PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)

(In thousands, except percentages)		Three Months Ended October 2, 2022	Three Months Ended October 3, 2021	Nine Months Ended October 2, 2022	Nine Months Ended October 3, 2021
DAS	Reported revenue	$ 312,783	$ 207,511	$ 945,484	$ 577,371
	Purchase accounting adjustments	-	-	-	1,849
	Adjusted revenue	312,783	207,511	945,484	579,220
	Reported operating income from continued operations	32,631	(19,263)	106,005	50,624
	OP%	*10.4%*	*-9.3%*	*11.2%*	*8.8%*
	Amortization of intangible assets	64,426	25,757	185,094	50,903
	Purchase accounting adjustments	9,164	5,673	43,710	9,322
	Acquisition and divestiture-related costs	8,475	44,409	11,746	46,498
	Significant litigation matters and settlements	629	-	(632)	-
	Restructuring and other, net	1,556	1,424	11,738	6,867
	Adjusted operating income	116,881	58,000	357,661	164,214
	Adjusted OP%	*37.4%*	*28.0%*	*37.8%*	*28.4%*
AES Discontinued Operations	Revenue in Discontinued Ops	320,616	305,369	950,822	902,946
	Reported operating income in discontinued operations	25,389	26,409	36,642	63,624
	OP%	*7.9%*	*8.6%*	*3.9%*	*7.0%*
	Amortization of intangible assets	2,387	7,680	16,984	26,026
	Acquisition and divestiture-related costs	22,026	2,651	47,042	15,066
	Restructuring and other, net	486	200	13,131	2,501
	Pro-Forma deprecation on assets held for sale	(2,363)	-	(2,363)	-
	Adjusted operating income of AES	47,925	36,940	111,436	107,217
	Adjusted OP%	*14.9%*	*12.1%*	*11.7%*	*11.9%*
Pro Forma DAS	Revenue including AES	633,399	512,880	1,896,306	1,480,317
	Purchase accounting adjustments	-	-	-	1,849
	Adjusted revenue including AES	633,399	512,880	1,896,306	1,482,166
	Operating income including AES	58,020	7,146	142,647	114,248
	OP%	*9.2%*	*1.4%*	*7.5%*	*7.7%*
	Amortization of intangible assets	66,813	33,437	202,078	76,929
	Purchase accounting adjustments	9,164	5,673	43,710	9,322
	Acquisition and divestiture-related costs	30,501	47,060	58,788	61,564
	Significant litigation matters and settlements	629	-	(632)	-
	Restructuring and other, net	2,042	1,624	24,869	9,368
	Pro-Forma deprecation on assets held for sale	(2,363)	-	(2,363)	-
	Adjusted operating income including AES	164,806	94,940	469,097	271,431
	Adjusted OP%	*26.0%*	*18.5%*	*24.7%*	*18.3%*
Diagnostics	Reported revenue	399,020	653,805	1,625,124	2,222,527
	Purchase accounting adjustments	203	199	609	597
	Adjusted revenue	399,223	654,004	1,625,733	2,223,124
	Reported operating income from continued operations	94,654	237,903	553,898	965,650
	OP%	*23.7%*	*36.4%*	*34.1%*	*43.4%*
	Amortization of intangible assets	27,099	37,517	95,375	107,743
	Purchase accounting adjustments	457	5,107	1,884	9,485
	Asset impairment	-	3,868	-	3,868
	Acquisition and divestiture-related costs	-	2,023	14,119	7,833
	Restructuring and other, net	1,218	587	3,705	3,650
	Adjusted operating income	123,428	287,005	668,981	1,098,229
	Adjusted OP%	*30.9%*	*43.9%*	*41.1%*	*49.4%*
Corporate	Reported operating loss	(16,505)	(23,079)	(54,673)	(57,664)
Pro Forma Operating Results including AES	Revenue including AES	$ 1,032,419	$ 1,166,685	$ 3,521,430	$ 3,702,844
	Purchase accounting adjustments	203	199	609	2,446
	Adjusted revenue including AES	1,032,622	1,166,884	3,522,039	3,705,290
	Operating income including AES	136,169	221,970	641,872	1,022,234
	OP%	*13.2%*	*19.0%*	*18.2%*	*27.6%*
	Amortization of intangible assets	93,912	70,954	297,453	184,672
	Purchase accounting adjustments	9,621	10,780	45,594	18,807
	Acquisition and divestiture-related costs	30,501	49,083	72,907	69,397
	Asset impairment	-	3,868	-	3,868
	Significant litigation matters and settlements	629	-	(632)	-
	Restructuring and other, net	3,260	2,211	28,574	13,018
	Pro-Forma deprecation on assets held for sale	(2,363)	-	(2,363)	-
	Adjusted operating income including AES	$ 271,729	$ 358,866	$ 1,083,405	$ 1,311,996
	Adjusted OP%	*26.3%*	*30.8%*	*30.8%*	*35.4%*

REPORTED REVENUE AND REPORTED OPERATING INCOME (LOSS) PREPARED IN ACCORDANCE WITH GAAP

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)

(In millions, except per share data and percentages)

	PKI					
	Three Months Ended					
		October 2, 2022			October 3, 2021	
Adjusted revenue:						
Revenue	$	711.8		$	861.3	
Purchase accounting adjustments		0.2			0.2	
Adjusted revenue	$	712.0		$	861.5	
Adjusted gross margin:						
Gross margin	$	407.0	57.2%	$	522.9	60.7%
Amortization of intangible assets		35.3	5.0%		28.5	3.3%
Purchase accounting adjustments		11.7	1.6%		9.6	1.1%
Acquisition and divestiture-related costs		1.5	0.2%		-	0.0%
Adjusted gross margin	$	455.5	64.0%	$	560.9	65.1%
Adjusted SG&A:						
SG&A	$	240.0	33.7%	$	275.9	32.0%
Amortization of intangible assets		(56.2)	-7.9%		(34.8)	-4.0%
Purchase accounting adjustments		2.1	0.3%		(1.2)	-0.1%
Acquisition and divestiture-related costs		(5.7)	-0.8%		(46.4)	-5.4%
Asset impairment		-	0.0%		(3.9)	-0.4%
Significant litigation matters and settlements		(0.6)	-0.1%		-	0.0%
Adjusted SG&A	$	179.6	25.2%	$	189.6	22.0%
Adjusted R&D:						
R&D	$	53.5	7.5%	$	49.4	5.7%
Purchase accounting adjustments		(0.1)	0.0%		-	0.0%
Acquisition and divestiture-related costs		(1.3)	-0.2%		-	0.0%
Adjusted R&D	$	52.2	7.3%	$	49.4	5.7%
Adjusted operating income:						
Operating income	$	110.8	15.6%	$	195.6	22.7%
Amortization of intangible assets		91.5	12.9%		63.3	7.3%
Purchase accounting adjustments		9.6	1.4%		10.8	1.3%
Acquisition and divestiture-related costs		8.5	1.2%		46.4	5.4%
Asset impairment		-	0.0%		3.9	0.4%
Significant litigation matters and settlements		0.6	0.1%		-	0.0%
Restructuring and other, net		2.8	0.4%		2.0	0.2%
Adjusted operating income	$	223.8	31.4%	$	321.9	37.4%

	PKI			
	Three Months Ended			
		October 2, 2022		October 3, 2021
Adjusted EPS:				
GAAP EPS	$	0.67	$	1.11
Discontinued operations, net of income taxes		0.13		0.17
GAAP EPS from continuing operations		0.55		0.94
Amortization of intangible assets		0.72		0.55
Debt extinguishment costs		(0.00)		-
Purchase accounting adjustments		0.08		0.09
Acquisition and divestiture-related costs		0.07		0.61
Change in fair value of financial securities		0.04		0.17
Asset impairment		-		0.03
Significant litigation matters and settlements		0.00		-
Disposition of businesses and assets, net		-		(0.02)
Restructuring and other, net		0.02		0.02
Tax on above items		(0.24)		(0.31)
Significant tax items		(0.03)		(0.01)
Adjusted EPS	$	1.21	$	2.07
GAAP EPS from discontinued operations		0.13		0.17
Amortization of intangible assets included in discontinued operations		0.02		0.07
Acquisition and divestiture-related costs included in discontinued operations		0.17		0.02
Restructuring and other, net included in discontinued operations		0.00		0.00
Pro Forma depreciation expense on assets held for sale		(0.02)		-
Tax on above items		(0.00)		(0.02)
Less non-AES income tax items in discontinued operations		0.00		0.00
Adjusted EPS from AES	$	0.30	$	0.24
Pro Forma Adjusted EPS including the results of AES	$	1.51	$	2.31

	DAS					
	Three Months Ended					
		October 2, 2022			October 3, 2021	
Adjusted revenue:						
Revenue	$	312.8		$	207.5	
Adjusted operating income:						
Operating income	$	32.6	10.4%	$	(19.3)	-9.3%
Amortization of intangible assets		64.4	20.6%		25.8	12.4%
Purchase accounting adjustments		9.2	2.9%		5.7	2.7%
Acquisition and divestiture-related costs		8.5	2.7%		44.4	21.4%
Significant litigation matters and settlements		0.6	0.2%		-	0.0%
Restructuring and other, net		1.6	0.5%		1.4	0.7%
Adjusted operating income	$	116.9	37.4%	$	58.0	28.0%

	Diagnostics					
	Three Months Ended					
		October 2, 2022			October 3, 2021	
Adjusted revenue:						
Revenue	$	399.0		$	653.8	
Purchase accounting adjustments		0.2			0.2	
Adjusted revenue	$	399.2		$	654.0	
Adjusted operating income:						
Operating income	$	94.7	23.7%	$	237.9	36.4%
Amortization of intangible assets		27.1	6.8%		37.5	5.7%
Purchase accounting adjustments		0.5	0.1%		5.1	0.8%
Asset impairment		-	0.0%		3.9	0.6%
Acquisition and divestiture-related costs		-	0.0%		2.0	0.3%
Restructuring and other, net		1.2	0.3%		0.6	0.1%
Adjusted operating income	$	123.4	30.9%	$	287.0	43.9%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES [(1)]

(In millions, except per share data and percentages)

	PKI			
	Nine Months Ended			
	October 2, 2022		October 3, 2021	
Adjusted revenue:				
Revenue	$ 2,570.6		$ 2,799.9	
Purchase accounting adjustments	0.6		2.4	
Adjusted revenue	$ 2,571.2		$ 2,802.3	
Adjusted gross margin:				
Gross margin	$ 1,553.5	60.4%	$ 1,790.2	63.9%
Amortization of intangible assets	107.1	4.2%	64.3	2.3%
Purchase accounting adjustments	46.1	1.8%	17.2	0.6%
Acquisition and divestiture-related costs	4.7	0.2%	-	0.0%
Adjusted gross margin	$ 1,711.3	66.6%	$ 1,871.7	66.8%
Adjusted SG&A:				
SG&A	$ 765.7	29.8%	$ 681.3	24.3%
Amortization of intangible assets	(173.4)	-6.7%	(94.3)	-3.4%
Purchase accounting adjustments	0.6	0.0%	(1.6)	-0.1%
Acquisition and divestiture-related costs	(17.1)	-0.7%	(54.3)	-1.9%
Asset impairment	-	0.0%	(3.9)	-0.1%
Significant litigation matters and settlements	0.6	0.0%	-	0.0%
Adjusted SG&A	$ 576.5	22.4%	$ 527.1	18.8%
Adjusted R&D:				
R&D	$ 167.1	6.5%	$ 139.8	5.0%
Purchase accounting adjustments	(0.2)	0.0%	-	0.0%
Acquisition and divestiture-related costs	(4.1)	-0.2%	-	0.0%
Adjusted R&D	$ 162.8	6.3%	$ 139.8	5.0%
Adjusted operating income:				
Operating income	$ 605.2	23.5%	$ 958.6	34.2%
Amortization of intangible assets	280.5	10.9%	158.6	5.7%
Purchase accounting adjustments	45.6	1.8%	18.8	0.7%
Acquisition and divestiture-related costs	25.9	1.0%	54.3	1.9%
Asset impairment	-	0.0%	3.9	0.1%
Significant litigation matters and settlements	(0.6)	0.0%	-	0.0%
Restructuring and other, net	15.4	0.6%	10.5	0.4%
Adjusted operating income	$ 972.0	37.8%	$ 1,204.8	43.0%

	PKI	
	Nine Months Ended	
	October 2, 2022	October 3, 2021
Adjusted EPS:		
GAAP EPS	$ 3.49	$ 6.65
Discontinued operations	0.21	0.42
GAAP EPS from continuing operations	3.28	6.23
Amortization of intangible assets	2.22	1.40
Debt extinguishment costs	(0.00)	-
Purchase accounting adjustments	0.36	0.17
Acquisition and divestiture-related costs	0.20	0.64
Change in fair value of financial securities	0.11	(0.08)
Asset impairment	-	0.03
Significant litigation matters and settlements	(0.00)	-
Disposition of businesses and assets, net	-	(0.02)
Restructuring and other, net	0.12	0.09
Tax on above items	(0.77)	(0.49)
Significant tax items	(0.03)	0.12
Adjusted EPS	$ 5.50	$ 8.10
GAAP EPS from discontinued operations	0.21	0.42
Amortization of intangible assets included in discontinued operations	0.13	0.23
Acquisition and divestiture-related costs included in discontinued operations	0.37	0.13
Restructuring and other, net included in discontinued operations	0.10	0.02
Pro Forma depreciation expense on assets held for sale	(0.02)	-
Tax on above items	(0.05)	(0.06)
Less non-AES income tax items in discontinued operations	0.00	0.00
Adjusted EPS from AES	$ 0.75	$ 0.74
Pro forma adjusted EPS including the results of AES	$ 6.24	$ 8.84

	PKI	
	Three Months Ended	Twelve Months Ended
	January 1, 2023	January 1, 2023
Pro forma adjusted revenue:	*Projected*	*Projected*
GAAP revenue from continuing operations	$730	$3,300
AES revenue	330 - 340	1,290 - 1,300
Pro forma adjusted revenue	$1,060 - $1,070	$4,590 $4,600

	DAS			
	Nine Months Ended			
	October 2, 2022		October 3, 2021	
Adjusted revenue:				
Revenue	$ 945.5		$ 577.4	
Adjusted operating income:				
Operating income	$ 106.0	11.2%	$ 50.6	8.8%
Amortization of intangible assets	185.1	19.6%	50.9	8.8%
Purchase accounting adjustments	43.7	4.6%	9.3	1.6%
Acquisition and divestiture-related costs	11.7	1.2%	46.5	8.1%
Significant litigation matters and settlements	(0.6)	-0.1%	-	0.0%
Restructuring and other, net	11.7	1.2%	6.9	1.2%
Adjusted operating income	$ 357.7	37.8%	$ 164.2	28.4%

	Diagnostics			
	Nine Months Ended			
	October 2, 2022		October 3, 2021	
Adjusted revenue:				
Revenue	$ 1,625.1		$ 2,222.5	
Purchase accounting adjustments	0.6		0.6	
Adjusted revenue	$ 1,625.7		$ 2,223.1	
Adjusted operating income:				
Operating income	$ 553.9	34.1%	$ 965.7	43.4%
Amortization of intangible assets	95.4	5.9%	107.7	4.8%
Purchase accounting adjustments	1.9	0.1%	9.5	0.4%
Asset impairment	-	0.0%	3.9	0.2%
Acquisition and divestiture-related costs	14.1	0.9%	7.8	0.4%
Restructuring and other, net	3.7	0.2%	3.7	0.2%
Adjusted operating income	$ 669.0	41.1%	$ 1,098.2	49.4%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES [1]

	Continuing Operations Three Months Ended October 2, 2022
Organic revenue growth:	
Reported revenue growth from continuing operations	-17%
Less: effect of foreign exchange rates	-6%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	11%
Organic revenue growth from continuing operations	-23%
Less: effect of COVID products	-31%
Non-COVID organic revenue growth from continuing operations	8%

	Pro Forma PKI Three Months Ended October 2, 2022
Pro forma organic revenue growth:	
Reported revenue growth from continuing operations	-17%
Plus: effect of discontinued operations	6%
Less: effect of foreign exchange rates	-6%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	8%
Pro forma organic revenue growth	-13%
Less: effect of COVID products	-23%
Pro Forma non-COVID organic revenue growth	9%

	DAS Three Months Ended October 2, 2022
Organic revenue growth:	
Reported revenue growth continuing operations	51%
Less: effect of foreign exchange rates	-5%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	42%
Organic revenue growth from continuing operations	14%

	Pro Forma DAS Three Months Ended October 2, 2022
Pro forma organic revenue growth:	
Reported revenue growth from DAS continuing operations	51%
Plus: effect of discontinued operations	-27%
Less: effect of foreign exchange rates	-6%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	17%
Pro forma organic revenue growth	12%

	Diagnostics Three Months Ended October 2, 2022
Organic revenue growth:	
Reported revenue growth continuing operations	-39%
Less: effect of foreign exchange rates	-6%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	1%
Organic revenue growth from continuing operations	-33%
Less: effect of COVID products	-38%
Non-COVID organic revenue growth from continuing operations	5%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
Q4 2022 AND FY2022 ORGANIC REVENUE GROWTH FORECAST (1)

	Continuing Operations Three Months Ended January 1, 2023 *Projected*
Organic revenue growth:	
Reported revenue growth from continuing operations	-29%
Less: effect of foreign exchange rates	-6%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	0%
Organic revenue growth from continuing operations	-23%
Less: effect of COVID products	-31%
Non-COVID organic revenue growth from continuing operations	8%

	Pro Forma PKI Three Months Ended January 1, 2023 *Projected*
Pro forma organic revenue growth:	
Reported revenue growth from continuing operations	-29%
Plus: effect of discontinued operations	7% - 8%
Less: effect of foreign exchange rates	-7%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	0%
Pro forma organic revenue growth	(16)% - (15)%
Less: effect of COVID products	(24)%
Pro forma non-COVID organic revenue growth	8% - 9%

	Continuing Operations Twelve Months Ended January 1, 2023 *Projected*
Organic revenue growth:	
Reported revenue growth from continuing operations	-14%
Less: effect of foreign exchange rates	-4%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	9%
Organic revenue growth from continuing operations	-18%
Less: effect of COVID products	-27%
Non-COVID organic revenue growth from continuing operations	9%

	Pro Forma PKI Twelve Months Ended January 1, 2023 *Projected*
Pro forma organic revenue growth:	
Reported revenue growth from continuing operations	-14%
Plus: effect of discontinued operations	4%
Less: effect of foreign exchange rates	-5%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	7%
Pro forma organic revenue growth	-11%
Less: effect of COVID products	-21%
Pro forma non-COVID organic revenue growth	9%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF Q3 2022 GAAP TAX RATE TO PRO FORMA ADJUSTED TAX RATE [1]

(In millions, except tax rates)

	PKI				
	Three Months Ended October 2, 2022				
	Continuing Operations	**Results of AES (2)**	**Pro Forma Depreciation on Held for Sale Assets (2)**	**Non-GAAP Adjusting Items (2)**	**Pro Forma Adjusted Tax Rate (2)**
Income before income taxes	$ 82.1	25.2	(2.4)	142.4	$ 247.4
Provision for income taxes	12.6	9.3	(0.6)	34.6	56.0
Net income	$ 69.5	15.9	(1.8)	107.8	$ 191.4
Tax rate	**15%**				**23%**

(1) amounts may not sum due to rounding
(2) includes contribution and/or expenses from businesses held for sale

PerkinElmer, Inc. and Subsidiaries

PRO FORMA NET DEBT TO ADJUSTED EBITDA RATIO INCLUDING RESLTS OF AES [1]

(In millions, except ratio)	PKI PRO FORMA Twelve Months Trailing October 2, 2022
Net income from continuing operations	$ 593.9
Income taxes	219.2
Income from AES, before income taxes	48.0
Purchase accounting adjustments	67.0
Acquisition and divestiture-related costs (2)	62.1
Change in fair value of financial securities	11.9
Mark to market on post-retirement benefits	(24.7)
Restructuring and other, net (2)	32.0
Significant litigation matters and settlements	0.5
Stock-based compensation (2)	56.0
Interest expense, net	106.2
Depreciation (2)	69.8
Amortization of intangible assets (2)	403.0
Pro forma adjusted EBITDA including results of AES	$ 1,645.0
Cash and cash equivalents as of October 2, 2022	$ 415.7
Gross debt as of October 2, 2022	4,401.8
Net debt as of October 2, 2022	$ 3,986.1
Net Debt to adjusted EBITDA Ratio	***2.4 times***

(1) amounts may not sum due to rounding

(2) includes contribution and/or expenses from businesses held for sale

PerkinElmer, Inc. and Subsidiaries
PRO FORMA ADJUSTED GROSS MARGIN [1]

(In millions, except per share data and percentages)

	PKI					
	Three Months Ended					
	October 2, 2022			October 3, 2021		
Adjusted revenue:						
Revenue	$	711.8		$	861.3	
Revenue of AES		320.6			305.4	
Purchase accounting adjustments		0.2			0.2	
Pro forma adjusted revenue including AES	$	1,032.6		$	1,166.9	
Adjusted gross margin:						
Gross margin	$	407.0	*57.2%*	$	522.9	*60.7%*
Gross margin of AES (2)		111.9			109.0	
Pro forma depreciation on held for sale assets (2)		(1.0)			-	
Amortization of intangible assets (2)		36.5			32.1	
Purchase accounting adjustments		11.7			9.6	
Acquisition and divestiture-related costs (2)		1.5			-	
Pro forma adjusted gross margin	$	567.7	*55.0%*	$	673.6	*57.7%*

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries

HISTORICAL REVENUE BY QUARTER OF CONTINUING OPERATIONS (1)

(In thousands, except percentages)		3 Months Ended January 2, 2022	3 Months Ended April 3, 2022	3 Months Ended July 3, 2022	3 Months Ended October 2, 2022
DAS Continuing Operations	Reported revenue	$ 318,498	$ 306,087	$ 326,614	$ 312,783
Diagnostics	Reported revenue	709,412	657,076	569,028	399,020
	Purchase accounting adjustments	202	203	203	203
	Adjusted revenue	709,614	657,279	569,231	399,223
PerkinElmer Continuing Operations	Reported revenue	$ 1,027,910	$ 963,163	$ 895,642	$ 711,803
	Purchase accounting adjustments	202	203	203	203
	Adjusted revenue	1,028,112	963,366	895,845	712,006

REPORTED REVENUE PREPARED IN ACCORDANCE WITH GAAP

(1) amounts may not sum due to rounding

Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with GAAP. However, management believes that, in order to more fully understand our short-term and long-term financial and operational trends, investors may wish to consider the impact of certain non-cash, non-recurring or other items, which result from facts and circumstances that vary in frequency and impact on continuing operations. Accordingly, we present non-GAAP financial measures as a supplement to the financial measures we present in accordance with GAAP. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by adjusting for certain non-cash expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods more difficult, obscure trends in ongoing operations, or reduce management's ability to make useful forecasts. Management believes these non-GAAP financial measures provide additional means of evaluating period-over-period operating performance. In addition, management understands that some investors and financial analysts find this information helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors.

We use the term “adjusted revenue” to refer to GAAP revenue, including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We use the related term “adjusted revenue growth” to refer to the measure of comparing current period adjusted revenue with the corresponding period of the prior year.

We use the term “pro forma adjusted revenue” to refer to GAAP revenue, including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules and including revenue from the AES business reported in discontinued operations. We use the related term “pro forma adjusted revenue growth” to refer to the measure of comparing current period pro forma adjusted revenue with the corresponding period of the prior year.

We use the term “organic revenue” to refer to GAAP revenue, excluding the effect of foreign currency changes and revenue from recent acquisitions and divestitures and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We use the related term “organic revenue growth” to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year. We use the related term “non-COVID organic revenue growth” to refer to the measure of comparing current period organic revenue excluding revenue from COVID related products and services with the corresponding period of the prior year excluding revenue from COVID related products and services.

We use the term “pro forma organic revenue” to refer to GAAP revenue, excluding the effect of foreign currency changes and revenue from recent acquisitions and divestitures and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules and including revenue from the AES business reported in discontinued operations. We use the related term “organic revenue growth” to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year. We use the related term “pro forma non-COVID organic revenue growth” to refer to the measure of comparing current period organic revenue excluding revenue from COVID related products and services with the corresponding period of the prior year excluding revenue from COVID related products and services.

We use the term “adjusted gross margin” to refer to GAAP gross margin, excluding amortization of intangible assets and inventory fair value adjustments related to business acquisitions, asset impairments, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to business combination accounting rules. We use the related term “adjusted gross margin percentage” to refer to adjusted gross margin as a percentage of adjusted revenue.

We use the term “pro forma adjusted gross margin” to refer to GAAP gross margin, adjusted for the inclusion of the AES business reported in discontinued operations and including the depreciation of long-lived assets that is ceased upon reporting the business as held for sale. Additional adjustments include: excluding amortization of intangible assets and inventory fair value adjustments related to business acquisitions, asset impairments, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to business combination accounting rules. We use the related term “pro forma adjusted gross margin percentage” to refer to pro forma adjusted gross margin as a percentage of pro forma adjusted revenue.

We use the term “adjusted SG&A expense” to refer to GAAP SG&A expense, excluding amortization of intangible assets, purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, asset impairments, and significant environmental charges. We use the related term “adjusted SG&A percentage” to refer to adjusted SG&A expense as a percentage of adjusted revenue.

We use the term “pro forma adjusted SG&A expense” to refer to GAAP SG&A expense, adjusted for the inclusion of the AES business reported in discontinued operations and including the depreciation of long-lived assets that is ceased upon reporting the business as held for sale. Additional adjustments include: excluding amortization of intangible assets, purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, asset impairments, and significant environmental charges. We use the related term “pro forma adjusted SG&A percentage” to refer to pro forma adjusted SG&A expense as a percentage of pro forma adjusted revenue.

We use the term “adjusted R&D expense” to refer to GAAP R&D expense, excluding amortization of intangible assets and purchase accounting adjustments. We use the related term “adjusted R&D percentage” to refer to adjusted R&D expense as a percentage of adjusted revenue.

We use the term “pro forma adjusted R&D expense” to refer to GAAP R&D expense, adjusted for the inclusion of the AES business reported in discontinued operations and including the depreciation of long-lived assets that is ceased upon reporting the business as held for sale. Additional adjustments include: excluding amortization of intangible assets and purchase accounting adjustments. We use the related term “pro forma adjusted R&D percentage” to refer to pro forma adjusted R&D expense as a percentage of pro forma adjusted revenue.

We use the term “adjusted net interest and other expense” to refer to GAAP net interest and other expense, excluding adjustments for mark-to-market accounting on post-retirement benefits, changes in the value of financial securities and debt extinguishment costs.

We use the term “adjusted operating income,” to refer to GAAP operating income, including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding amortization of intangible assets, other purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, significant environmental charges, asset impairments, and restructuring and other charges. We use the related terms “adjusted operating profit percentage,” “adjusted operating profit margin,” or “adjusted operating margin” to refer to adjusted operating income as a percentage of adjusted revenue.

We use the term “pro forma adjusted operating income,” to refer to GAAP operating income, adjusted for the inclusion of the AES business reported in discontinued operations and including the depreciation of long-lived assets that is ceased upon reporting the business as held for sale. Additional adjustments include: including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding amortization of intangible assets, other purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, significant environmental charges, asset impairments, and restructuring and other charges. We use the related terms “pro forma adjusted operating profit percentage,” “pro forma adjusted operating profit margin,” or “pro forma adjusted operating margin" to refer to pro forma adjusted operating income as a percentage of pro forma adjusted revenue.

We use the term "adjusted earnings per share," or "adjusted EPS," to refer to GAAP earnings per share, including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding discontinued operations, amortization of intangible assets, debt extinguishment costs, other purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, significant environmental charges, changes in the value of financial securities, disposition of businesses and assets, net, asset impairments and restructuring and other charges. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate this non-GAAP measure. We also adjust for any tax impact related to the above items and exclude the impact of significant tax events.

We use the term "pro forma adjusted earnings per share," or "pro forma adjusted EPS," to refer to GAAP earnings per share, adjusted for the inclusion of the AES business reported in discontinued operations and including the depreciation of long-lived assets that is ceased upon reporting the business as held for sale. Additional adjustments include: including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding discontinued operations, amortization of intangible assets, debt extinguishment costs, other purchase accounting adjustments, acquisition and divestiture-related expenses, acceleration of executive compensation, significant litigation matters and settlements, significant environmental charges, changes in the value of financial securities, disposition of businesses and assets, net, asset impairments and restructuring and other charges. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate this non-GAAP measure. We also adjust for any tax impact related to the above items and exclude the impact of significant tax events.

Management includes or excludes the effect of each of the items identified below in the applicable non-GAAP financial measure referenced above for the reasons set forth below with respect to that item:

- *Amortization of intangible assets*— purchased intangible assets are amortized over their estimated useful lives and generally cannot be changed or influenced by management after the acquisition. Accordingly, this item is not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.

- *Debt extinguishment costs*—we incur costs and income related to the extinguishment of debt; including make-whole payments to debt holders, accelerated amortization of debt fees and discounts, and expense or income from hedges to lock in make-whole payments. We exclude the impact of these items from our non-GAAP measures because we believe they do not reflect the performance of our ongoing operations.

- *Revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules*—accounting rules require us to account for the fair value of revenue from contracts assumed in connection with our acquisitions. As a result, our GAAP results reflect the fair value of those revenues, which is not the same as the revenue that otherwise would have been recorded by the acquired entity. We include such revenue in our non-GAAP measures because we believe the fair value of such revenue does not accurately reflect the performance of our ongoing operations for the period in which such revenue is recorded.

- *Other purchase accounting adjustments*—accounting rules require us to adjust various balance sheet accounts, including inventory, fixed assets and deferred rent balances to fair value at the time of the acquisition. As a result, the expenses for these items in our GAAP results are not the same as what would have been recorded by the acquired entity. Accounting rules also require us to estimate the fair value of contingent consideration at the time of the acquisition, and any subsequent changes to the estimate or payment of the contingent consideration and purchase accounting adjustments are charged to expense or income. We exclude the impact of any changes to contingent consideration from our non-GAAP measures because we believe these expenses or benefits do not accurately reflect the performance of our ongoing operations for the period in which such expenses or benefits are recorded.

- *Acquisition and divestiture-related expenses*—we incur legal, due diligence, stay bonuses, incentive awards, stock-based compensation, interest expense, foreign exchange gains and losses, integration expenses and other costs related to acquisitions and divestitures. We exclude these expenses from our non-GAAP measures because we believe they do not reflect the performance of our ongoing operations.

- *Asset impairments*—we incur expense related to asset impairments. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such charges were incurred.

- *Acceleration of executive compensation*—the announced retirement of a senior executive resulted in an acceleration of compensation expense. We exclude these expenses from our non-GAAP measures because we believe they do not reflect the performance of our ongoing operations.

- *Restructuring and other charges*—restructuring and other charges consist of employee severance, other exit costs as well as the cost of terminating certain lease agreements or contracts as well as costs associated with relocating facilities. Management does not believe such costs accurately reflect the performance of our ongoing operations for the period in which such costs are reported.

- *Adjustments for mark-to-market accounting on post-retirement benefits*—we exclude adjustments for mark-to-market accounting on post-retirement benefits, and therefore only our projected costs are used to calculate our non-GAAP measures. We exclude these adjustments because they do not represent what we believe our investors consider to be costs of producing our products, investments in technology and production, and costs to support our internal operating structure.

- *Significant litigation matters and settlements*—we incur expenses related to significant litigation matters, including the costs to settle or resolve various claims and legal proceedings. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such charges were incurred.

- *Significant environmental charges*—we incur expenses related to significant environmental charges. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such charges were incurred.

- *Disposition of businesses and assets, net*—we exclude the impact of gains or losses from the disposition of businesses and assets from our adjusted earnings per share. Management does not believe such gains or losses accurately reflect the performance of our ongoing operations for the period in which such gains or losses are reported.

- *Impact of foreign currency changes on the current period*— we exclude the impact of foreign currency from these measures by using the prior period's foreign currency exchange rates for the current period because foreign currency exchange rates are subject to volatility and can obscure underlying trends.

- *Impact of significant tax events*—we exclude the impact of significant tax events, such as the Tax Cuts and Jobs Act of 2017. Management does not believe the impact of significant tax events accurately reflects the performance of our ongoing operations for the periods in which the impact of such events was recorded.

- *Changes in value of financial securities*—we exclude the impact of changes in the value of financial securities. Management does not believe such gains or losses accurately reflect the performance of our ongoing operations for the period in which such gains or losses are reported.

- *Inclusion of the AES business in pro forma information* – we report the results of the AES business in discontinued operations and include those results as a component of pro forma information. Management believes that including the results of the AES business in discontinued operations as a component of pro forma information increases the comparability of the financial results with historically presented results as well as recent forecasts.

- *Depreciation of fixed assets ceased upon reporting the business as held for sale* – we exclude the impact of ceasing depreciation of fixed assets that are held for sale. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such expenses were ceased.

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The tax effect for discontinued operations is calculated based on the authoritative guidance in the Financial Accounting Standards Board's Accounting Standards Codification 740, Income Taxes. The tax effect for amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, debt extinguishment costs, other costs related to business acquisitions and divestitures, acceleration of executive compensation, significant litigation matters and settlements, significant environmental charges, changes in the fair value of financial securities, adjustments for mark-to-market accounting on post-retirement benefits, disposition of businesses and assets, net, restructuring and other charges, and the revenue from contracts acquired with various acquisitions is calculated based on operational results and applicable jurisdictional law, which contemplates tax rates currently in effect to determine our tax provision. The tax effect for the impact from foreign currency exchange rates on the current period is calculated based on the average rate currently in effect to determine our tax provision.

The non-GAAP financial measures described above are not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. There are material limitations associated with non-GAAP financial measures because they exclude charges that have an effect on our reported results and, therefore, should not be relied upon as the sole financial measures by which to evaluate our financial results. Management compensates and believes that investors should compensate for these limitations by viewing the non-GAAP financial measures in conjunction with the GAAP financial measures. In addition, the non-GAAP financial measures included in this earnings announcement may be different from, and therefore may not be comparable to, similar measures used by other companies.

Each of the non-GAAP financial measures listed above is also used by our management to evaluate our operating performance, communicate our financial results to our Board of Directors, benchmark our results against our historical performance and the performance of our peers, evaluate investment opportunities including acquisitions and discontinued operations, and determine the bonus payments for senior management and employees.

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