

Veralto™

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# Fourth Quarter and Full Year 2025 Results

February 3, 2026

## Forward Looking Statements

Certain statements in this presentation, including the statement regarding the Company's first quarter and full year 2026 financial performance, 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, asset values, pricing, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other projected financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, customer demand, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs, initial public offerings, other securities offerings or other distributions, strategic opportunities, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets Veralto sells into; the impact of global trade policies, tariffs, restrictions on imports, related countermeasures and reciprocal tariffs; future new or modified laws, regulations, accounting pronouncements or public policy changes; regulatory approvals and the timing and conditionality thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; results of operations and/or financial condition; 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. These forward-looking statements speak only as of the date of this presentation 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.



# Opening Remarks

Jennifer L. Honeycutt

President and Chief Executive Officer

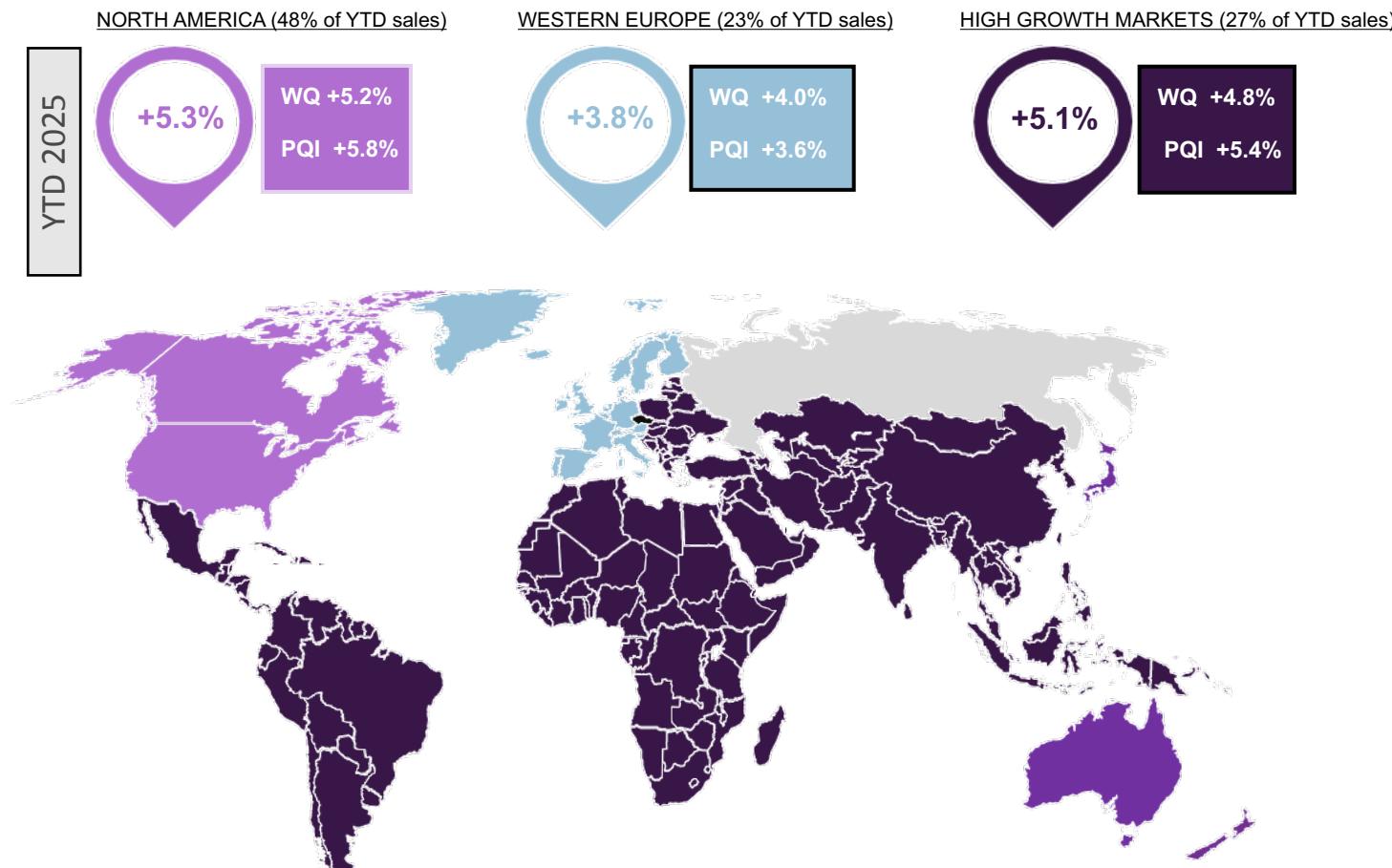
# Veralto / Full Year 2025 key consolidated financial results



\*See appendix for reconciliations to non-GAAP measures

**FY 2025 Financial Results Reflect Strong Commercial and Operational Execution**

# Veralto / Core sales growth<sup>(1)</sup> by region for YTD 2025



<sup>(1)</sup> Geographic core sales growth excludes impact from acquisitions, divestitures and management estimates for currency translation. It is not adjusted for intercompany sales, returns or allowances.

Japan, Australia and New Zealand represent ~2% of annual sales

## 2025 Commentary

### North America:

- **WQ:** strong growth in water treatment led by broad-based industrial and municipal wastewater demand; steady water analytics growth
- **PQI:** growth driven by consumables and equipment volumes across both marking and coding and packaging and color

### Western Europe:

- **WQ:** growth led by water analytics and VES-driven commercial execution; demand steady across municipalities and industrials
- **PQI:** growth led by both packaging and color and marking and coding

### High Growth Markets:

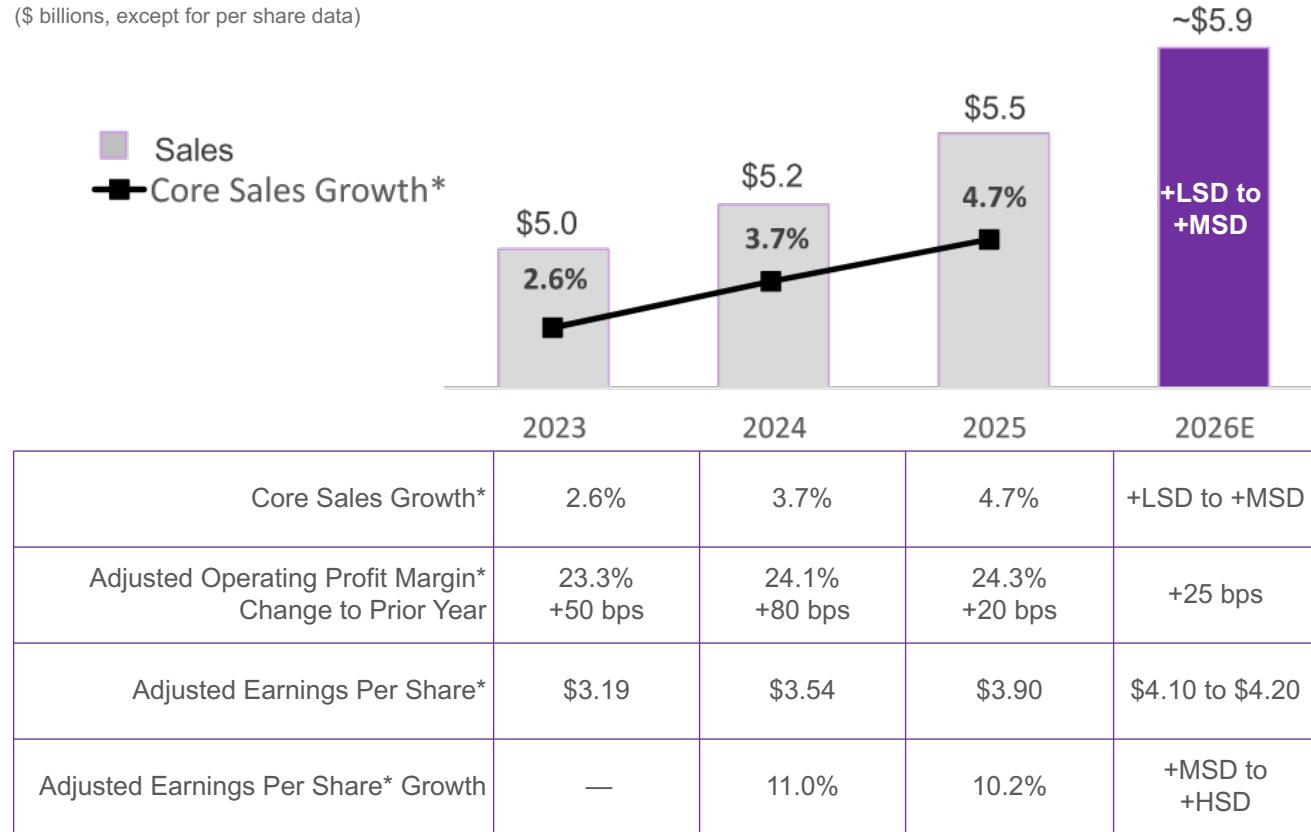
- Strong growth in LATAM, India and Middle East across both segments
- China sales grew modestly in 2025, led by PQI

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

# Veralto / Delivering Consistent Growth and Margin Expansion

## Key Financial Statistics

(\$ billions, except for per share data)



## Key 2025 Business Drivers

- Strong Commercial Execution:**
  - Rigorous use of VES Growth Tools
  - Improved commercial architecture
- Targeted Geographic Growth:**
  - LATAM, India, Middle East
- Enhanced Service Offerings:**
  - Increased support across installed base
  - Improved attachment rate on new equipment
- New Product Innovation (examples):**
  - WQ: Ammonia Analyzer, Chemkeys
  - PQI: UV Laser, AI-driven capabilities in Esko digital workflow solutions

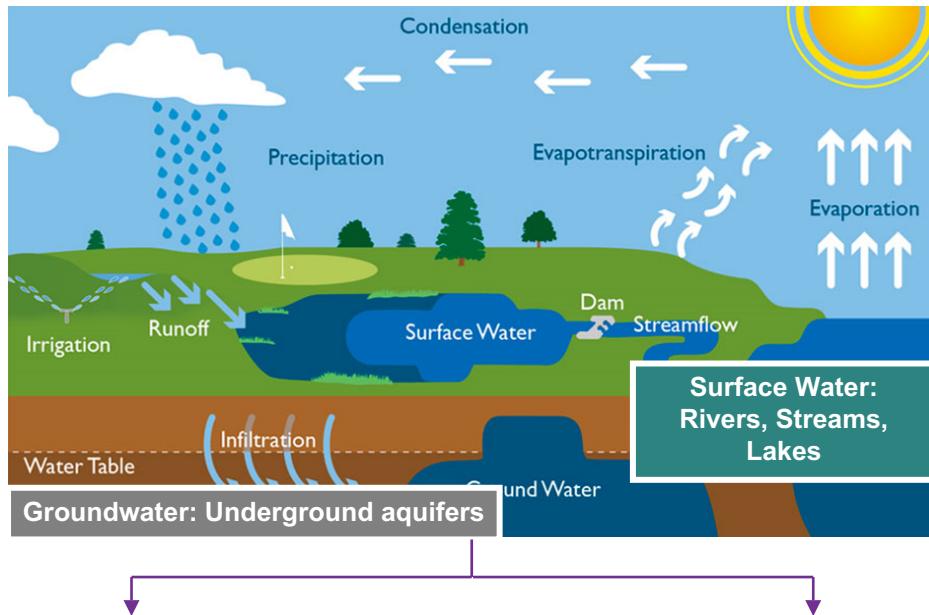
Note: 2026E Adjusted Operating Profit Margin guidance includes ~(25) basis points of margin dilution from the acquisition of In-Situ

\*See appendix for reconciliations of 2025 and 2024 non-GAAP measures. Historical reconciliations for periods prior to 2024 are available in our previously published earnings presentations.

## Accelerated Core Sales Growth and Expanded Margins Have Driven Strong Earnings Growth

# Environmental Water / Protecting a Vital Resource

## Water Cycle



## Groundwater Management

- Preservation of aquifers
- Detection of pollutants
- Public health / irrigation

## Surface Water Management

- Municipal and industrial water allocation
- Flood events / public safety

## Challenges

### Quantity

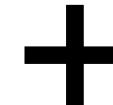
- Droughts / overuse - not enough water
- Heavy rains / floods - excessive water
- Water is in the wrong place

### Quality

- Regulatory non-compliance
- Pollution intensification
- Water ecosystem health

**Increasing Need to Safeguard Water Resources and Enhance Water Cycle Resilience**

# OTT + In-Situ / Complementary Product Portfolios



QUALITY



QUANTITY



QUALITY



QUANTITY



Leader in Proactive Monitoring Capabilities Across Environmental Water Ecosystem



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# Financial Review

Sameer Ralhan

SVP and Chief Financial Officer

Q4 2025 Results | February 3, 2026

# Veralto / Q4 2025 consolidated performance

\$ millions, except per share data	Q4 2024	Q4 2025	YOY Variance
Sales	\$1,345	\$1,396	+3.8%
Core Sales Growth*	4.6%	1.6%	
Gross Profit	\$801	\$828	+3.4%
Gross Profit Margin	59.6%	59.3%	(30) bps
Adjusted Operating Profit*	\$320	\$343	+7.2%
Adjusted Operating Profit Margin*	23.8%	24.6%	+80 bps
Adjusted Net Diluted Earnings Per Share*	\$0.95	\$1.04	+9.5%
Free Cash Flow*	\$263	\$291	+10.6%

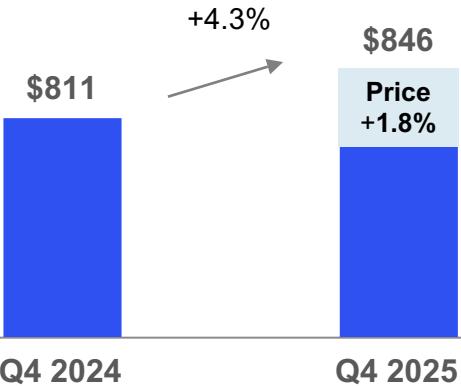
\*See appendix for reconciliations to non-GAAP measures

- **Sales grew +3.8% year-over-year:**
  - Core sales\*: +1.6%
  - Currency: +2.5%
  - Acquisitions & divestitures: (0.3)%
- **Gross profit margin down (30) bps:**
  - Benefit from pricing offset by mix, increased manufacturing costs and transactional FX
- **Adjusted operating profit margin\* up 80 basis points:**
  - PQI +160 bps
  - WQ +40 bps
  - Normalized level of growth/cost investments
- **Free cash flow\* of \$291m:**
  - 115% free cash flow conversion\*

# Water Quality / Q4 and YTD 2025 performance

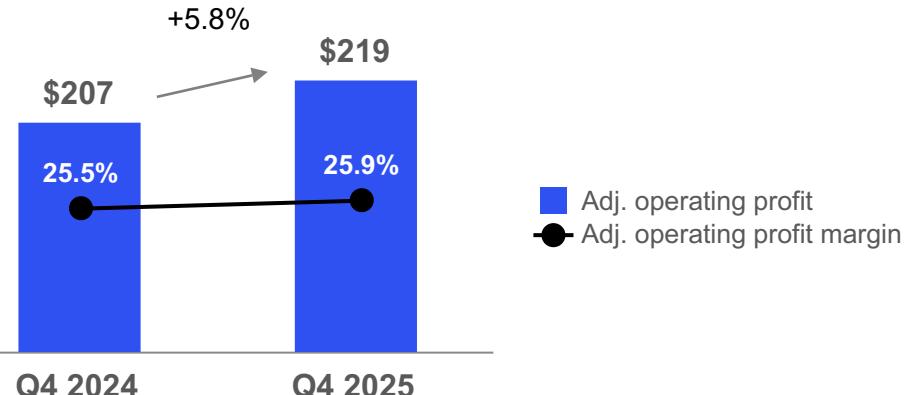
(\$ millions, variances versus prior year period)

## Q4 SALES

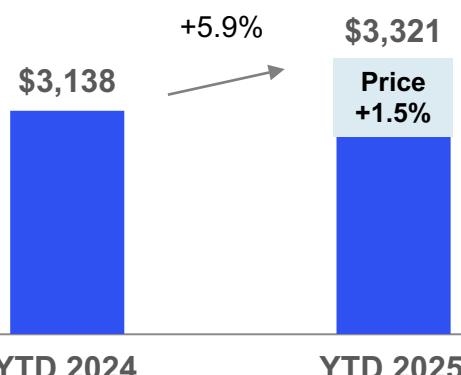


Three months ended		
YOY Change in Sales	Q4 2024	Q4 2025
Core Growth*	+4.9%	+1.4%
Currency	(0.6)%	+2.4%
M&A	(0.6)%	+0.5%
Total Growth	+3.7%	+4.3%

## Q4 ADJUSTED OPERATING PROFIT \*

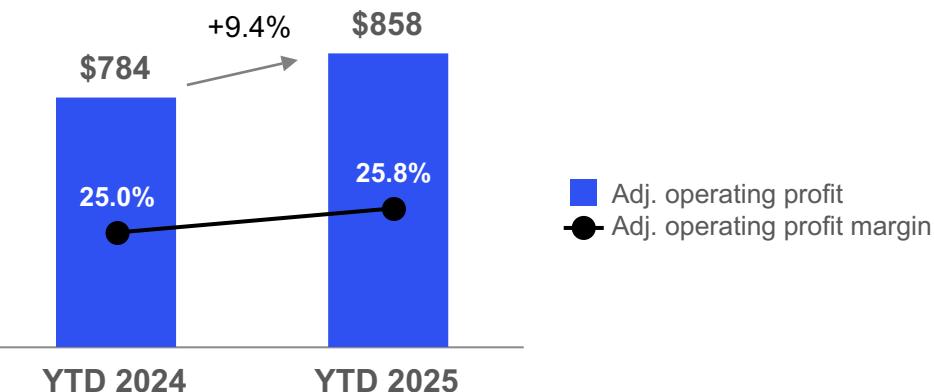


## YTD SALES



Year Ended		
YOY Change in Sales	2024	2025
Core Growth*	+3.9%	+4.7%
Currency	(0.4)%	+1.0%
M&A	(0.3)%	+0.2%
Total Growth	+3.2%	+5.9%

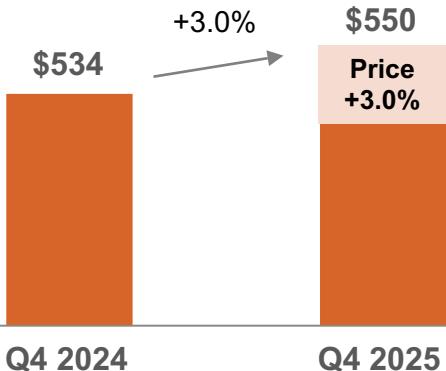
## YTD ADJUSTED OPERATING PROFIT \*



# Product Quality & Innovation / Q4 and YTD 2025 performance

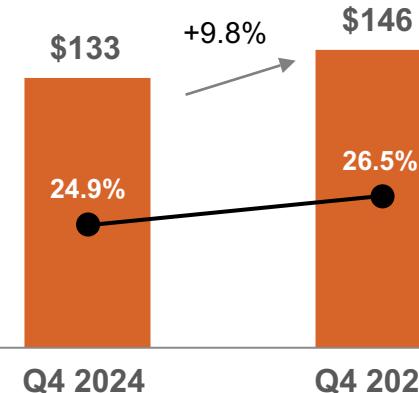
(\$ millions, variances versus prior year period)

## Q4 SALES



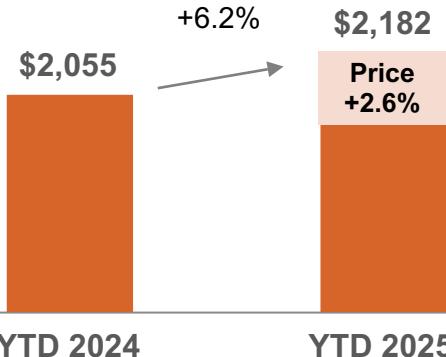
YOY Change in Sales	Three months ended	
	Q4 2024	Q4 2025
Core Growth*	+4.1%	+1.8%
Currency	(0.3)%	+2.8%
M&A	+1.6%	(1.6)%
Total Growth	+5.4%	+3.0%

## Q4 ADJUSTED OPERATING PROFIT \*



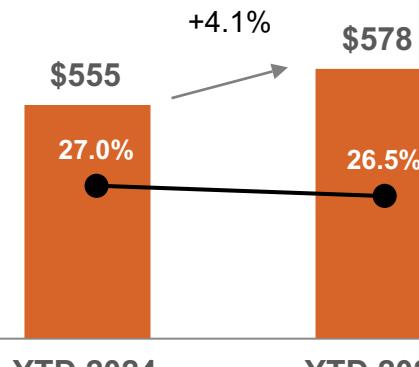
Adj. operating profit  
Adj. operating profit margin

## YTD SALES



YOY Change in Sales	Year Ended	
	2024	2025
Core Growth*	+3.3%	+4.8%
Currency	—%	+1.5%
M&A	+0.4%	(0.1)%
Total Growth	+3.7%	+6.2%

## YTD ADJUSTED OPERATING PROFIT \*



Adj. operating profit  
Adj. operating profit margin

# Veralto / Q4 2025 key consolidated financial results

(\$ millions)

Q4 2025	
Cash from operations	\$311
Capital expenditures	\$(20)
<b>Free cash flow*</b>	<b>\$291</b>
<b>Free cash flow conversion*</b>	<b>115%</b>
Year End 2025	
Cash and cash equivalents	\$2,031
Gross debt	\$2,673
Net debt*	\$642

## Financial position summary:

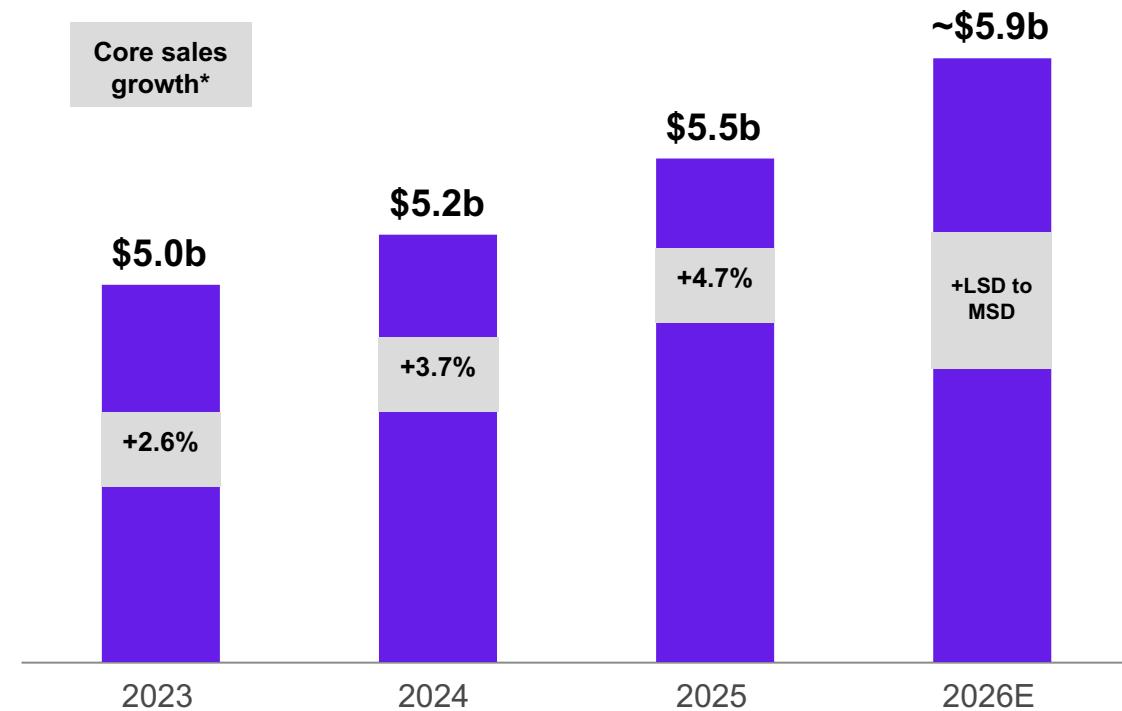
- Strong annual cash generation
- Resilient, capital-light business model
- Gross leverage\* at 1.9x
- Net leverage\* at 0.5x

\* See appendix for reconciliations to non-GAAP measures

# Veralto / Q1 and FY 2026 guidance

	<b>Q1 2026E</b>	<b>FY 2026E</b>
Core Sales Growth*	~flat to +LSD	+LSD to MSD
Adjusted Operating Profit Margin*	~24.5%	+25 basis points
Adjusted EPS*	\$0.97 to \$1.01	\$4.10 to \$4.20
Free Cash Flow Conversion*	—	~100%

## Annual Sales and Core Sales Growth\*



Notes: Adjusted Operating Profit Margin guidance includes ~(25) basis points of margin dilution from the acquisition of In-Situ for both Q1 and FY 2026E

\*See appendix for reconciliations to non-GAAP measures



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# Closing Remarks

Jennifer L. Honeycutt

## ATTRACTIVE SECULAR GROWTH DRIVERS

## PREMIER FINANCIAL PROFILE and DURABLE BUSINESS MODEL

## PROVEN VALUE CREATION PLAYBOOK



Safeguarding the World's Most Vital Resources™

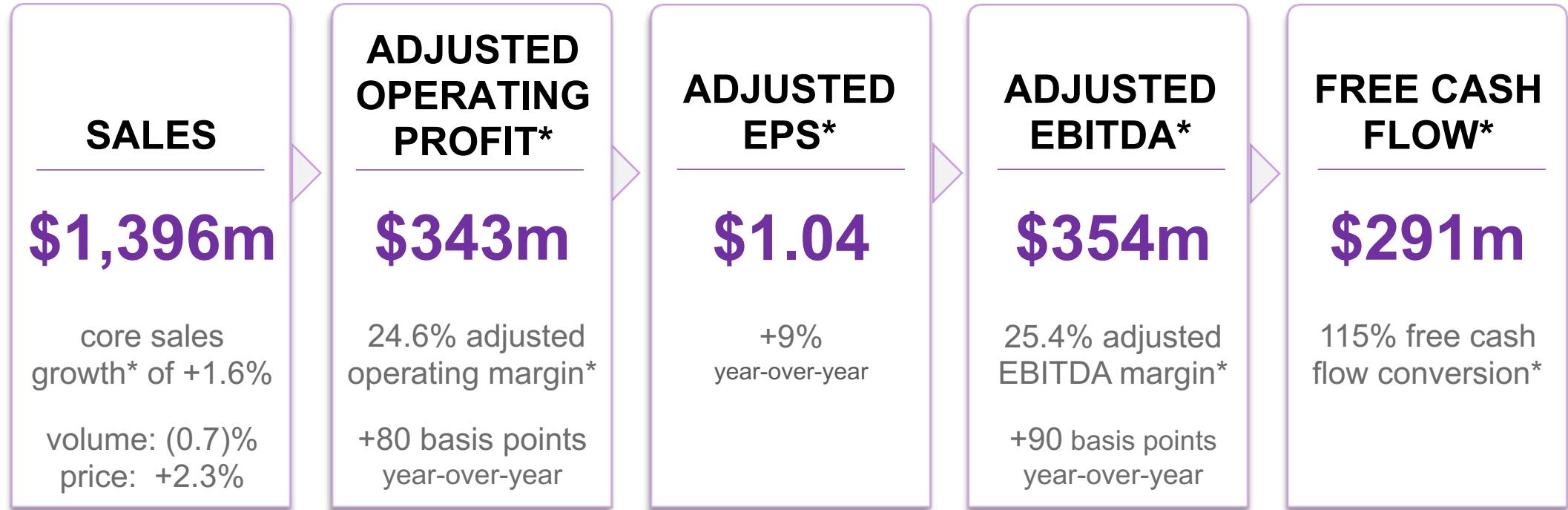
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# Appendix

Q4 2025 Results | February 3, 2026

# Veralto / Q4 2025 key consolidated financial results



\*See appendix for reconciliations to non-GAAP measures

**Q4 2025 Highlighted by 9% Adjusted EPS Growth and 115% Free Cash Flow Conversion**

# Veralto / 2026E Modeling Items

		<b>Q1 2026E</b>	<b>FY 2026E</b>
Year-over-year Sales assumptions	Core sales growth (non-GAAP)	~flat to +LSD	+LSD to +MSD
	Acquisitions/divestitures <sup>(1)</sup>	~0.5%	~1.5%
	Currency exchange rates impact on sales <sup>(2)</sup>	~3.0% - 3.5%	~1.0% - 1.5%
	Total sales growth (GAAP)	+MSD	+MSD to +HSD
Other key assumptions			
	Corporate expense <sup>(3)</sup>	\$20m to \$25m	\$100m to \$110m
	Interest expense, net	\$23m to \$25m	\$95m to \$100m
	Effective Tax Rate	~21%	~21%
	Average diluted shares	~250m	~250m
	Capital expenditures	—	1.0% to 1.5% of sales

(1) Primarily reflects the In-Situ acquisition, net of divestitures

(2) Impact of currency exchange rates on sales if rates in effect as of December 31, 2025 prevailed throughout the remainder of 2026

(3) Corporate expense reported as "other" under Operating Profit



VERALTO CORPORATION

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

AND SUPPLEMENTAL FORWARD-LOOKING INFORMATION

THREE-MONTH PERIODS AND YEARS ENDED DECEMBER 31, 2025 AND DECEMBER 31, 2024

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## FORWARD-LOOKING STATEMENTS DISCLOSURE

Certain statements in this document, including the statements regarding the Company's first quarter and full year 2026 financial performance and 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, asset values, pricing, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other projected financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, customer demand, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs, initial public offerings, other securities, offerings or other distributions, strategic opportunities, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets Veralto sells into; the impact of global trade policies, tariffs, restrictions on imports, related countermeasures and reciprocal tariffs; future new or modified laws, regulations, accounting pronouncements or public policy changes; regulatory approvals and the timing and conditionality thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; results of operations and/or financial condition; 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. 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.

For the reconciliations of 2023 GAAP to non-GAAP financial measures, refer to the Appendix of the 2024 Earnings Presentation for the three months and year ended December 31, 2024, published on February 5, 2025.

VERALTO CORPORATION

Sales Growth by Segment, Core Sales Growth by Segment

	% Change Three-Month Period Ended December 31, 2025 vs. Comparable 2024 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.8 %	4.3 %	3.0 %
Impact of:			
Acquisitions/divestitures	0.3 %	(0.5)%	1.6 %
Currency exchange rates	(2.5)%	(2.4)%	(2.8)%
Core sales growth (non-GAAP)	1.6 %	1.4 %	1.8 %

	% Change Year Ended December 31, 2025 vs. Comparable 2024 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	6.0 %	5.9 %	6.2 %
Impact of:			
Acquisitions/divestitures	(0.1)%	(0.2)%	0.1 %
Currency exchange rates	(1.2)%	(1.0)%	(1.5)%
Core sales growth (non-GAAP)	4.7 %	4.7 %	4.8 %

VERALTO CORPORATION

Sales Growth by Segment, Core Sales Growth by Segment

	% Change Three-Month Period Ended December 31, 2024 vs. Comparable 2023 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	4.4 %	3.7 %	5.4 %
Impact of:			
Acquisitions/divestitures	(0.3)%	0.6 %	(1.6)%
Currency exchange rates	0.5 %	0.6 %	0.3 %
Core sales growth (non-GAAP)	4.6 %	4.9 %	4.1 %

	% Change Year Ended December 31, 2024 vs. Comparable 2023 Period		
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.4 %	3.2 %	3.7 %
Impact of:			
Acquisitions/divestitures	— %	0.3 %	(0.4)%
Currency exchange rates	0.3 %	0.4 %	— %
Core sales growth (non-GAAP)	3.7 %	3.9 %	3.3 %

# VERALTO CORPORATION

## Forecasted Core Sales Growth, Adjusted Operating Profit Margin, Adjusted Diluted Net Earnings per Share and Free Cash Flow to Net Earnings Conversion Ratio

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), adjusted diluted earnings per share or free cash flow to net earnings conversion ratio 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, forecasted diluted earnings per share or forecasted net earnings ratio.

	% Change Three-Month Period Ended April 3, 2026 vs. Comparable 2025 Period
Core sales growth (non-GAAP)	~flat to low-single digits
	Three-Month Period Ending April 3, 2026
Adjusted operating profit margin (non-GAAP)	~24.5%
Adjusted diluted net earnings per share (non-GAAP)	\$0.97 to \$1.01
	% Change Year Ended December 31, 2026 vs. Comparable 2025 Period
Core sales growth (non-GAAP)	+Low-to-mid-single digits
	Year Ending December 31, 2026
Adjusted operating profit margin (non-GAAP)	+25 basis points
Adjusted diluted net earnings per share (non-GAAP)	\$4.10 to \$4.20
Free cash flow to net earnings conversion ratio (non-GAAP)	~100%

**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, 2025	December 31, 2024	December 31, 2025	December 31, 2024
<b>Sales (GAAP)</b>				
Water Quality	\$ 846	\$ 811	\$ 3,321	\$ 3,138
Product Quality & Innovation	550	534	2,182	2,055
Total Company	<u>\$ 1,396</u>	<u>\$ 1,345</u>	<u>\$ 5,503</u>	<u>\$ 5,193</u>
<b>Operating Profit (GAAP)</b>				
Water Quality	\$ 213	\$ 204	\$ 844	\$ 768
Product Quality & Innovation	136	124	549	529
Other	(33)	(20)	(116)	(89)
Total Company	<u>\$ 316</u>	<u>\$ 308</u>	<u>\$ 1,277</u>	<u>\$ 1,208</u>
<b>Amortization of Intangible Assets (GAAP)</b>				
Water Quality	\$ 2	\$ 3	\$ 10	\$ 16
Product Quality & Innovation	7	7	26	22
Total Company	<u>\$ 9</u>	<u>\$ 10</u>	<u>\$ 36</u>	<u>\$ 38</u>
<b>Other Operating Profit Adjustments<sup>1</sup></b>				
Water Quality	\$ 4	\$ —	\$ 4	\$ —
Product Quality & Innovation	\$ 3	\$ 2	\$ 3	\$ 4
Other	\$ 11	\$ —	\$ 17	\$ 1
Total Company	<u>\$ 18</u>	<u>\$ 2</u>	<u>\$ 24</u>	<u>\$ 5</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, 2025	December 31, 2024	December 31, 2025	December 31, 2024
<b>Adjusted Operating Profit (Non-GAAP)<sup>2</sup></b>				
Water Quality	\$ 219	\$ 207	\$ 858	\$ 784
Product Quality & Innovation	146	133	578	555
Other	(22)	(20)	(99)	(88)
<b>Total Company</b>	<b>\$ 343</b>	<b>\$ 320</b>	<b>\$ 1,337</b>	<b>\$ 1,251</b>
<b>Operating Profit Margin (GAAP)</b>				
Water Quality	25.2 %	25.2 %	25.4 %	24.5 %
Product Quality & Innovation	24.7 %	23.2 %	25.2 %	25.7 %
<b>Total</b>	<b>22.6 %</b>	<b>22.9 %</b>	<b>23.2 %</b>	<b>23.3 %</b>
<b>Adjusted Operating Profit Margin (Non-GAAP)<sup>3</sup></b>				
Water Quality	25.9 %	25.5 %	25.8 %	25.0 %
Product Quality & Innovation	26.5 %	24.9 %	26.5 %	27.0 %
<b>Total</b>	<b>24.6 %</b>	<b>23.8 %</b>	<b>24.3 %</b>	<b>24.1 %</b>

<sup>1</sup> 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.

<sup>2</sup> Adjusted Operating Profit (Non-GAAP) is defined as operating profit (GAAP) plus amortization of intangible assets (GAAP) plus (minus) Other Operating Profit Adjustments.

<sup>3</sup> Adjusted Operating Profit Margin (Non-GAAP) is defined as Adjusted Operating Profit (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)**

	<b>Three-Month Period Ended December 31, 2025</b>				<b>Total Company</b>
	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>	<b>Other</b>	<b>Total Company</b>	
<b>Net Earnings (GAAP)</b>					<b>\$ 254</b>
Interest Expense, net					20
Other Nonoperating (Income) Expense					3
Income Taxes					39
<b>Operating Profit (GAAP)</b>	<b>\$ 213</b>	<b>\$ 136</b>	<b>\$ (33)</b>	<b>\$ 316</b>	
Other Operating Profit Adjustments <sup>1</sup>	4	3	11	18	
Depreciation	6	4	1	11	
Amortization of Intangible Assets	2	7	—	9	
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 225</b>	<b>\$ 150</b>	<b>\$ (21)</b>	<b>\$ 354</b>	
Interest Expense, net					(20)
Other Nonoperating Income (Expense)					(3)
Income Taxes					(39)
Other Operating Profit Adjustments <sup>1</sup>					(18)
Depreciation					(11)
Amortization of Intangible Assets					(9)
<b>Net Earnings (GAAP)</b>					<b>\$ 254</b>
<b>Sales (GAAP)</b>	<b>\$ 846</b>	<b>\$ 550</b>		<b>\$ 1,396</b>	
<b>Net Earnings Margin (GAAP)</b>					<b>18.2 %</b>
<b>Operating Profit Margin (GAAP)</b>		<b>25.2 %</b>	<b>24.7 %</b>		<b>22.6 %</b>
<b>Adjusted EBITDA Margin (Non-GAAP)</b> <sup>4</sup>		<b>26.6 %</b>	<b>27.3 %</b>		<b>25.4 %</b>

<sup>1</sup> 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.

<sup>4</sup> 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)**

	<b>Three-Month Period Ended December 31, 2024</b>			
	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>	<b>Other</b>	<b>Total Company</b>
<b>Net Earnings (GAAP)</b>				\$ 227
Interest Expense, net				28
Income Taxes				53
<b>Operating Profit (GAAP)</b>	\$ 204	\$ 124	\$ (20)	\$ 308
Other Operating Profit Adjustments <sup>1</sup>	—	2	—	2
Depreciation	6	3	1	10
Amortization of Intangible Assets	3	7	—	10
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 213</u>	<u>\$ 136</u>	<u>\$ (19)</u>	<u>\$ 330</u>
Interest Expense, net				(28)
Income Taxes				(53)
Other Operating Profit Adjustments <sup>1</sup>				(2)
Depreciation				(10)
Amortization of Intangible Assets				(10)
<b>Net Earnings (GAAP)</b>				<u>\$ 227</u>
<b>Sales (GAAP)</b>	\$ 811	\$ 534		\$ 1,345
<b>Net Earnings Margin (GAAP)</b>				16.9 %
<b>Operating Profit Margin (GAAP)</b>		25.2 %	23.2 %	22.9 %
<b>Adjusted EBITDA Margin (Non-GAAP)</b> <sup>4</sup>		26.3 %	25.5 %	24.5 %

<sup>1</sup> 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.

<sup>4</sup> 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)**

	<b>Year Ended December 31, 2025</b>			
	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>	<b>Other</b>	<b>Total Company</b>
<b>Net Earnings (GAAP)</b>				<b>\$ 940</b>
Interest Expense, net				96
Other Nonoperating (Income) Expense				8
Income Taxes				233
<b>Operating Profit (GAAP)</b>	<b>\$ 844</b>	<b>\$ 549</b>	<b>\$ (116)</b>	<b>\$ 1,277</b>
Other Operating Profit Adjustments <sup>1</sup>	4	3	17	24
Depreciation	26	15	1	42
Amortization of Intangible Assets	10	26	—	36
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 884</b>	<b>\$ 593</b>	<b>\$ (98)</b>	<b>\$ 1,379</b>
Interest Expense				(96)
Other Nonoperating Income (Expense)				(8)
Income Taxes				(233)
Other Operating Profit Adjustments <sup>1</sup>				(24)
Depreciation				(42)
Amortization of Intangible Assets				(36)
<b>Net Earnings (GAAP)</b>				<b>\$ 940</b>
<b>Sales (GAAP)</b>	<b>\$ 3,321</b>	<b>\$ 2,182</b>		<b>\$ 5,503</b>
<b>Net Earnings Margin (GAAP)</b>				<b>17.1 %</b>
<b>Operating Profit Margin (GAAP)</b>		<b>25.4 %</b>	<b>25.2 %</b>	<b>23.2 %</b>
<b>Adjusted EBITDA Margin (Non-GAAP)</b> <sup>4</sup>		<b>26.6 %</b>	<b>27.2 %</b>	<b>25.1 %</b>

<sup>1</sup> 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.

<sup>4</sup> 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)**

	<b>Year Ended December 31, 2024</b>			
	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>	<b>Other</b>	<b>Total Company</b>
<b>Net Earnings (GAAP)</b>				<b>\$ 833</b>
Interest Expense, net				113
Other Nonoperating (Income) Expense				9
Income Taxes				253
<b>Operating Profit (GAAP)</b>	<b>\$ 768</b>	<b>\$ 529</b>	<b>\$ (89)</b>	<b>\$ 1,208</b>
Other Operating Profit Adjustments <sup>1</sup>	—	4	1	5
Depreciation	25	14	1	40
Amortization of Intangible Assets	16	22	—	38
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 809</b>	<b>\$ 569</b>	<b>\$ (87)</b>	<b>\$ 1,291</b>
Interest Expense				(113)
Other Nonoperating Income (Expense)				(9)
Income Taxes				(253)
Other Operating Profit Adjustments <sup>1</sup>				(5)
Depreciation				(40)
Amortization of Intangible Assets				(38)
<b>Net Earnings (GAAP)</b>				<b>\$ 833</b>
<b>Sales (GAAP)</b>	<b>\$ 3,138</b>	<b>\$ 2,055</b>		<b>\$ 5,193</b>
<b>Net Earnings Margin (GAAP)</b>				<b>16.0 %</b>
<b>Operating Profit Margin (GAAP)</b>		<b>24.5 %</b>	<b>25.7 %</b>	<b>23.3 %</b>
<b>Adjusted EBITDA Margin (Non-GAAP)</b> <sup>4</sup>		<b>25.8 %</b>	<b>27.7 %</b>	<b>24.9 %</b>

<sup>1</sup> 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.

<sup>4</sup> 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, 2025	October 3, 2025	July 4, 2025	April 4, 2025
<b>Net Earnings (GAAP)</b>	\$ 254	\$ 239	\$ 222	\$ 225
Interest Expense	20	21	28	27
Other Nonoperating (Income) Expense	3	(1)	—	6
Income Taxes	39	67	63	64
<b>Operating Profit (GAAP)</b>	\$ 316	\$ 326	\$ 313	\$ 322
Other Operating Profit Adjustments <sup>1</sup>	18	1	3	2
Depreciation	11	11	10	10
Amortization of Intangible Assets	9	9	9	9
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 354</u>	<u>\$ 347</u>	<u>\$ 335</u>	<u>\$ 343</u>
<b>Trailing Twelve Month Operating Profit (GAAP) <sup>5</sup></b>	\$ 1,277			
<b>Trailing Twelve Month Adjusted EBITDA (Non-GAAP) <sup>6</sup></b>	\$ 1,379			
 Total Debt <sup>7</sup>	 \$ 2,673			
Less: Cash <sup>7</sup>	\$ (2,031)			
<b>Net Debt (Non-GAAP)</b>	<u>\$ 642</u>			
 Gross Debt to Operating Profit <sup>8</sup>	 2.09			
<b>Net Debt to Operating Profit <sup>9</sup></b>	<b>0.50</b>			
 <b>Gross Leverage (Non-GAAP) <sup>10</sup></b>	 1.94			
<b>Net Leverage (Non-GAAP) <sup>11</sup></b>	<b>0.47</b>			

<sup>1</sup> 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.

<sup>5</sup> Trailing Twelve Month Operating Profit is defined as the sum of Operating Profit for the previous four quarters.

<sup>6</sup> Trailing Twelve Month Adjusted EBITDA (Non-GAAP) is defined as the sum of Adjusted EBITDA (Non-GAAP) for the previous four quarters.

<sup>7</sup> Total Debt and Cash balance as of December 31, 2025.

<sup>8</sup> Calculated as Total Debt divided by Trailing Twelve Month Operating Profit.

<sup>9</sup> Calculated as Net Debt divided by Trailing Twelve Month Operating Profit.

<sup>10</sup> Calculated as Total Debt divided by Trailing Twelve Month Adjusted EBITDA (Non-GAAP).

<sup>11</sup> 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, 2025

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted net earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 1,396	\$ (568)	59.3 %	\$ 316	22.6 %	\$ 293	\$ (39)	\$ 254	\$ 1.01
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	9	0.6	9		9	0.04
Other items <sup>B</sup>	—	—	—	4	0.3	4		4	0.02
Reduction of tax indemnification <sup>E</sup>	—	—	—	11	0.8	11		11	0.04
Fair value losses on investments <sup>F</sup>	—	—	—	—	—	1		1	—
Impairments and other charges <sup>G</sup>	—	—	—	3	0.2	6		6	0.02
Tax effect of the above adjustments <sup>H</sup>							(5)	(5)	(0.02)
Discrete tax adjustments <sup>I</sup>							(19)	(19)	(0.08)
Rounding	—	—	—	—	0.1	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,396</u>	<u>\$ (568)</u>	<u>59.3 %</u>	<u>\$ 343</u>	<u>24.6 %</u>	<u>\$ 324</u>	<u>\$ (63)</u>	<u>\$ 261</u>	<u>\$ 1.04</u>

### Three-Month Period Ended December 31, 2025

	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
<b>Reported (GAAP)</b>	\$ 1,396	\$ (444)	(31.8)%	\$ (68)	(4.9)%	\$ (3)	\$ (20)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	9	0.6	—	—	—	—
Other items <sup>B</sup>	—	4	0.3	—	—	—	—
Reduction of tax indemnification <sup>E</sup>	—	11	0.8	—	—	—	—
Fair value losses on investments <sup>F</sup>	—	—	—	—	—	1	—
Impairments and other charges <sup>G</sup>	—	3	0.2	—	—	3	—
Rounding	—	—	—	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,396</u>	<u>\$ (417)</u>	<u>(29.9)%</u>	<u>\$ (68)</u>	<u>(4.9)%</u>	<u>\$ 1</u>	<u>\$ (20)</u>

# VERALTO CORPORATION

## Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

### Three-Month Period Ended December 31, 2024

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted net earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 1,345	\$ (544)	59.6 %	\$ 308	22.9 %	\$ 280	\$ (53)	\$ 227	\$ 0.91
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	10	0.7	10		10	0.04
Other items <sup>B</sup>	—	—	—	2	0.1	2		2	0.01
Tax effect of the above adjustments <sup>H</sup>							(2)	(2)	(0.01)
Discrete tax adjustments <sup>I</sup>							1	1	—
Rounding	—	—	—	—	0.1	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,345</u>	<u>\$ (544)</u>	<u>59.6 %</u>	<u>\$ 320</u>	<u>23.8 %</u>	<u>\$ 292</u>	<u>\$ (54)</u>	<u>\$ 238</u>	<u>\$ 0.95</u>

### Three-Month Period Ended December 31, 2024

	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
<b>Reported (GAAP)</b>	\$ 1,345	\$ (424)	(31.5)%	\$ (69)	(5.1)%	\$ (28)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	10	0.7	—	—	—
Other items <sup>B</sup>	—	2	0.1	—	—	—
Rounding	—	—	0.1	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,345</u>	<u>\$ (412)</u>	<u>(30.6)%</u>	<u>\$ (69)</u>	<u>(5.1)%</u>	<u>\$ (28)</u>

# VERALTO CORPORATION

## Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

**Year Ended December 31, 2025**

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted net earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 5,503	\$ (2,204)	59.9 %	\$ 1,277	23.2 %	\$ 1,173	\$ (233)	\$ 940	\$ 3.76
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	36	0.7	36	—	36	0.14
Other items <sup>B</sup>	—	—	—	10	0.2	10	—	10	0.04
Loss on the disposition of certain product lines <sup>D</sup>	—	—	—	—	—	6	—	6	0.02
Reduction of tax indemnification <sup>E</sup>	—	—	—	11	0.2	11	—	11	0.04
Fair value losses on investments <sup>F</sup>	—	—	—	—	—	1	—	1	—
Impairments and other charges <sup>G</sup>	—	—	—	3	—	6	—	6	0.02
Tax effect of the above adjustments <sup>H</sup>	—	—	—	—	—	—	(12)	(12)	(0.05)
Discrete tax adjustments <sup>I</sup>	—	—	—	—	—	—	(21)	(21)	(0.08)
Rounding	—	—	—	—	—	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<u>\$ 5,503</u>	<u>\$ (2,204)</u>	<u>59.9 %</u>	<u>\$ 1,337</u>	<u>24.3 %</u>	<u>\$ 1,243</u>	<u>\$ (266)</u>	<u>\$ 977</u>	<u>\$ 3.90</u>

**Year Ended December 31, 2025**

	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
<b>Reported (GAAP)</b>	\$ 5,503	\$ (1,756)	(31.9)%	\$ (266)	(4.8)%	\$ (8)	\$ (96)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	36	0.7	—	—	—	—
Other items <sup>B</sup>	—	10	0.2	—	—	—	—
Loss on the disposition of certain product lines <sup>D</sup>	—	—	—	—	—	6	—
Reduction of tax indemnification <sup>E</sup>	—	11	0.2	—	—	—	—
Fair value losses on investments <sup>F</sup>	—	—	—	—	—	1	—
Impairments and other charges <sup>G</sup>	—	3	0.1	—	—	3	—
Rounding	—	—	(0.1)	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 5,503</u>	<u>\$ (1,696)</u>	<u>(30.8)%</u>	<u>\$ (266)</u>	<u>(4.8)%</u>	<u>\$ 2</u>	<u>\$ (96)</u>

# VERALTO CORPORATION

## Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 2024

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted net earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 5,193	\$ (2,088)	59.8 %	\$ 1,208	23.3 %	\$ 1,086	\$ (253)	\$ 833	\$ 3.34
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	38	0.7	38		38	0.15
Other items <sup>B</sup>	—	—	—	4	0.1	4		4	0.02
Separation costs <sup>C</sup>	—	—	—	1	—	1		1	—
Net loss on the disposition of certain product lines <sup>D</sup>	—	—	—	—	—	10		10	0.04
Tax effect of the above adjustments <sup>H</sup>							(9)	(9)	(0.04)
Discrete tax adjustments <sup>I</sup>							6	6	0.02
Rounding	—	—	—	—	—	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<u>\$ 5,193</u>	<u>\$ (2,088)</u>	<u>59.8 %</u>	<u>\$ 1,251</u>	<u>24.1 %</u>	<u>\$ 1,139</u>	<u>\$ (256)</u>	<u>\$ 883</u>	<u>\$ 3.54</u>

Year Ended December 31, 2024

	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
<b>Reported (GAAP)</b>	\$ 5,193	\$ (1,644)	(31.7)%	\$ (253)	(4.9)%	\$ (9)	\$ (113)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	38	0.7	—	—	—	—
Other items <sup>B</sup>	—	4	0.1	—	—	—	—
Separation costs <sup>C</sup>	—	1	—	—	—	—	—
Net loss on the disposition of certain product lines <sup>D</sup>	—	—	—	—	—	10	—
Rounding	—	—	0.1	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 5,193</u>	<u>\$ (1,601)</u>	<u>(30.8)%</u>	<u>\$ (253)</u>	<u>(4.9)%</u>	<u>\$ 1</u>	<u>\$ (113)</u>

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 (only the pretax amounts set forth below are reflected in the amortization line item above):

	Three-Month Period Ended		Year Ended	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Pretax	\$ 9	\$ 10	\$ 36	\$ 38
After-tax	7	8	28	29

B

Costs incurred during the three-month periods ended December 31, 2025 and December 31, 2024 related to certain strategic initiatives (\$4 million and \$2 million pretax as reported in this line item, \$3 million and \$2 million after-tax, respectively). Costs incurred during the years ended December 31, 2025 and December 31, 2024 related to certain strategic initiatives (\$10 million and \$4 million pretax as reported in this line item, \$8 million and \$4 million after-tax, respectively).

C

Costs incurred during the year ended December 31, 2024 related to the separation of the Company from Danaher primarily related to IT costs and certain regulatory fees (\$1 million pretax and after-tax as reported in this line item).

D

Loss on the disposition of certain product lines during the year ended December 31, 2025 (\$6 million pretax and after-tax as reported in this line item). Net loss on the disposition of certain product lines during the year ended December 31, 2024 (\$10 million pretax net loss as reported in this line item, \$11 million after-tax).

E

During the separation from Danaher, indemnification agreements were established to protect the Company against certain pre-separation tax exposures. As a result of the settlement of a tax audit pertaining to pre-separation periods, a reduction to the related indemnification asset was recorded during the year ended December 31, 2025 (\$11 million pretax and after-tax as reported in this line item).

F

Fair value loss and management fees associated with an equity method investment in the Water Quality segment during the three-month period ended and year ended December 31, 2025 (\$1 million pretax as reported in this line item, less than \$1 million after-tax).

G

Impairments and other charges related to a minority investment in the Water Quality segment during the three-month period ended and year ended December 31, 2025 (\$3 million pretax as reported in this line item, \$2 million after-tax) and capitalized software implementation costs in the Product Quality and Innovation segment during the three-month period ended and year ended December 31, 2025 (\$3 million pretax as reported in this line item, \$2 million after-tax).

H

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.

I

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**

	<b>Segments</b>		
	<b>Total Company</b>	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>
<b>Three-Month Period Ended December 31, 2024 Operating Profit Margins (GAAP)</b>	<b>22.9 %</b>	<b>25.2 %</b>	<b>23.2 %</b>
Impact of acquisitions and dispositions	0.1	(0.1)	0.5
Costs incurred during the fourth quarter 2025 related to certain strategic initiatives	(0.3)	(0.4)	—
Reduction of the tax indemnification related to the Separation from Danaher	(0.8)	—	—
Transaction costs incurred during the third quarter 2024 related to the acquisition of TraceGains	0.1	—	0.3
Year-over-year core operating profit margin changes for the fourth quarter 2025 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	0.6	0.5	0.7
<b>Three-Month Period Ended December 31, 2025 Operating Profit Margins (GAAP)</b>	<b>22.6 %</b>	<b>25.2 %</b>	<b>24.7 %</b>

	<b>Segments</b>		
	<b>Total Company</b>	<b>Water Quality</b>	<b>Product Quality &amp; Innovation</b>
<b>Year Ended December 31, 2024 Operating Profit Margins (GAAP)</b>	<b>23.3 %</b>	<b>24.5 %</b>	<b>25.7 %</b>
Impact of acquisitions and dispositions	(0.1)	—	(0.2)
Reduction of the tax indemnification related to the Separation from Danaher	(0.2)	—	—
Costs incurred during 2025 related to certain strategic initiatives	(0.2)	(0.1)	—
Transaction costs incurred during 2024 related to the acquisition of TraceGains	0.1	—	0.2
Year-over-year core operating profit margin changes for full year 2025 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	0.3	1.0	(0.5)
<b>Year Ended December 31, 2025 Operating Profit Margins (GAAP)</b>	<b>23.2 %</b>	<b>25.4 %</b>	<b>25.2 %</b>

**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, 2025	December 31, 2024		December 31, 2025	December 31, 2024	
<b>Total Cash Flows:</b>						
Net cash provided by operating activities (GAAP)	\$ 311	\$ 285		\$ 1,077	\$ 875	
Total cash used in investing activities (GAAP)	\$ (35)	\$ (394)		\$ (98)	\$ (434)	
Total cash used in financing activities (GAAP)	\$ (25)	\$ (16)		\$ (102)	\$ (65)	
<b>Free Cash Flow:</b>						
Total cash provided by operating activities (GAAP)	\$ 311	\$ 285	~9.0 %	\$ 1,077	\$ 875	~23.0 %
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(20)	(22)		(63)	(55)	
Free cash flow (non-GAAP)	<u>\$ 291</u>	<u>\$ 263</u>	~10.5 %	<u>\$ 1,014</u>	<u>\$ 820</u>	~23.5 %
<b>Operating Cash Flow to Net Earnings Ratio (GAAP):</b>						
Net cash provided by operating activities (GAAP)	\$ 311	\$ 285		\$ 1,077	\$ 875	
Net earnings (GAAP)	\$ 254	\$ 227		\$ 940	\$ 833	
Operating cash flow to net earnings conversion ratio	<u>1.22</u>	<u>1.26</u>		<u>1.15</u>	<u>1.05</u>	
<b>Free Cash Flow to Net Earnings Conversion Ratio (non-GAAP):</b>						
Free cash flow from above (non-GAAP)	\$ 291	\$ 263		\$ 1,014	\$ 820	
Net earnings (GAAP)	\$ 254	\$ 227		\$ 940	\$ 833	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.15</u>	<u>1.16</u>		<u>1.08</u>	<u>0.98</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.
  - 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.

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