

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,	
	2023	2022	2023	2022
Net revenue	\$ 1,672	\$ 1,718	\$ 5,145	\$ 4,999
Costs and expenses:				
Cost of products and services	1,014	779	2,595	2,289
Research and development	118	116	367	348
Selling, general and administrative	407	412	1,241	1,215
Total costs and expenses	<u>1,539</u>	<u>1,307</u>	<u>4,203</u>	<u>3,852</u>
Income from operations	133	411	942	1,147
Interest income	13	2	34	4
Interest expense	(24)	(19)	(73)	(61)
Other income (expense), net	<u>10</u>	<u>3</u>	<u>16</u>	<u>(41)</u>
Income before taxes	132	397	919	1,049
Provision for income taxes	21	68	154	163
Net income	<u>\$ 111</u>	<u>\$ 329</u>	<u>\$ 765</u>	<u>\$ 886</u>
Net income per share:				
Basic	\$ 0.38	\$ 1.10	\$ 2.59	\$ 2.95
Diluted	\$ 0.38	\$ 1.10	\$ 2.58	\$ 2.94
Weighted average shares used in computing net income per share:				
Basic	294	298	295	300
Diluted	295	299	296	301

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

	<u>July 31,</u> <u>2023</u>	<u>October 31,</u> <u>2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,329	\$ 1,053
Accounts receivable, net	1,339	1,405
Inventory	1,072	1,038
Other current assets	290	282
Total current assets	4,030	3,778
Property, plant and equipment, net	1,211	1,100
Goodwill	3,984	3,952
Other intangible assets, net	502	821
Long-term investments	190	195
Other assets	758	686
Total assets	\$ 10,675	\$ 10,532
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 452	\$ 580
Employee compensation and benefits	331	455
Deferred revenue	512	461
Short-term debt	55	36
Other accrued liabilities	410	329
Total current liabilities	1,760	1,861
Long-term debt	2,734	2,733
Retirement and post-retirement benefits	92	97
Other long-term liabilities	531	536
Total liabilities	5,117	5,227
Total Equity:		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 125 million shares authorized; none issued and outstanding at July 31, 2023 and October 31, 2022	—	—
Common stock; \$0.01 par value, 2 billion shares authorized; 293 million shares at July 31, 2023 and 295 million shares at October 31, 2022, issued and outstanding	3	3
Additional paid-in-capital	5,382	5,325
Retained earnings	444	324
Accumulated other comprehensive loss	(271)	(347)
Total stockholders' equity	5,558	5,305
Total liabilities and stockholders' equity	\$ 10,675	\$ 10,532

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,
	2023	2022
Cash flows from operating activities:		
Net income	\$ 765	\$ 886
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	209	244
Share-based compensation	97	99
Deferred taxes	(69)	25
Excess and obsolete inventory related charges	27	16
Loss on extinguishment of debt	—	9
Asset impairments	277	—
Net loss on equity securities	13	60
Change in fair value of contingent consideration	1	(25)
Other non-cash expense, net	4	10
Changes in assets and liabilities:		
Accounts receivable, net	113	(233)
Inventory	(53)	(206)
Accounts payable	(117)	110
Employee compensation and benefits	(137)	(98)
Other assets and liabilities	126	(33)
Net cash provided by operating activities ^(a)	1,256	864
Cash flows from investing activities:		
Investments in property, plant and equipment	(214)	(221)
Payment to acquire equity securities	(3)	(10)
Proceeds from sale of equity securities	5	22
Payment in exchange for convertible note	(11)	(1)
Proceeds from convertible note	4	—
Acquisition of businesses and intangible assets, net of cash acquired	(51)	(18)
Net cash used in investing activities	(270)	(228)
Cash flows from financing activities:		
Issuance of common stock under employee stock plans	65	55
Payment of taxes related to net share settlement of equity awards	(53)	(65)
Payment of dividends	(199)	(188)
Proceeds from issuance of long-term debt	—	600
Repayment of senior notes	—	(609)
Net proceeds from short-term debt	20	180
Payment for contingent consideration	(67)	—
Payments for repurchase of common stock	(495)	(1,004)
Net cash used in financing activities	(729)	(1,031)
Effect of exchange rate movements	19	(22)
Net increase (decrease) in cash, cash equivalents and restricted cash	276	(417)
Cash, cash equivalents and restricted cash at beginning of period	1,056	1,490
Cash, cash equivalents and restricted cash at end of period	\$ 1,332	\$ 1,073
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheet:		
Cash and cash equivalents	\$ 1,329	\$ 1,071
Restricted cash, included in other assets	3	2
Total cash, cash equivalents and restricted cash	\$ 1,332	\$ 1,073

^(a) Cash payments included in operating activities:

Income tax paid, net of refunds received	\$ 143	\$ 217
Interest payments, net of capitalized interest	\$ 60	\$ 56

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,			
	2023		2022		2023		2022	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
GAAP net income	\$ 111	\$ 0.38	\$ 329	\$ 1.10	\$ 765	\$ 2.58	\$ 886	\$ 2.94
Non-GAAP adjustments:								
Asset impairments	277	0.94	—	—	277	0.94	—	—
Intangible amortization	38	0.13	48	0.16	112	0.38	149	0.50
Transformational initiatives	19	0.06	8	0.03	31	0.10	21	0.07
Acquisition and integration costs	5	0.02	4	0.02	12	0.04	19	0.06
Acceleration of share-based compensation expense	5	0.02	1	—	5	0.02	1	—
Special compliance costs	4	0.01	—	—	9	0.03	—	—
Business exit and divestiture costs	—	—	—	—	—	—	7	0.02
Change in fair value of contingent consideration	—	—	—	—	1	—	(25)	(0.08)
Loss on extinguishment of debt	—	—	9	0.03	—	—	9	0.03
Net loss (gain) on equity securities	(1)	—	(3)	(0.02)	15	0.05	58	0.19
Other	11	0.04	1	—	17	0.06	1	—
Adjustment for taxes ^(a)	(47)	(0.17)	4	0.02	(39)	(0.13)	(17)	(0.05)
Non-GAAP net income	<u>\$ 422</u>	<u>\$ 1.43</u>	<u>\$ 401</u>	<u>\$ 1.34</u>	<u>\$ 1,205</u>	<u>\$ 4.07</u>	<u>\$ 1,109</u>	<u>\$ 3.68</u>

^(a) The adjustment for taxes excludes tax benefits that management believes are not directly related to on-going operations and which are either isolated, temporary or cannot be expected to occur again with any regularity or predictability such as windfall benefits on stock compensation and the impact of R&D capitalization under section 174 of the Tax Cuts and Jobs Act of 2017. For the three months ended July 31, 2023, management used a non-GAAP effective tax rate of 13.75%. For the nine months ended July 31, 2023, management used a non-GAAP effective tax rate of 13.75%. 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%.

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, acceleration of share-based compensation expense, special compliance costs, business exit and divestiture costs, change in fair value of contingent consideration, loss on extinguishment of debt 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.

Acceleration of share-based compensation expense represents stock-based compensation expense that was accelerated related to employees' involuntary termination from the company.

Special compliance costs include costs associated with transforming our processes to implement new regulations such as environmental compliance costs related to a prior acquisition, NASD site costs and certain tax reporting requirements.

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

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.

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 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>Q3'23</u>	<u>Q3'22</u>
Revenue	\$ 927	\$ 1,019
Gross Margin, %	60.0%	60.5%
Income from Operations	\$ 277	\$ 311
Operating margin, %	29.9%	30.5%

Diagnostics and Genomics Group

	<u>Q3'23</u>	<u>Q3'22</u>
Revenue	\$ 349	\$ 340
Gross Margin, %	52.2%	54.0%
Income from Operations	\$ 84	\$ 73
Operating margin, %	24.0%	21.5%

Agilent CrossLab Group

	<u>Q3'23</u>	<u>Q3'22</u>
Revenue	\$ 396	\$ 359
Gross Margin, %	50.9%	47.0%
Income from Operations	\$ 129	\$ 88
Operating margin, %	32.7%	24.6%

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 asset impairments, amortization of intangibles, transformational initiatives, acquisition and integration costs, acceleration of share-based compensation expense and special compliance 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>Q3'23</u>	<u>Q3'22</u>	<u>Year-over-Year</u>			
			<u>% Change</u>			
Life Sciences and Applied Markets Group	\$ 927	\$ 1,019	(9%)			
Diagnostics and Genomics Group	349	340	3%			
Agilent CrossLab Group	396	359	10%			
Agilent	<u>\$ 1,672</u>	<u>\$ 1,718</u>	(3%)			

<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</u> ^(a)		<u>at Constant Currency</u> ^(a)		<u>Currency Impact</u>
	<u>Q3'23</u>	<u>Q3'22</u>	<u>% Change</u>	<u>% Change</u>	<u>Percentage Point</u>	<u>Impact from</u>	<u>Current Quarter</u>	<u>Currency Impact</u>
								<u>(b)</u>
Life Sciences and Applied Markets Group	\$ 925	\$ 1,019	(9%)	(9%)	—	\$	(5)	
Diagnostics and Genomics Group	349	340	3%	3%	—	\$	(1)	
Agilent CrossLab Group	396	359	10%	11%	-1 ppt	\$	(2)	
Agilent (Core)	<u>\$ 1,670</u>	<u>\$ 1,718</u>	(3%)	(2%)	-1 ppt	\$	(8)	

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.