

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2022	2021	2022	2021
Net revenue	\$ 1,718	\$ 1,586	\$ 4,999	\$ 4,659
Costs and expenses:				
Cost of products and services	779	734	2,289	2,152
Research and development	116	113	348	325
Selling, general and administrative	412	403	1,215	1,230
Total costs and expenses	<u>1,307</u>	<u>1,250</u>	<u>3,852</u>	<u>3,707</u>
Income from operations	411	336	1,147	952
Interest income	2	—	4	1
Interest expense	(19)	(21)	(61)	(60)
Other income (expense), net	<u>3</u>	<u>12</u>	<u>(41)</u>	<u>19</u>
Income before taxes	397	327	1,049	912
Provision for income taxes	68	63	163	144
Net income	<u>\$ 329</u>	<u>\$ 264</u>	<u>\$ 886</u>	<u>\$ 768</u>
Net income per share:				
Basic	\$ 1.10	\$ 0.87	\$ 2.95	\$ 2.52
Diluted	\$ 1.10	\$ 0.86	\$ 2.94	\$ 2.50
Weighted average shares used in computing net income per share:				
Basic	298	303	300	305
Diluted	299	306	301	307

The preliminary income statement is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions, except par value and share amounts)
(Unaudited)
PRELIMINARY

	July 31,	October 31,
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,071	\$ 1,484
Short-term investments	6	91
Accounts receivable, net	1,345	1,172
Inventory	1,010	830
Other current assets	258	222
Total current assets	3,690	3,799
Property, plant and equipment, net	1,054	945
Goodwill and other intangible assets, net	4,797	4,956
Long-term investments	194	185
Other assets	749	820
Total assets	\$ 10,484	\$ 10,705
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 558	\$ 446
Employee compensation and benefits	389	493
Deferred revenue	498	441
Short-term debt	180	—
Other accrued liabilities	277	328
Total current liabilities	1,902	1,708
Long-term debt	2,732	2,729
Retirement and post-retirement benefits	176	220
Other long-term liabilities	583	659
Total liabilities	5,393	5,316
Total Equity:		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 125 million shares authorized; none issued and outstanding	—	—
Common stock; \$0.01 par value, 2 billion shares authorized; 296 million shares at July 31, 2022 and 302 million shares at October 31, 2021, issued and outstanding	3	3
Additional paid-in-capital	5,311	5,320
Retained earnings	139	348
Accumulated other comprehensive loss	(362)	(282)
Total stockholders' equity	5,091	5,389
Total liabilities and stockholders' equity	\$ 10,484	\$ 10,705

The preliminary balance sheet is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)
(Unaudited)
PRELIMINARY

	Nine Months Ended	
	July 31,	July 31,
	2022	2021
Cash flows from operating activities:		
Net income	\$ 886	\$ 768
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	244	237
Share-based compensation	99	88
Excess and obsolete inventory related charges	16	21
Loss on extinguishment of debt	9	17
Asset impairment charges	—	2
Net loss (gain) on equity securities	60	(24)
Change in fair value of contingent consideration	(25)	—
Other non-cash expenses, net	10	1
Changes in assets and liabilities:		
Accounts receivable, net	(233)	(69)
Inventory	(206)	(115)
Accounts payable	110	46
Employee compensation and benefits	(98)	38
Other assets and liabilities	(8)	34
Net cash provided by operating activities ^(a)	864	1,044
Cash flows from investing activities:		
Investments in property, plant and equipment	(221)	(126)
Payment to acquire equity securities	(10)	(15)
Proceeds from sale of equity securities	22	—
Payment in exchange for convertible note	(1)	(2)
Acquisition of businesses and intangible assets, net of cash acquired	(18)	(547)
Net cash used in investing activities	(228)	(690)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	55	52
Payment of taxes related to net share settlement of equity awards	(65)	(74)
Issuance of senior notes and long-term loan	600	848
Debt issuance costs	—	(7)
Payment of dividends	(188)	(177)
Repayment of senior notes	(609)	(417)
Proceeds from commercial paper	940	1,492
Repayment of commercial paper	(760)	(1,437)
Treasury stock repurchases	(1,004)	(652)
Net cash used in financing activities	(1,031)	(372)
Effect of exchange rate movements	(22)	6
Net decrease in cash, cash equivalents and restricted cash	(417)	(12)
Cash, cash equivalents and restricted cash at beginning of period	1,490	1,447
Cash, cash equivalents and restricted cash at end of period	\$ 1,073	\$ 1,435
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	\$ 1,071	\$ 1,428
Restricted cash, included in other assets	2	7
Total cash, cash equivalents and restricted cash	\$ 1,073	\$ 1,435

^(a) Cash payments included in operating activities:

Income tax payments, net	\$ 217	\$ 164
Interest payments	\$ 56	\$ 53

The preliminary cash flow is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
NON-GAAP NET INCOME AND DILUTED EPS RECONCILIATIONS
(In millions, except per share amounts)
(Unaudited)
PRELIMINARY

	Three Months Ended July 31,				Nine Months Ended July 31,			
	2022	Diluted EPS	2021	Diluted EPS	2022	Diluted EPS	2021	Diluted EPS
GAAP net income	\$ 329	\$ 1.10	\$ 264	\$ 0.86	\$ 886	\$ 2.94	\$ 768	\$ 2.50
Non-GAAP adjustments:								
Asset impairments	—	—	—	—	—	—	2	0.01
Intangible amortization	48	0.16	53	0.17	149	0.50	143	0.47
Transformational initiatives	8	0.03	12	0.04	21	0.07	32	0.10
Acquisition and integration costs	4	0.01	10	0.03	19	0.06	32	0.10
Change in fair value of contingent consideration	—	—	—	—	(25)	(0.08)	—	—
Loss on extinguishment of debt	9	0.03	—	—	9	0.03	17	0.06
Business exit and divestiture costs	—	—	—	—	7	0.02	4	0.01
Net loss (gain) on equity securities	(3)	(0.01)	(8)	(0.03)	58	0.19	(19)	(0.07)
Other	2	0.01	1	—	2	0.01	7	0.02
Adjustment for taxes ^(a)	4	0.01	5	0.03	(17)	(0.06)	(22)	(0.06)
Non-GAAP net income	<u>\$ 401</u>	<u>\$ 1.34</u>	<u>\$ 337</u>	<u>\$ 1.10</u>	<u>\$ 1,109</u>	<u>\$ 3.68</u>	<u>\$ 964</u>	<u>\$ 3.14</u>

^(a) The adjustment for taxes excludes tax expense (benefits) that management believes are not directly related to on-going operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. For the three months ended July 31, 2022, management used a non-GAAP effective tax rate of 13.76%. For the nine months ended July 31, 2022, management used a non-GAAP effective tax rate of 14.00%. For the three and nine months ended July 31, 2021, management used a non-GAAP effective tax rate of 14.75%.

We provide non-GAAP net income and non-GAAP net income per share amounts in order to provide meaningful supplemental information regarding our operational performance and our prospects for the future. These supplemental measures exclude, among other things, charges related to asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, change in fair value of contingent consideration, loss on extinguishment of debt, business exit and divestiture costs and net loss (gain) on equity securities.

Asset impairments include assets that have been written down to their fair value.

Transformational initiatives include expenses associated with targeted cost reduction activities such as manufacturing transfers including costs to move manufacturing, small site consolidations, legal entity and other business reorganizations, insourcing or outsourcing of activities. Such costs may include move and relocation costs, one-time termination benefits and other one-time reorganization costs. Included in this category are also expenses associated with company programs to transform our product lifecycle management (PLM) system, human resources and financial systems.

Acquisition and integration costs include all incremental expenses incurred to effect a business combination. Such acquisition costs may include advisory, legal, accounting, valuation, and other professional or consulting fees. Such integration costs may include expenses directly related to integration of business and facility operations, the transfer of assets and intellectual property, information technology systems and infrastructure and other employee-related costs.

Change in fair value of contingent consideration represents changes in the fair value estimate of acquisition-related contingent consideration.

Loss on extinguishment of debt for the three and nine months ended July 31, 2022 relates to the net loss recorded on the redemption of the \$600 million outstanding 3.875% 2023 senior notes due on July 15, 2023, called on April 4, 2022 and settled on May 4, 2022. For the nine months ended July 31, 2021, it relates to the net loss recorded on the redemption of the \$100 million of the \$400 million outstanding 3.2% 2022 senior notes due on October 1, 2022, called on December 22, 2020 and settled on January 21, 2021 and the net loss recorded on the redemption of the remaining \$300 million called on March 5, 2021 and settled on April 5, 2021.

Business exit and divestiture costs include costs associated with business divestitures.

Net loss (gain) on equity securities relates to the realized and unrealized mark-to-market adjustments for our marketable and non-marketable equity securities.

Other includes certain legal costs and settlements, special compliance costs and acceleration of share-based compensation expense in addition to other miscellaneous adjustments.

Our management uses non-GAAP measures to evaluate the performance of our core businesses, to estimate future core performance and to compensate employees. Since management finds this measure to be useful, we believe that our investors benefit from seeing our results "through the eyes" of management in addition to seeing our GAAP results. This information facilitates our management's internal comparisons to our historical operating results as well as to the operating results of our competitors.

Our management recognizes that items such as amortization of intangibles can have a material impact on our cash flows and/or our net income. Our GAAP financial statements including our statement of cash flows portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded items are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company's profit and loss from any and all events, management does (and investors should) rely upon the GAAP income statement. The non-GAAP numbers focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company's performance.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary non-GAAP net income and diluted EPS reconciliation is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
SEGMENT INFORMATION
(In millions, except where noted)
(Unaudited)
PRELIMINARY

Quarter-over-Quarter

Life Sciences and Applied Markets Group

	<u>Q3'22</u>	<u>Q3'21</u>
Revenue	\$ 1,019	\$ 897
Gross Margin, %	60.5%	60.4%
Income from Operations	\$ 311	\$ 250
Operating margin, %	30.5%	27.9%

Diagnostics and Genomics Group

	<u>Q3'22</u>	<u>Q3'21</u>
Revenue	\$ 340	\$ 346
Gross Margin, %	54.0%	53.5%
Income from Operations	\$ 73	\$ 78
Operating margin, %	21.5%	22.6%

Agilent CrossLab Group

	<u>Q3'22</u>	<u>Q3'21</u>
Revenue	\$ 359	\$ 343
Gross Margin, %	47.0%	46.6%
Income from Operations	\$ 88	\$ 84
Operating margin, %	24.6%	24.4%

Income from operations reflect the results of our reportable segments under Agilent's management reporting system which are not necessarily in conformity with GAAP financial measures. Income from operations of our reporting segments exclude, among other things, charges related to amortization of intangibles, transformational initiatives and acquisition and integration costs.

Readers are reminded that non-GAAP numbers are merely a supplement to, and not a replacement for, GAAP financial measures. They should be read in conjunction with the GAAP financial measures. It should be noted as well that our non-GAAP information may be different from the non-GAAP information provided by other companies.

The preliminary segment information is estimated based on our current information.

AGILENT TECHNOLOGIES, INC.
RECONCILIATIONS OF REVENUE BY SEGMENT
EXCLUDING ACQUISITIONS, DIVESTITURES AND THE IMPACT OF CURRENCY ADJUSTMENTS (CORE)
(in millions)
(Unaudited)
PRELIMINARY

Year-over-Year						
GAAP						
<u>GAAP Revenue by Segment</u>	<u>Q3'22</u>	<u>Q3'21</u>	<u>Year-over-Year</u>			
			<u>% Change</u>			
Life Sciences and Applied Markets Group	\$ 1,019	\$ 897	14%			
Diagnostics and Genomics Group	340	346	(2%)			
Agilent CrossLab Group	359	343	5%			
Agilent	<u>\$ 1,718</u>	<u>\$ 1,586</u>	8%			

<u>Non GAAP Revenue by Segment</u>	<u>Non-GAAP</u>			<u>Year-over-Year</u>			<u>Year-over-Year</u>			<u>Current Quarter</u>
	<u>(excluding Acquisitions & Divestitures)</u>			<u>at Constant Currency ^(a)</u>			<u>at Constant Currency ^(a)</u>			<u>Currency Impact</u>
	<u>Q3'22</u>	<u>Q3'21</u>	<u>% Change</u>	<u>% Change</u>	<u>Percentage Point</u>	<u>Impact from</u>	<u>Current Quarter</u>		<u>Impact</u>	
						<u>Currency</u>		<u>(b)</u>		
Life Sciences and Applied Markets Group	\$ 1,019	\$ 897	14%	18%	-4	ppts		\$ (43)		
Diagnostics and Genomics Group	340	346	(2%)	3%	-5	ppts		(14)		
Agilent CrossLab Group	359	343	5%	10%	-5	ppts		(19)		
Agilent (Core)	<u>\$ 1,718</u>	<u>\$ 1,586</u>	8%	13%	-5	ppts		<u>\$ (76)</u>		

We compare the year-over-year change in revenue excluding the effect of recent acquisitions and divestitures and foreign currency rate fluctuations to assess the performance of our underlying business.

^(a) The constant currency year-over-year growth percentage is calculated by recalculating all periods in the comparison period at the foreign currency exchange rates used for accounting during the last month of the current quarter and then using those revised values to calculate the year-over-year percentage change.

^(b) The dollar impact from the current quarter currency impact is equal to the total year-over-year dollar change less the constant currency year-over-year change.

The preliminary reconciliation of GAAP revenue adjusted for recent acquisitions and divestitures and impact of currency is estimated based on our current information.