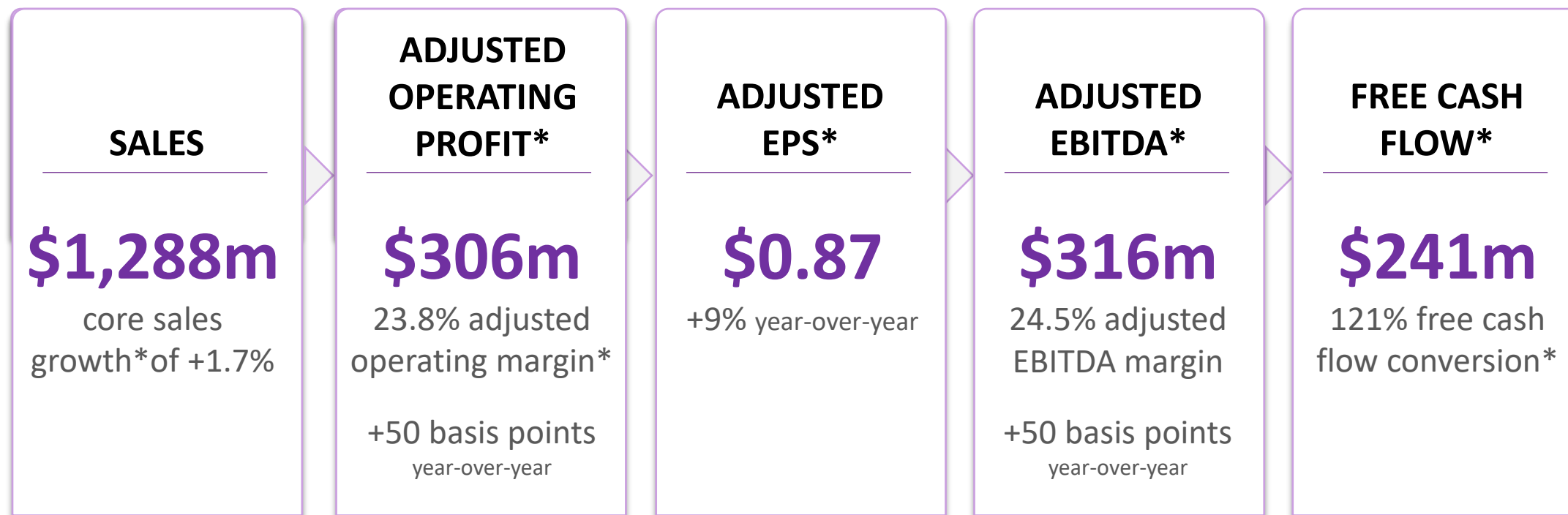
Veralto / Full Year 2023 key consolidated and combined financial results



*See appendix for reconciliations to non-GAAP measures; Adjusted operating profit, EPS and EBITDA include management's estimate of incremental stand-alone costs and interest expense for pre-separation period

Solid Operating Execution in Dynamic Macro-Economic Environment

Veralto / Q4 2023 key consolidated financial results

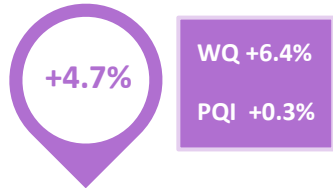


*See appendix for reconciliations to non-GAAP measures; Adjusted operating profit, EPS and EBITDA include management's estimate of incremental stand-alone costs and interest expense for pre-separation period

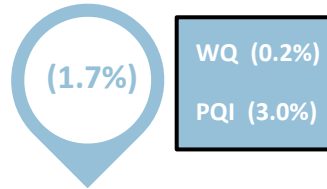
Solid Finish to the Year – Delivered on Guidance Commitments

Veralto / Core sales growth by region for Q4 and FY 2023

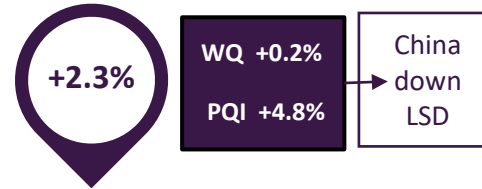
NORTH AMERICA (46% of Q4 sales)



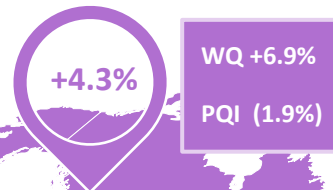
WESTERN EUROPE (22% of Q4 sales)



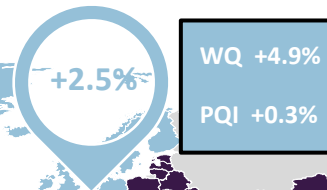
HIGH GROWTH MARKETS (29% of Q4 sales)



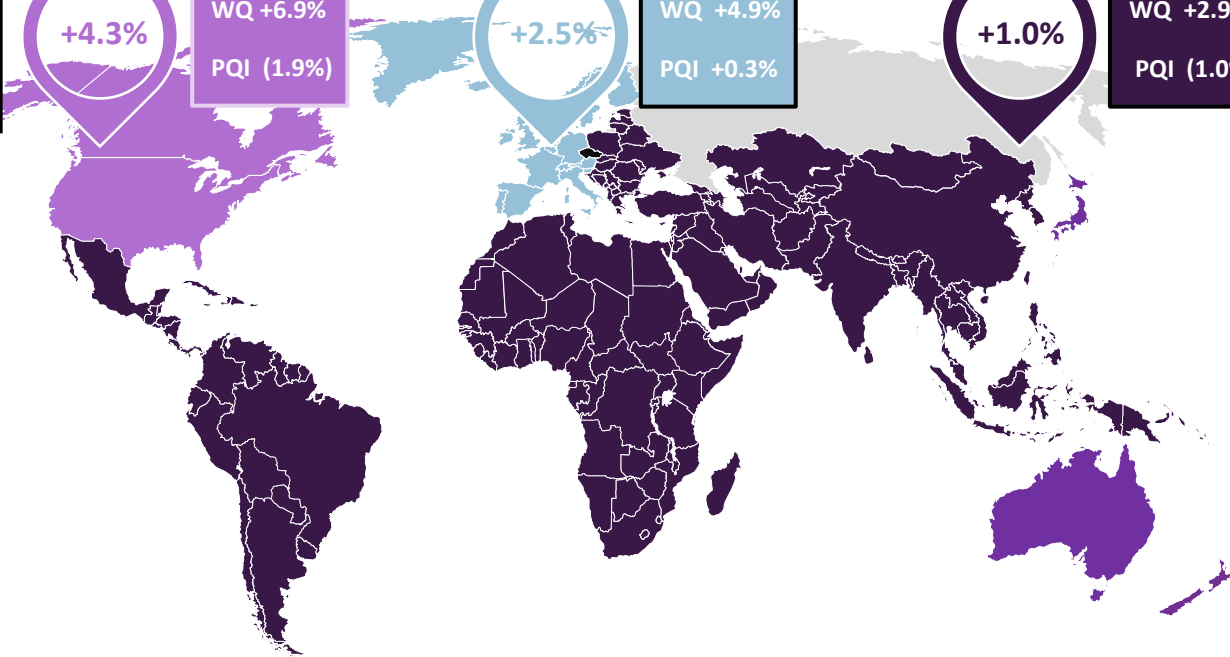
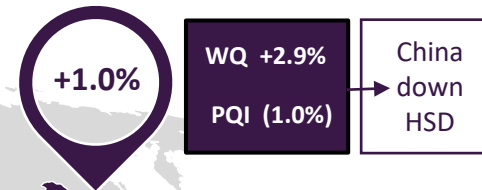
NORTH AMERICA (47% of FY sales)



WESTERN EUROPE (22% of FY sales)



HIGH GROWTH MARKETS (28% of FY sales)



Notes: All sales variances are on a core sales basis as compared to the prior year period; Japan, Australia and New Zealand represent 2% of total sales

Q4 2023 Commentary

North America:

- **WQ:** Growth in both analytics and treatment led by strong, broad-based industrial demand
- **PQI:** LSD growth in marking and coding offset by LSD declines in packaging and color

Western Europe:

- **WQ:** Steady demand across municipalities and industrial customers
- **PQI:** LSD decline reflects softness in consumer-packaged goods markets

High Growth Markets:

- **WQ:** Double-digit growth in Middle East and India offset by MSD declines in China and LATAM
- **PQI:** Double-digit growth in LATAM and India with LSD growth in China

Notes: WQ = Water Quality; PQI = Product Quality & Innovation

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Financial Review

Sameer Ralhan

SVP and Chief Financial Officer

Q4 and FY 2023 Results | February 6, 2024

Veralto / Q4 2023 consolidated performance

<i>\$ millions, except per share data</i>	Q4 2022	Q4 2023	YOY Variance
Sales	\$1,248	\$1,288	+3.3%
<i>Core Sales Growth*</i>	5.6%	1.7%	
Gross Profit	\$711	\$746	+5%
<i>Gross Profit Margin</i>	57.0%	57.9%	+90 bps
Adjusted Operating Profit*	\$291	\$306	+5%
<i>Adjusted Operating Profit Margin*</i>	23.3%	23.8%	+50 bps
Adjusted Net Diluted Earnings Per Share*	\$0.80	\$0.87	+9%
Free Cash Flow*	\$329	\$241	(27%)

*See appendix for reconciliations to non-GAAP measures

- **Sales grew +3.3% year-over-year:**
 - ❑ Core sales* +1.7%
 - ❑ Currency: +1.6%
 - ❑ Acquisitions & divestitures: 0%

- **Gross profit increased 5%, with gross profit margins up 90 bps:**
 - ❑ +3% increase in price

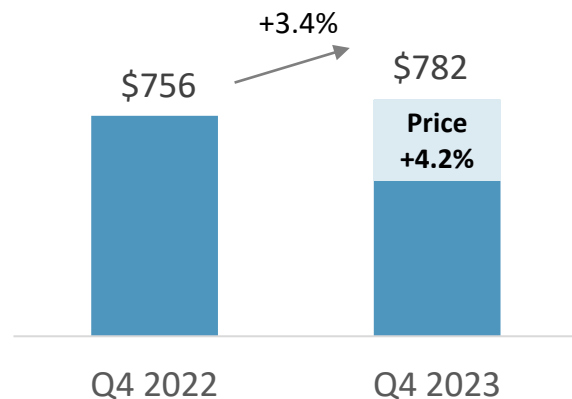
- **Adjusted operating profit margin* up 50 bps:**
 - ❑ Margin expansion driven primarily by price execution, cost optimization and improved operating performance
 - ❑ Argentine Peso devaluation was a (130) bps impact

- **Free Cash Flow* of \$241m:**
 - ❑ 121% free cash flow conversion*

Water Quality / Q4 and FY 2023 performance

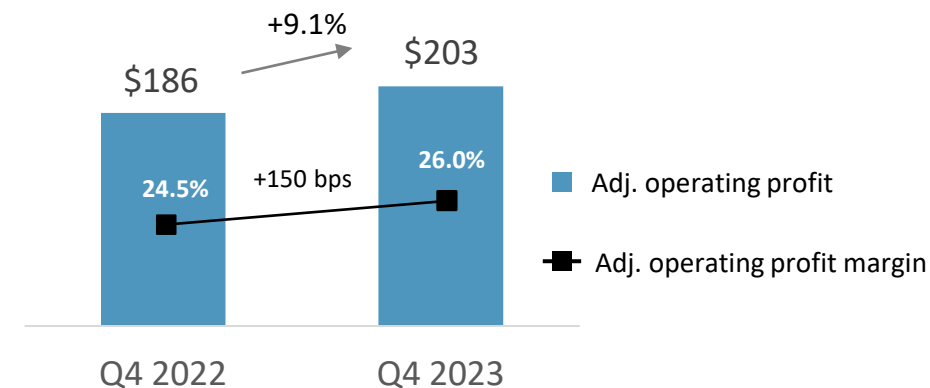
(\$ millions, variances versus prior year period)

Q4 SALES

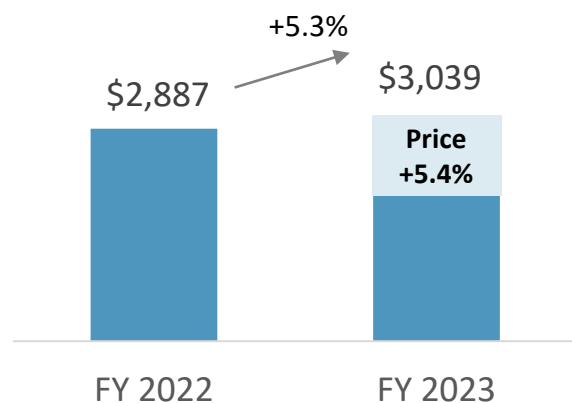


YOY Change in Sales	Q4'22	Q4'23
Core Growth*	+9.5%	+2.1%
Currency	(4.0%)	+1.3%
M&A	0.0%	0.0%
Total Growth	+5.5%	+3.4%

Q4 ADJUSTED OPERATING PROFIT *

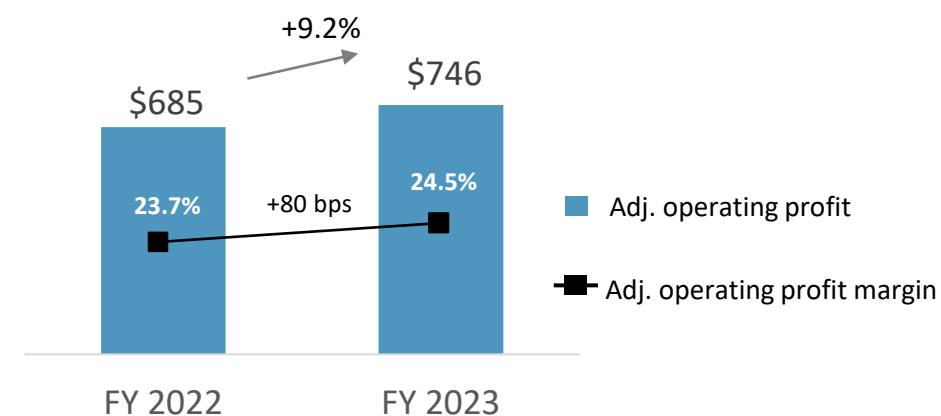


FY SALES



YOY Change in Sales	2022	2023
Core Growth*	+11.6%	+5.1%
Currency	(3.5%)	+0.2%
M&A	0.0%	0.0%
Total Growth	+8.1%	+5.3%

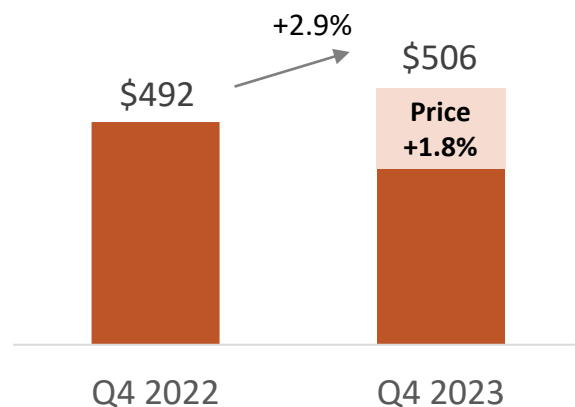
FY ADJUSTED OPERATING PROFIT *



Product Quality & Innovation / Q4 and FY 2023 performance

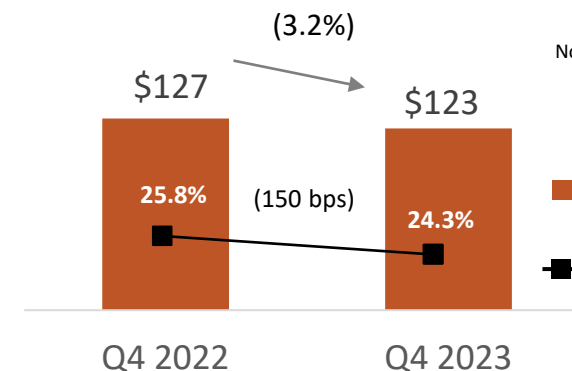
(\$ millions, variances versus prior year period)

Q4 SALES



YOY Change in Sales	Q4'22	Q4'23
Core Growth*	+0.1%	+1.1%
Currency	(5.7%)	+1.8%
M&A	+1.4%	0.0%
Total Growth	(4.2%)	+2.9%

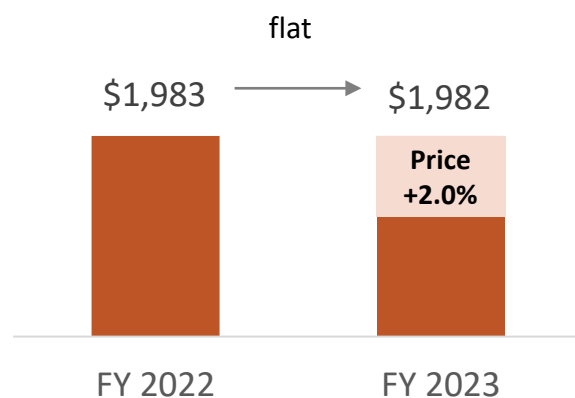
Q4 ADJUSTED OPERATING PROFIT *



Note: The Q4 2023 year-over-year impact of the **Argentine Peso devaluation** to operating profit and margin was (\$17m) or (330 bps)

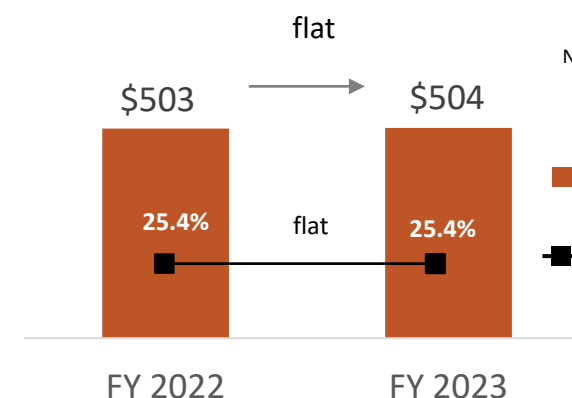
- Adj. operating profit
- Adj. operating profit margin

FY SALES



YOY Change in Sales	2022	2023
Core Growth*	+3.6%	(1.0%)
Currency	(5.0%)	+0.3%
M&A	(1.0%)	+0.7%
Total Growth	(2.4%)	0.0%

FY ADJUSTED OPERATING PROFIT *



Note: The FY 2023 year-over-year impact of the **Argentine Peso devaluation** to operating profit and margin was (\$29m) or (145 bps)

- Adj. operating profit
- Adj. operating profit margin

Veralto / Q4 2023 Cash Flow and Balance Sheet

(\$ millions)

Q4 2023

Cash from operations \$263

Capital expenditures (\$22)

Free Cash Flow* **\$241**

Free Cash Flow Conversion* **121%**

Year End 2023

Cash and cash equivalents \$762

Gross debt \$2,629

Net debt* \$1,867

Financial position summary:

- Strong cash generation
- Resilient and capital-light business model
- Gross leverage* at 2.2x
- Net leverage* at 1.5x

* See appendix for reconciliations to non-GAAP measures

Veralto / Q1 and FY 2024 Guidance

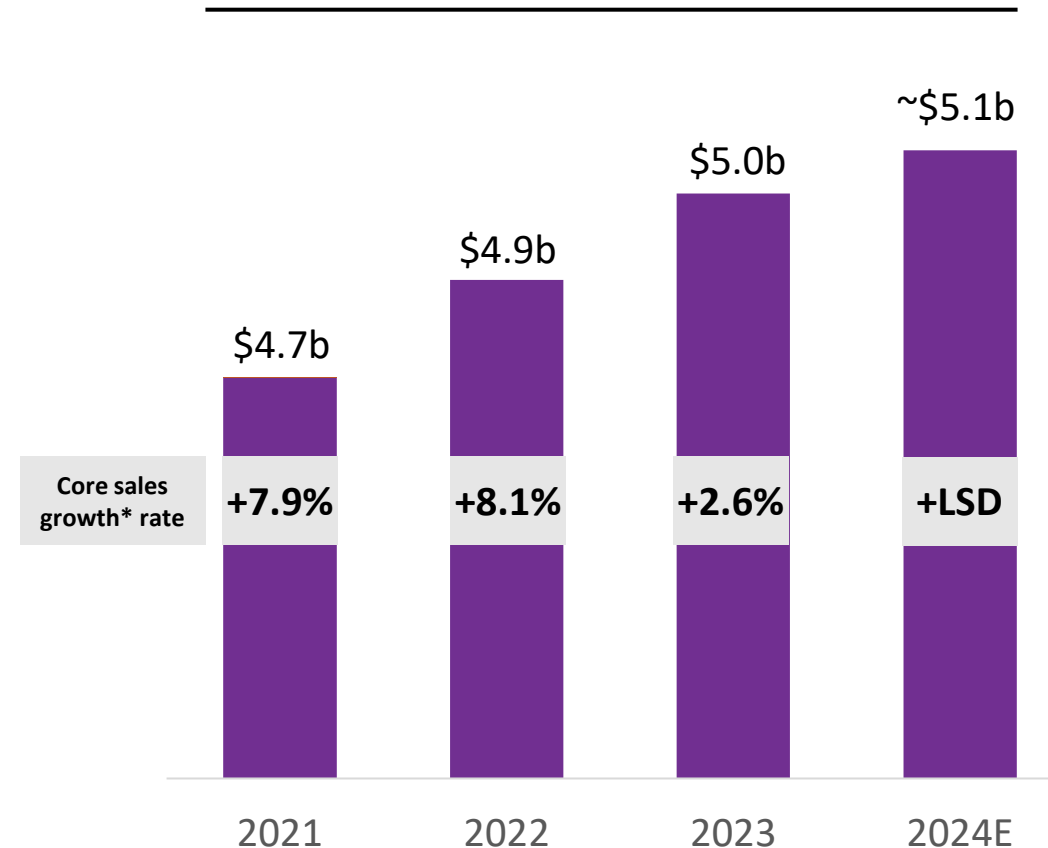
	Q1 2024E	FY 2024E
Core Sales Growth*	~flat	+LSD
Adjusted Operating Profit Margin*	23.0% to 23.5%	+50 to +75 basis points
Adjusted EPS*	\$0.73 to \$0.78	\$3.20 to \$3.30
Free Cash Flow Conversion*	--	~100%

Note: 2024 adjusted EPS guidance assumes an effective tax rate of ~25% and diluted shares outstanding of ~249m

* See appendix for reconciliations to non-GAAP measures



Annual Sales and Core Sales Growth*





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Closing Remarks

Jennifer L. Honeycutt

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Veralto / Well-positioned to drive compounding earnings and free cash flow growth

ATTRACTIVE SECULAR GROWTH DRIVERS

**PREMIER FINANCIAL PROFILE
and DURABLE BUSINESS MODEL**

PROVEN VALUE CREATION PLAYBOOK



SAFEGUARDING THE WORLD'S MOST VITAL RESOURCES™



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Appendix

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VERALTO CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
AND SUPPLEMENTAL FORWARD-LOOKING INFORMATION
THREE-MONTH PERIODS AND YEARS ENDED DECEMBER 31, 2023 AND DECEMBER 31, 2022

TABLE OF CONTENTS

Page

<u>1</u>	<u>Sales Growth (Decline) by Segment, Core Sales Growth (Decline) by Segment</u>
<u>3</u>	<u>Forecasted Core Sales (Decline) Growth, Adjusted Operating Profit Margin, and Adjusted Diluted Net Earnings per Share</u>
<u>4</u>	<u>Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin</u>
<u>6</u>	<u>Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin, and Adjusted EBITDA Margin</u>
<u>10</u>	<u>Trailing Twelve Month Adjusted EBITDA, Gross Leverage, and Net Leverage</u>
<u>11</u>	<u>Other Non-GAAP Adjusted P&L Measures</u>
<u>16</u>	<u>Operating Profit Margins and Year-Over-Year Core Operating Margin Changes</u>
<u>17</u>	<u>Cash Flow, Free Cash Flow, Operating Cash Flow to Net Earnings Ratio and Free Cash Flow to Net Earnings Conversion Ratio</u>

FORWARD-LOOKING STATEMENTS DISCLOSURE

Certain statements in this document, including the statement regarding the Company's anticipated first quarter and full year 2024 non-GAAP core sales growth, the Company's differentiation and positioning to continue delivering sustainable, long-term shareholder value and any other statements regarding events or developments that we believe or anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. All statements other than historical factual information are forward-looking statements, including, without limitation, statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; the effects of the separation or the distribution on Veralto's business; growth, declines and other trends in markets Veralto sells into; new or modified laws, regulations and accounting pronouncements; future regulatory approvals and the timing thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the anticipated timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Veralto intends or believes will or may occur in the future. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Form 10. These forward-looking statements speak only as of the date of this document and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

VERALTO CORPORATION

Sales Growth by Segment, Core Sales Growth (Decline) by Segment

	% Change Three-Month Period Ended December 31, 2023 vs. Comparable 2022 Period		
	Total Company	Segments	
		Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.3 %	3.4 %	2.9 %
Impact of:			
Currency exchange rates	(1.6)%	(1.3)%	(1.8)%
Core sales growth (non-GAAP)	1.7 %	2.1 %	1.1 %

	% Change Year Ended December 31, 2023 vs. Comparable 2022 Period		
	Total Company	Segments	
		Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.1 %	5.3 %	— %
Impact of:			
Acquisitions/divestitures	(0.3)%	— %	(0.7)%
Currency exchange rates	(0.2)%	(0.2)%	(0.3)%
Core sales growth (decline) (non-GAAP)	2.6 %	5.1 %	(1.0)%

VERALTO CORPORATION

Sales Growth (Decline) by Segment, Core Sales Growth (Decline) by Segment

	% Change Three-Month Period Ended December 31, 2022 vs. Comparable 2021 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (decline) (GAAP)	1.5 %	5.5 %	(4.2)%
Impact of:			
Acquisitions/divestitures	(0.6)%	— %	(1.4)%
Currency exchange rates	4.7 %	4.0 %	5.5 %
Core sales growth (decline) (non-GAAP)	5.6 %	9.5 %	(0.1)%

	% Change Year Ended December 31, 2022 vs. Comparable 2021 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (decline) (GAAP)	3.6 %	8.1 %	(2.4)%
Impact of:			
Acquisitions/divestitures	0.4 %	— %	1.0 %
Currency exchange rates	4.1 %	3.5 %	5.0 %
Core sales growth (non-GAAP)	8.1 %	11.6 %	3.6 %

VERALTO CORPORATION

Forecasted Core Sales (Decline) Growth, Adjusted Operating Profit Margin, and Adjusted Diluted Net Earnings per Share

The Company provides forecasted sales only on a non-GAAP basis because of the difficulty in estimating the other components of GAAP revenue, such as currency translation, acquisitions and divested product lines. Additionally, we do not reconcile adjusted operating profit margin (or components thereof) or adjusted diluted earnings per share to the comparable GAAP measures because of the difficulty in estimating the other unknown components such as investment gains and losses, impairments and separation costs, which would be reflected in any forecasted GAAP operating profit or forecasted diluted earnings per share.

	% Change Three-Month Period Ending March 29, 2024 vs. Comparable 2023 Period	% Change Year Ending December 31, 2024 vs. Comparable 2023 Period
Core sales growth (non-GAAP)	~ Flat	+Low-single digit
	Three-Month Period Ending March 29, 2024	Year Ending December 31, 2024
Adjusted Operating Profit Margin (non-GAAP)	23.0% to 23.5%	+50 to +75 basis
Adjusted Diluted Net Earnings per Share (non-GAAP)	\$0.73 to \$0.78	\$3.20 to \$3.30

VERALTO CORPORATION

Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin
(\$ in millions)

	<u>Three-Month Period Ended</u>		<u>Year Ended</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sales (GAAP)				
Water Quality	\$ 782	\$ 756	\$ 3,039	\$ 2,887
Product Quality & Innovation	506	492	1,982	1,983
Total Company	<u>\$ 1,288</u>	<u>\$ 1,248</u>	<u>\$ 5,021</u>	<u>\$ 4,870</u>
Sales Adjustments¹				
Water Quality	\$ —	\$ 3	\$ 6	\$ 9
Product Quality & Innovation	—	—	—	—
Total	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 9</u>
Adjusted Sales (Non-GAAP)				
Water Quality	\$ 782	\$ 759	\$ 3,045	\$ 2,896
Product Quality & Innovation	506	492	1,982	1,983
Total	<u>\$ 1,288</u>	<u>\$ 1,251</u>	<u>\$ 5,027</u>	<u>\$ 4,879</u>
Operating Profit (GAAP)				
Water Quality	\$ 194	\$ 183	\$ 730	\$ 668
Product Quality & Innovation	116	124	472	488
Other	(24)	(13)	(62)	(44)
Total Company	<u>\$ 286</u>	<u>\$ 294</u>	<u>\$ 1,140</u>	<u>\$ 1,112</u>
Amortization of Intangible Assets (GAAP)				
Water Quality	\$ 6	\$ 6	\$ 21	\$ 22
Product Quality & Innovation	6	6	27	28
Total Company	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 48</u>	<u>\$ 50</u>

VERALTO CORPORATION

Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin
(\$ in millions)

	Three-Month Period Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Other Operating Profit Adjustments²				
Water Quality	\$ 3	\$ (3)	\$ (5)	\$ (5)
Product Quality & Innovation	1	(3)	5	(13)
Other	4	(9)	(18)	(33)
Total Company	<u>\$ 8</u>	<u>\$ (15)</u>	<u>\$ (18)</u>	<u>\$ (51)</u>
Adjusted Operating Profit (non-GAAP)³				
Water Quality	\$ 203	\$ 186	\$ 746	\$ 685
Product Quality & Innovation	123	127	504	503
Other	(20)	(22)	(80)	(77)
Total Company	<u>\$ 306</u>	<u>\$ 291</u>	<u>\$ 1,170</u>	<u>\$ 1,111</u>
Operating Profit Margin (GAAP)				
Water Quality	24.8 %	24.2 %	24.0 %	23.1 %
Product Quality & Innovation	22.9 %	25.2 %	23.8 %	24.6 %
Total	<u>22.2 %</u>	<u>23.6 %</u>	<u>22.7 %</u>	<u>22.8 %</u>
Adjusted Operating Profit Margin (Non-GAAP)⁴				
Water Quality	26.0 %	24.5 %	24.5 %	23.7 %
Product Quality & Innovation	24.3 %	25.8 %	25.4 %	25.4 %
Total	<u>23.8 %</u>	<u>23.3 %</u>	<u>23.3 %</u>	<u>22.8 %</u>

¹ Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Sales Adjustments

² Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

³ Adjusted Operating Profit (non-GAAP) is defined as operating profit (GAAP) plus amortization of intangible assets (GAAP) plus (minus) Other Operating Profit Adjustments and Sales Adjustment (as defined).

⁴ Adjusted Operating Profit Margin (Non-GAAP) is defined as Adjusted Operating Profit (Non-GAAP) divided by Adjusted Sales (Non-GAAP).

VERALTO CORPORATION

Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin
(\$ in millions)

	Three-Month Period Ended December 31, 2023			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 200
Interest Expense, net				25
Income Taxes				61
Operating Profit (GAAP)	\$ 194	\$ 116	\$ (24)	\$ 286
Other Operating Profit Adjustments ²	3	1	4	8
Depreciation	6	4	—	10
Amortization of Intangible Assets	6	6	—	12
Adjusted EBITDA (Non-GAAP)	\$ 209	\$ 127	\$ (20)	\$ 316
Interest Expense, net				(25)
Income Taxes				(61)
Other Operating Profit Adjustments ²				(8)
Depreciation				(10)
Amortization of Intangible Assets				(12)
Net Earnings (GAAP)				\$ 200
Sales (GAAP)	\$ 782	\$ 506		\$ 1,288
Net Earnings Margin (GAAP)				15.5 %
Operating Profit Margin (GAAP)	24.8 %	22.9 %		22.2 %
Adjusted EBITDA Margin (Non-GAAP) ⁵	26.7 %	25.1 %		24.5 %

² Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁵ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin
(\$ in millions)

	Three-Month Period Ended December 31, 2022			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 216
Other Nonoperating (Income) Expense				(1)
Income Taxes				79
Operating Profit (GAAP)	\$ 183	\$ 124	\$ (13)	\$ 294
Other Operating Profit Adjustments ²	(3)	(3)	(9)	(15)
Depreciation	5	4	—	9
Amortization of Intangible Assets	6	6	—	12
Adjusted EBITDA (Non-GAAP)	\$ 191	\$ 131	\$ (22)	\$ 300
Other Nonoperating Income (Expense)				1
Income Taxes				(79)
Other Operating Profit Adjustments ²				15
Depreciation				(9)
Amortization of Intangible Assets				(12)
Net Earnings (GAAP)				\$ 216
Sales (GAAP)	\$ 756	\$ 492		\$ 1,248
Net Earnings Margin (GAAP)				17.3 %
Operating Profit Margin (GAAP)	24.2 %	25.2 %		23.6 %
Adjusted EBITDA Margin (Non-GAAP) ⁵	25.3 %	26.6 %		24.0 %

² Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁵ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin
(\$ in millions)

	<u>Year Ended December 31, 2023</u>			
	<u>Water Quality</u>	<u>Product Quality & Innovation</u>	<u>Other</u>	<u>Total Company</u>
Net Earnings (GAAP)				\$ 839
Interest Expense, net				30
Other Nonoperating (Income) Expense				14
Income Taxes				257
Operating Profit (GAAP)	\$ 730	\$ 472	\$ (62)	\$ 1,140
Other Operating Profit Adjustments ²	(5)	5	(18)	(18)
Depreciation	24	15	—	39
Amortization of Intangible Assets	21	27	—	48
Adjusted EBITDA (Non-GAAP)	<u>\$ 770</u>	<u>\$ 519</u>	<u>\$ (80)</u>	<u>\$ 1,209</u>
Interest Expense				(30)
Other Nonoperating Income (Expense)				(14)
Income Taxes				(257)
Other Operating Profit Adjustments ²				18
Depreciation				(39)
Amortization of Intangible Assets				(48)
Net Earnings (GAAP)				<u>\$ 839</u>
Sales (GAAP)	<u>\$ 3,039</u>	<u>\$ 1,982</u>		<u>\$ 5,021</u>
Net Earnings Margin (GAAP)				<u>16.7 %</u>
Operating Profit Margin (GAAP)	<u>24.0 %</u>	<u>23.8 %</u>		<u>22.7 %</u>
Adjusted EBITDA Margin (Non-GAAP)⁵	<u>25.3 %</u>	<u>26.2 %</u>		<u>24.1 %</u>

² Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁵ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin
(\$ in millions)

	<u>Year Ended December 31, 2022</u>			
	<u>Water Quality</u>	<u>Product Quality & Innovation</u>	<u>Other</u>	<u>Total Company</u>
Net Earnings (GAAP)				\$ 845
Other Nonoperating (Income) Expense				(1)
Income Taxes				268
Operating Profit (GAAP)	\$ 668	\$ 488	\$ (44)	\$ 1,112
Other Operating Profit Adjustments ²	(5)	(13)	(33)	(51)
Depreciation	24	16	—	40
Amortization of Intangible Assets	22	28	—	50
Adjusted EBITDA (Non-GAAP)	<u>\$ 709</u>	<u>\$ 519</u>	<u>\$ (77)</u>	<u>\$ 1,151</u>
Other Nonoperating Income (Expense)				1
Income Taxes				(268)
Other Operating Profit Adjustments ²				51
Depreciation				(40)
Amortization of Intangible Assets				(50)
Net Earnings (GAAP)				<u>\$ 845</u>
Sales (GAAP)	<u>\$ 2,887</u>	<u>\$ 1,983</u>		<u>\$ 4,870</u>
Net Earnings from Continuing Operations Margin (GAAP)				<u>17.4 %</u>
Operating Profit Margin (GAAP)	<u>23.1 %</u>	<u>24.6 %</u>		<u>22.8 %</u>
Adjusted EBITDA Margin (Non-GAAP)⁵	<u>24.6 %</u>	<u>26.2 %</u>		<u>23.6 %</u>

² Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁵ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

Trailing Twelve Month Adjusted EBITDA, Gross Leverage, and Net Leverage
(\$ in millions)

	Three-Month Period Ended			
	December 31, 2023	September 29, 2023	June 30, 2023	March 31, 2023
Net Earnings (GAAP)	200	205	209	225
Interest, Net ⁶	25	5	—	—
Other Nonoperating (Income) Expense	—	—	14	—
Income Taxes	61	63	66	67
Operating Profit (GAAP)	286	273	289	292
Other Operating Profit Adjustments ²	8	(4)	(8)	(14)
Depreciation	10	9	10	10
Amortization of Intangible Assets	12	12	12	12
Adjusted EBITDA (Non-GAAP)	316	290	303	300
Trailing Twelve Month Operating Profit (GAAP)⁷	\$ 1,140			
Trailing Twelve Month Adjusted EBITDA (Non-GAAP)⁸	\$ 1,209			
Long Term Debt ⁹	\$ 2,629			
Less: Cash ⁹	(762)			
Net Debt (Non-GAAP)	\$ 1,867			
Gross Debt to Operating Profit ¹⁰	2.31			
Net Debt to Operating Profit ¹¹	1.64			
Gross Leverage (Non-GAAP)¹²	2.17			
Net Leverage (Non-GAAP)¹³	1.54			

2 Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

6 Prior to the separation, Veralto was a part of Danaher Corporation and was dependent upon Danaher for its financing. None of Danaher's debt or interest expense was assigned to Veralto for any period prior to the three month period ended September 29, 2023. Veralto incurred \$5 million in interest expense during the three month period ended September 29, 2023 and \$25 million in interest expense during the three month period ended December 31, 2023.

7 Trailing Twelve Month Operating Profit is defined as the sum of Operating Profit for the previous four quarters.

8 Trailing Twelve Month Adjusted EBITDA (Non-GAAP) is defined as the sum of Adjusted EBITDA (Non-GAAP) for the previous four quarters.

9 Long Term Debt and Cash balance as of December 31, 2023.

10 Calculated as Long Term Debt divided by Trailing Twelve Month Operating Profit.

11 Calculated as Net Debt divided by Trailing Twelve Month Operating Profit.

12 Calculated as Long Term Debt divided by Trailing Twelve Month Adjusted EBITDA (Non-GAAP).

13 Calculated as Net Debt divided by Trailing Twelve Month Adjusted EBITDA (Non-GAAP).

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended December 31, 2023

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 1,288	\$ (542)	57.9 %	\$ 286	22.2 %	\$ 261	\$ (61)	\$ 200	\$ 0.81
Amortization of acquisition-related intangible assets ^A	—	—	—	12	0.9	12		12	0.05
Separation costs ^B	—	—	—	7	0.5	7		7	0.03
Other items ^C	—	—	—	1	0.1	1		1	—
Tax effect of the above adjustments ^G							(5)	(5)	(0.02)
Rounding	—	—	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,288</u>	<u>\$ (542)</u>	<u>57.9 %</u>	<u>\$ 306</u>	<u>23.8 %</u>	<u>\$ 281</u>	<u>\$ (66)</u>	<u>\$ 215</u>	<u>\$ 0.87</u>

Three-Month Period Ended December 31, 2023

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Interest income (expense), net
Reported (GAAP)	\$ 1,288	\$ (403)	(31.3)%	\$ (57)	(4.4)%	\$ (25)
Amortization of acquisition-related intangible assets ^A	—	12	0.9	—	—	—
Separation costs ^B	—	7	0.5	—	—	—
Other items ^C	—	1	0.1	—	—	—
Rounding	—	—	0.1	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,288</u>	<u>\$ (383)</u>	<u>(29.7)%</u>	<u>\$ (57)</u>	<u>(4.4)%</u>	<u>\$ (25)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended December 31, 2022

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of adjusted diluted net earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 1,248	\$ (537)	57.0 %	\$ 294	23.6 %	\$ 295	\$ (79)	\$ 216	\$ 0.88
Amortization of acquisition-related intangible assets ^A	—	—	—	12	1.0	12		12	0.05
Standalone Entity Adjustments ^D	3	—	0.2	(15)	(1.2)	(50)		(50)	(0.20)
Tax effect of the above adjustments ^G							11	11	0.04
Discrete tax adjustments ^H							7	7	0.03
Rounding	—	—	(0.1)	—	(0.1)	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,251</u>	<u>\$ (537)</u>	<u>57.1 %</u>	<u>\$ 291</u>	<u>23.3 %</u>	<u>\$ 257</u>	<u>\$ (61)</u>	<u>\$ 196</u>	<u>\$ 0.80</u>

Three-Month Period Ended December 31, 2022

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net	Interest income (expense), net
Reported (GAAP)	\$ 1,248	\$ (364)	(29.2)%	\$ (53)	(4.2)%	\$ 1	\$ —
Amortization of acquisition-related intangible assets ^A	—	12	1.0	—	—	—	—
Standalone Entity Adjustments ^D	3	(18)	(1.4)	—	—	—	(35)
Adjusted (Non-GAAP)	<u>\$ 1,251</u>	<u>\$ (370)</u>	<u>(29.6)%</u>	<u>\$ (53)</u>	<u>(4.2)%</u>	<u>\$ 1</u>	<u>\$ (35)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 2023

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 5,021	\$ (2,120)	57.8 %	\$ 1,140	22.7 %	\$ 1,096	\$ (257)	\$ 839	\$ 3.40
Amortization of acquisition-related intangible assets ^A	—	—	—	48	1.0	48		48	0.19
Separation costs ^B	—	—	—	7	0.1	7		7	0.03
Other items ^C	—	—	—	1	—	—		1	—
Standalone Entity Adjustments ^D	6	—	0.1	(38)	(0.8)	(138)		(138)	(0.56)
Fair value losses on investments ^E	—	—	—	—	—	15		15	0.06
Impairments and other charges ^F	—	—	—	12	0.2	12		12	0.05
Tax effect of the above adjustments ^G							15	15	0.06
Discrete tax adjustments ^H							(12)	(12)	(0.05)
Rounding	—	—	(0.1)	—	0.1	—	—	—	0.01
Adjusted (Non-GAAP)	\$ 5,027	\$ (2,120)	57.8 %	\$ 1,170	23.3 %	\$ 1,040	\$ (254)	\$ 787	\$ 3.19

Year Ended December 31, 2023

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 5,021	\$ (1,536)	(30.6)%	\$ (225)	(4.5)%	\$ (14)	\$ (30)
Amortization of acquisition-related intangible assets ^A	—	48	1.0	—	—	—	—
Separation costs ^B	—	7	0.1	—	—	—	—
Other items ^C	—	1	—	—	—	—	—
Standalone Entity Adjustments ^D	6	(44)	(0.9)	—	—	—	(100)
Fair value losses on investments ^E	—	—	—	—	—	15	—
Impairments and other charges ^F	—	12	0.2	—	—	—	—
Rounding	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	\$ 5,027	\$ (1,512)	(30.1)%	\$ (225)	(4.5)%	\$ 1	\$ (130)

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 2022

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of adjusted diluted net earnings per common share	Adjusted diluted net earnings per common share
Reported (GAAP)	\$ 4,870	\$ (2,110)	56.7 %	\$ 1,112	22.8 %	\$ 1,113	\$ (268)	\$ 845	\$ 3.43
Amortization of acquisition-related intangible assets ^A	—	—	—	50	1.0	50		50	0.20
Standalone Entity Adjustments ^D	9	—	0.2	(61)	(1.3)	(201)		(201)	(0.82)
Impairments and other charges ^F	—	—	—	10	0.2	10		10	0.04
Tax effect of the above adjustments ^G							37	37	0.15
Discrete tax adjustments ^H							(4)	(4)	(0.02)
Rounding	—	—	(0.1)	—	0.1	—	—	—	0.01
Adjusted (Non-GAAP)	<u>\$ 4,879</u>	<u>\$ (2,110)</u>	<u>56.8 %</u>	<u>\$ 1,111</u>	<u>22.8 %</u>	<u>\$ 972</u>	<u>\$ (235)</u>	<u>\$ 737</u>	<u>\$ 2.99</u>

Year Ended December 31, 2022

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net	Interest income (expense), net
Reported (GAAP)	\$ 4,870	\$ (1,431)	(29.4)%	\$ (217)	(4.5)%	\$ 1	\$ —
Amortization of acquisition-related intangible assets ^A	—	50	1.0	—	—	—	—
Standalone Entity Adjustments ^D	9	(70)	(1.4)	—	—	—	(140)
Impairments and other charges ^F	—	10	0.2	—	—	—	—
Rounding	—	—	0.1	—	0.1	—	—
Adjusted (Non-GAAP)	<u>\$ 4,879</u>	<u>\$ (1,441)</u>	<u>(29.5)%</u>	<u>\$ (217)</u>	<u>(4.4)%</u>	<u>\$ 1</u>	<u>\$ (140)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

^A Amortization of acquisition-related intangible assets in the following historical periods (\$ in millions) (only the pretax amounts set forth below are reflected in the amortization line item above):

	Three-Month Period Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Pretax	\$ 12	\$ 12	\$ 48	\$ 50
After-tax	9	10	36	38

^B Costs incurred in the three-month period and year ended December 31, 2023 related to the separation of the Company from Danaher primarily related to the equity award conversion as a result of the separation as well as other costs the Company incurred to separate from Danaher (\$7 million pretax as reported in this line item, \$5 million after-tax)

^C Costs incurred for expenses related to strategic initiatives in the three-month and year ended December 31, 2023 (\$1 million pretax as reported in this line item, \$1 million after-tax).

^D This amount encompasses management estimates of operating as a standalone entity. The management estimate includes recurring and ongoing costs required to operate new functions required for a public company such as certain corporate functions including finance, tax, legal, human resources and other general and administrative related functions. The estimate also includes an adjustment to sales related to the impact of the framework agreement governing certain commercial arrangements between subsidiaries of Danaher and Veralto, the adjustment is calculated by applying the commercial pricing in the agreement to historical purchases of goods and services by the Parent from Veralto. This estimate also includes interest costs associated with the post-separation capital structure, including the issuance of approximately \$2.6 billion of long-term debt at a weighted average interest rate of 5.2%. The pretax and after-tax effect of these estimates are summarized below:

	Three-Month Period Ended		Year Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Pretax	\$ —	\$ (50)	\$ (138)	\$ (201)
After-tax	—	(37)	(103)	(150)

^E Fair value loss related to an impairment of an equity method investment for the year ended December 31, 2023 (\$15 million pretax as reported in this line item, \$11 million after-tax).

^F Impairment charge related to tradenames and customer relationships in the Product Quality & Innovation segment for the year ended December 31, 2023 (\$12 million pretax as reported in this line item, \$10 million after-tax). Impairment charges related to technology and customer relationships in the Water Quality segment for the year ended December 31, 2022 (\$9 million pretax as reported in this line item, \$7 million after-tax). Additionally, during 2022 charges incurred primarily related to impairments of accounts receivable and inventory in Russia in the Product Quality & Innovation segment (\$1 million pretax as reported in this line item, \$1 million after-tax).

^G This line item reflects the aggregate tax effect of all nontax adjustments reflected in the preceding line items of the table. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. Veralto estimates the tax effect of each adjustment item by applying Veralto's overall estimated effective tax rate to the pretax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment.

^H Discrete tax matters relate to changes in estimates associated with prior period uncertain tax positions, audit settlements and excess tax benefits from stock-based compensation.

VERALTO CORPORATION

Operating Profit Margins and Year-Over-Year Core Operating Margin Changes

	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Three-Month Period Ended December 31, 2022 Operating Profit Margins from Continuing Operations (GAAP)	23.60 %	24.20 %	25.20 %
Fourth quarter 2023 impact from operating profit margins of businesses that have been owned for less than one year	0.20	—	0.50
The impact of Argentine Peso devaluation on operations within the Product Quality & Innovation segment	(1.30)		(3.30)
Costs incurred as a result of the separation from Danaher	(0.55)	(0.20)	(0.25)
Year-over-year core operating profit margin changes for the fourth quarter 2023 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	0.25	0.80	0.75
Three-Month Period Ended December 31, 2023 Operating Profit Margins from Continuing Operations (GAAP)	22.20 %	24.80 %	22.90 %
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Year Ended December 31, 2022 Operating Profit Margins from Continuing Operations (GAAP)	22.80 %	23.10 %	24.60 %
Full year 2023 impact from operating profit margins of businesses that have been owned for less than one year	0.15	—	0.35
The impact of Argentine Peso devaluation on operations within the Product Quality & Innovation segment	(0.55)		(1.45)
Costs incurred as a result of the separation from Danaher	(0.15)	(0.05)	(0.05)
2023 impairment charge related to customer relationships and a trade name in the Product Quality and Innovation segment, net of third quarter year-to-date 2022 impairment charge related to technology and customer relationships in the Water Quality segment	(0.20)	—	(0.60)
2022 impairments of accounts receivable and inventory	0.20	0.30	0.05
Year-over-year core operating profit margin changes for full year 2022 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	0.45	0.65	0.90
Year Ended December 31, 2023 Operating Profit Margins from Continuing Operations (GAAP)	22.70 %	24.00 %	23.80 %

VERALTO CORPORATION

Cash Flow, Free Cash Flow, Operating Cash Flow to Net Earnings Ratio and Free Cash Flow to Net Earnings Conversion Ratio

(\$ in millions)

	Three-Month Period Ended		Year-over-Year Change	Year Ended		Year-over-Year Change
	December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022	
Total Cash Flows:						
Net cash provided by operating activities (GAAP)	\$ 263	\$ 337		\$ 963	\$ 870	
Total cash used in investing activities (GAAP)	\$ (22)	\$ (12)		\$ (55)	\$ (89)	
Total cash provided by (used in) financing activities (GAAP)	\$ 97	\$ (325)		\$ (135)	\$ (781)	
Free Cash Flow:						
Total cash provided by operating activities (GAAP)	\$ 263	\$ 337	~(22.0)%	\$ 963	\$ 870	~10.5 %
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(22)	(8)		(54)	(34)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	—	—		2	—	
Free cash flow (non-GAAP)	<u>\$ 241</u>	<u>\$ 329</u>	~(26.5)%	<u>\$ 911</u>	<u>\$ 836</u>	~9.0 %
Operating Cash Flow to Net Earnings Ratio (GAAP)						
Net cash provided by operating activities (GAAP)	\$ 263	\$ 337		\$ 963	\$ 870	
Net earnings (GAAP)	<u>\$ 200</u>	<u>\$ 216</u>		<u>\$ 839</u>	<u>\$ 845</u>	
Operating cash flow to net earnings conversion ratio	<u>1.32</u>	<u>1.56</u>		<u>1.15</u>	<u>1.03</u>	
Free Cash Flow to Net Earnings Conversion Ratio (non-GAAP):						
Free cash flow from above (non-GAAP)	\$ 241	\$ 329		\$ 911	\$ 836	
Net earnings (GAAP)	<u>\$ 200</u>	<u>\$ 216</u>		<u>\$ 839</u>	<u>\$ 845</u>	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.21</u>	<u>1.52</u>		<u>1.09</u>	<u>0.99</u>	

We define free cash flow as operating cash flows, less payments for additions to property, plant and equipment (“capital expenditures”) plus the proceeds from sales of plant, property and equipment (“capital disposals”).

Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures set forth above should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that these measures provide useful information to investors by offering additional ways of viewing Veralto Corporation's ("Veralto" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors:

- with respect to the profitability-related non-GAAP measures, understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers;
- with respect to core sales and related sales measures, identify underlying growth trends in our business and compare our sales performance with prior and future periods and to our peers; and
- with respect to free cash flow and related cash flow measures (the "FCF Measure"), understand Veralto's ability to generate cash without external financings, strengthen its balance sheet, invest in its business and grow its business through acquisitions and other strategic opportunities (although a limitation of free cash flow is that it does not take into account the Company's non-discretionary expenditures, and as a result the entire free cash flow amount is not necessarily available for discretionary expenditures).

Management uses these non-GAAP measures to measure the Company's operating and financial performance.

- The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:
 - Amortization of Intangible Assets: We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe however that it is important for investors to understand that such intangible assets contribute to sales generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
 - Restructuring Charges: We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements, as well as the inconsistent frequency, of such plans) from the ongoing productivity improvements that result from application of the Veralto Enterprise System. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business and we believe are not indicative of Veralto's ongoing operating costs in a given period, we exclude these costs to facilitate a more consistent comparison of operating results over time.
 - Other Adjustments: With respect to the other items excluded from the profitability-related non-GAAP measures, we exclude these items because they are of a nature and/or size that occur with inconsistent frequency, occur for reasons that may be unrelated to Veralto's commercial performance during the period and/or we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult.
 - Standalone Adjustments: We believe these adjustments provide additional insight into how our businesses are performing, on a normalized basis. However, these non-GAAP financial measures should not be construed as inferring that our future results will be unaffected by the items for which the measure adjusts.
- With respect to core operating profit margin changes, in addition to the explanation set forth in the bullets above relating to "restructuring charges" and "other adjustments", we exclude the impact of businesses owned for less than one year (or disposed of during such period and not treated as discontinued operations) because the timing, size, number and nature of such transactions can vary significantly from period to period and may obscure underlying business trends and make comparisons of long-term performance difficult.

Statement Regarding Non-GAAP Measures

- We calculate adjusted EBITDA by adding to operating profit amounts equal to depreciation and amortization and making the other adjustments reflected in the applicable tables above, which allows us to calculate and disclose such measure by segment. Given Veralto's diversification, we believe this helps our investors compare the profitability of our individual segments to peer companies with like business lines.
- With respect to core sales related measures, (1) we exclude the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends, and (2) we exclude the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly from period-to-period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to the FCF Measure, we exclude payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.
- We calculate gross leverage and net leverage as the ratio of debt and net debt (defined as total debt less cash and cash equivalents) to trailing twelve month adjusted EBITDA. Trailing Twelve Month EBITDA is an ongoing liquidity measure and is calculated as the sum of adjusted EBITDA for the previous four quarters. We believe these liquidity measures help our investors to assess our liquidity relative to peer companies.

Veralto™