



DANAHER CORPORATION

Fourth Quarter 2021 Earnings Release

January 27, 2022



Forward Looking Statements

Statements in this presentation that are not strictly historical, including any statements regarding Danaher's anticipated future financial performance and any other statements regarding events or developments that we anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the highly uncertain and unpredictable severity, magnitude and duration of the COVID-19 pandemic (and the related governmental, business and community responses thereto) on our business, results of operations and financial condition, the impact of our debt obligations (including the debt incurred to finance the acquisitions of Cytiva and Aldevron) on our operations and liquidity, deterioration of or instability in the economy, the markets we serve and the financial markets (including as a result of the COVID-19 pandemic), uncertainties relating to U.S. laws or policies, including potential changes in U.S. trade policies and tariffs and the reaction of other countries thereto, contractions or growth rates and cyclicity of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including rules relating to off-label marketing and other regulations relating to medical devices and the health care industry), the results of our clinical trials and perceptions thereof, our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify and consummate appropriate acquisitions and strategic investments and successfully complete divestitures and other dispositions, our ability to integrate the businesses we acquire and achieve the anticipated benefits of such acquisitions (including with respect to the acquisition of Aldevron), our ability to realize anticipated growth, synergies and other benefits of the Aldevron acquisition, Aldevron's performance and maintenance of important business relationships, contingent liabilities and other risks relating to acquisitions, investments, strategic relationships and divestitures (including tax-related and other contingent liabilities relating to past and future IPOs, split-offs or spin-offs), security breaches or other disruptions of our information technology systems or violations of data privacy laws, the impact of our restructuring activities on our ability to grow, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, the rights of the United States government to use, disclose and license certain intellectual property we license if we fail to commercialize it, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third-parties, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, the impact of deregulation on demand for our products and services, labor matters, international economic, political, legal, compliance, social and business factors (including the impact of the United Kingdom's separation from the European Union), disruptions relating to man-made and natural disasters (including pandemics such as COVID-19) and pension plan costs. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our 2020 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the third quarter of 2021. 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.

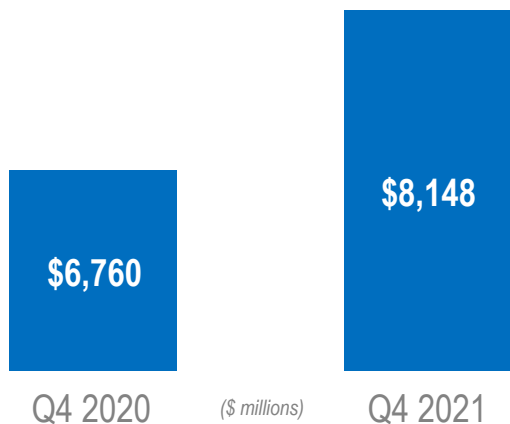
With respect to the non-GAAP financial measures referenced in the following presentation, definitions and the accompanying information required by SEC Regulation G can be found in this presentation or in the "Investors" section of Danaher's web site, www.danaher.com, under the heading "Financial Reports" and subheading "Quarterly Earnings." In addition, in addressing various financial metrics the presentation describes certain of the more significant factors that impacted year-over-year performance. For additional factors that impacted year-over-year performance, please refer to our earnings release and the other related presentation materials supplementing today's call, all of which are available in the "Investors" section of Danaher's web site under the heading "Financial Reports" and subheading "Quarterly Earnings," as well as our Annual Report on Form 10-K for the year ended December 31, 2021 when it becomes available. All references in this presentation (1) to financial metrics relate only to the continuing operations of Danaher's business, unless otherwise noted; and (2) to "growth" or other period-to-period changes refer to year-over-year comparisons unless otherwise indicated. We may also describe certain products and devices which have applications submitted and pending for certain regulatory approvals.

2021 Performance Summary: Revenue

Q4 REVENUE

+20.5%

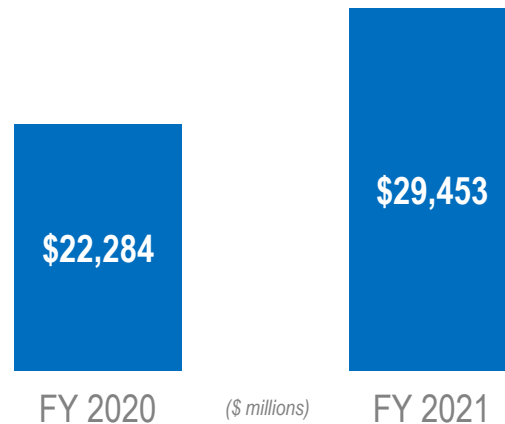
Core +19.5%
Acquisitions +2.0%
FX -1.0%



FY REVENUE

+32.0%

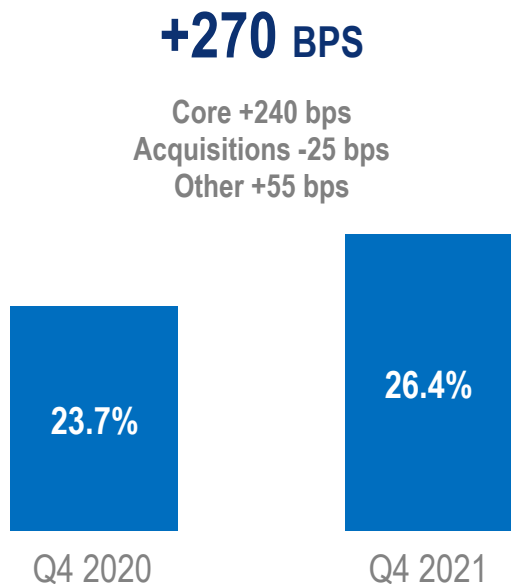
Core including Cytiva +25.0%
FX +1.5%



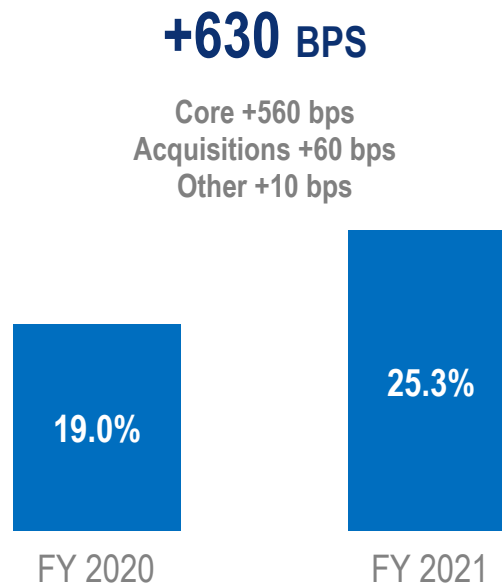
Throughout this presentation, with respect to revenue performance, for the definitions of "Acquisitions," "Core," "Core including Cytiva," and "FX," please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

2021 Performance Summary: Operating Profit Margin

Q4 OPERATING PROFIT MARGIN



FY OPERATING PROFIT MARGIN

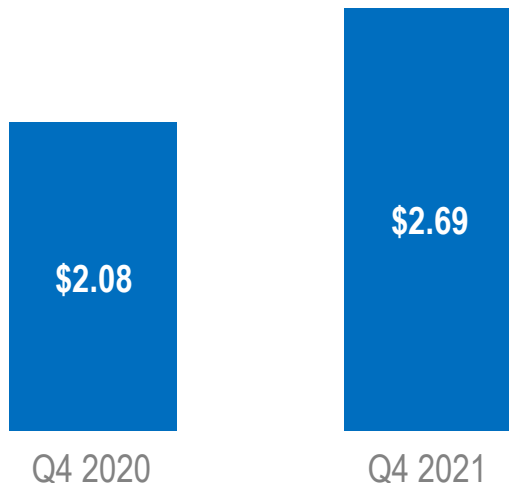


Throughout this presentation when referred to in connection with operating profit margins, "Acquisitions" refers to the impact of businesses owned for less than one year or disposed of during such period and not treated as discontinued operations, "Other" refers to the impact of certain 2020 and 2021 acquisition-related fair value adjustments and transaction costs deemed significant associated with the acquisitions of Cytiva and Aldevron, impairment charges incurred in 2021 net of impairment charges incurred in 2020 and a modification and partial termination of a prior commercial arrangement and the resolution of the associated litigation, and "Core" refers to all other year-over-year operating profit margin changes; for further description of these items, please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

2021 Performance Summary: Adjusted Diluted Net EPS

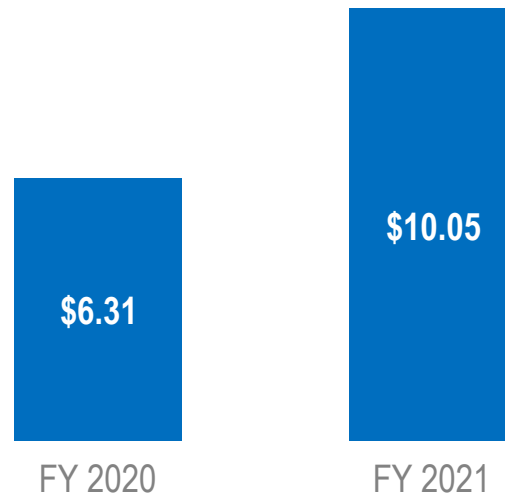
Q4 ADJUSTED DILUTED NET
EARNINGS PER COMMON SHARE

+29.0%



FY ADJUSTED DILUTED NET
EARNINGS PER COMMON SHARE

+59.0%

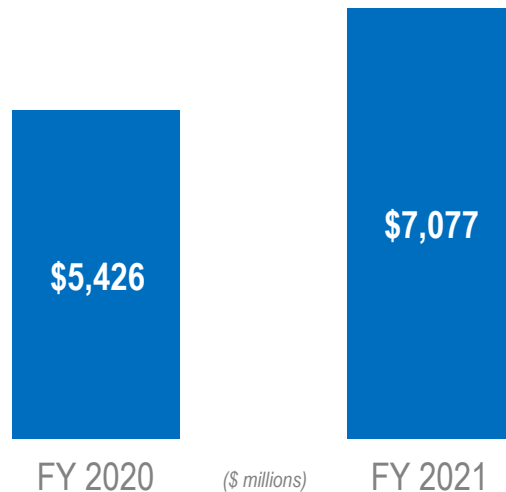


For the definition of Adjusted Diluted Net EPS, please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

2021 Performance Summary: Free Cash Flow

FY FREE CASH FLOW

+30.5%



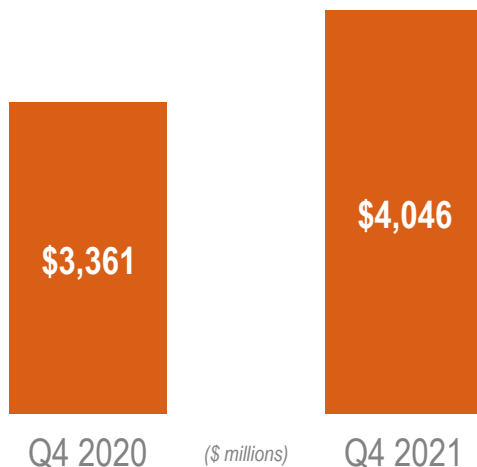
For the definition of Free Cash Flow, please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

Fourth Quarter 2021: Life Sciences

REVENUE

+20.5%

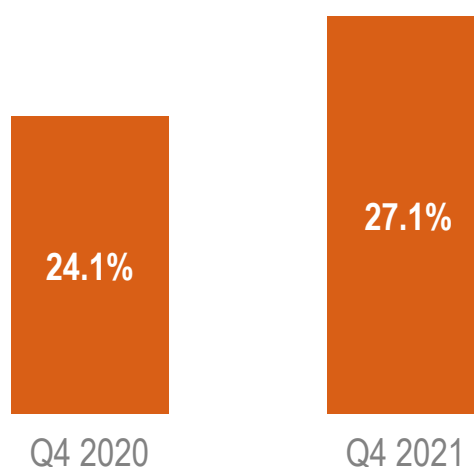
Core +17.0%
Acquisitions +4.5%
FX -1.0%



OPERATING PROFIT MARGIN

+300 BPS

Core +290 bps
Acquisitions -105 bps
Other +115 bps

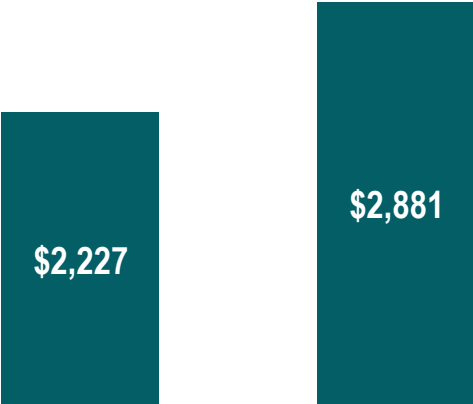


Fourth Quarter 2021: Diagnostics

REVENUE

+29.5%

Core +29.0%
Acquisitions +1.0%
FX -0.5%



Q4 2020

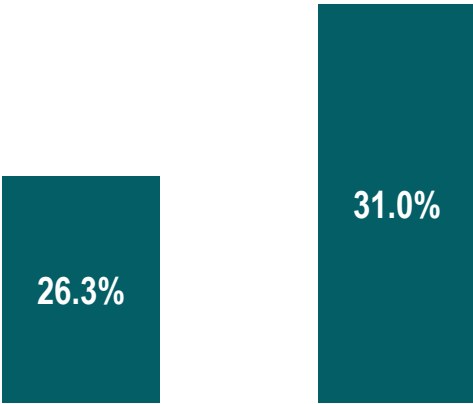
(\$ millions)

Q4 2021

OPERATING PROFIT MARGIN

+470 BPS

Core +415 bps
Acquisitions +55 bps



Q4 2020

Q4 2021



BIOSYSTEMS



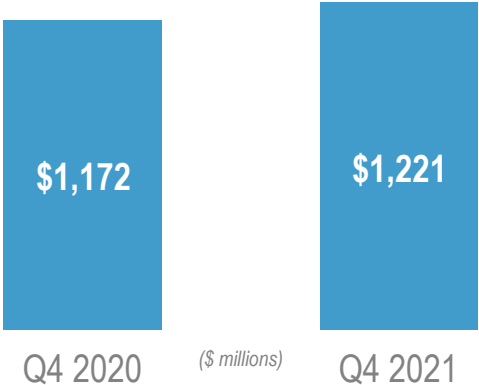
Cepheid

Fourth Quarter 2021: Environmental & Applied Solutions

REVENUE

+4.0%

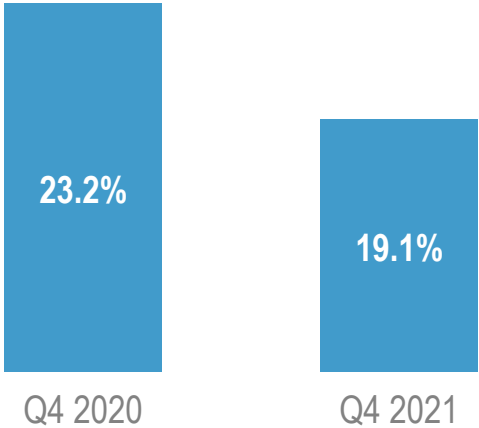
Core +7.5%
Acquisitions -3.0%
FX -0.5%



OPERATING PROFIT MARGIN

-410 bps

Core -410 bps



GUIDANCE

Q & A



DANAHER



DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
THREE-MONTH PERIODS AND YEARS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

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FORWARD-LOOKING STATEMENTS DISCLOSURE

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DANAHER CORPORATION

Core Sales Growth by Segment, Core Sales Growth Including Cytiva by Segment and Base Business Core Sales Growth

	% Change Three-Month Period Ended December 31, 2021 vs. Comparable 2020 Period			
	Total Company	Segments		
		Life Sciences	Diagnostics	Environmental & Applied Solutions
Total sales growth (GAAP)	20.5 %	20.5 %	29.5 %	4.0 %
Impact of:				
Acquisitions/divestitures	(2.0)	(4.5)	(1.0)	3.0
Currency exchange rates	1.0	1.0	0.5	0.5
Core sales growth (non-GAAP)	<u>19.5 %</u>	<u>17.0 %</u>	<u>29.0 %</u>	<u>7.5 %</u>
Impact of COVID-related tailwinds	<u>(9.5)</u>			
Base business core sales growth (non-GAAP)	<u>10.0 %</u>			

	% Change Year Ended December 31, 2021 vs. Comparable 2020 Period			
	Total Company	Segments		
		Life Sciences	Diagnostics	Environmental & Applied Solutions
Total sales growth (GAAP)	32.0 %	41.5 %	33.0 %	8.0 %
Impact of:				
Acquisitions/divestitures	(7.5)	(16.5)	(0.5)	1.5
Currency exchange rates	(1.5)	(2.0)	(1.5)	(1.5)
Core sales growth (non-GAAP)	<u>23.0 %</u>	<u>23.0 %</u>	<u>31.0 %</u>	<u>8.0 %</u>
Impact of Cytiva sales growth (net of divested product lines)	<u>2.0</u>	<u>4.5</u>		
Core sales growth including Cytiva (non-GAAP)	<u>25.0 %</u>	<u>27.5 %</u>		
Impact of COVID-related tailwinds	<u>(13.5)</u>			
Base business core sales growth (non-GAAP)	<u>11.5 %</u>			

Note: Danaher calculates period-to-period core sales growth including Cytiva by adding Cytiva sales to core sales for both the baseline and current periods. Beginning in the second quarter of 2021, Cytiva sales are included in core sales, and therefore the measure “core sales growth including Cytiva” is no longer provided for quarterly periods beginning with the second quarter of 2021. Therefore, the impact of Cytiva sales growth represents only the impact of Cytiva sales in the first quarter of 2021, prior to the inclusion of Cytiva sales in core sales. Impact of COVID-related tailwinds includes revenue from COVID-19 related testing and revenues related to products that support the pursuit and production of COVID-19 related treatments and vaccines.

DANAHER CORPORATION

Forecasted Core Sales Growth and Base Business Core Sales Growth¹

	% Change Three-Month Period Ending April 1, 2022 vs. Comparable 2021 Period	% Change Year Ending December 31, 2022 vs. Comparable 2021 Period
Core sales growth (non-GAAP)	~10%	+Mid-single digit
Impact of COVID-19 related testing	(Low-single digit)	+Low-single digit
Base business core sales growth (non-GAAP)	<u>+High-single digit</u>	<u>+High-single digit</u>

¹ We do not reconcile these measures to the comparable GAAP measure because of the inherent difficulty in predicting and estimating the future impact and timing of currency translation, acquisitions and divested product lines, which would be reflected in any forecasted GAAP revenue.

Note: While we expect overall demand for the Company’s COVID-19 related products to moderate as and to the extent the pandemic subsides, as the pandemic evolves toward endemic status we believe a level of demand for the Company’s products that support COVID-19 related vaccines and therapeutics (including initiatives that seek to prevent or mitigate similar, future pandemics) and COVID-19 testing will continue. However, on a relative basis, we expect the level of ongoing demand for products supporting COVID-19 testing will be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics. Therefore, beginning with the first quarter of 2022, in addition to disclosing core revenue growth (as defined below), we will also disclose “base business core revenue growth” on a basis that excludes revenues related to COVID-19 testing and includes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this additional measure will provide useful information to investors by facilitating period-to-period comparisons of our financial performance and identifying underlying growth trends in the Company’s business that otherwise may be obscured by fluctuations in demand for COVID-19 testing as a result of the pandemic.

DANAHER CORPORATION

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

	Three-Month Period Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Sales (GAAP)				
Life Sciences	\$ 4,046	\$ 3,361	\$ 14,958	\$ 10,576
Diagnostics	2,881	2,227	9,844	7,403
Environmental & Applied Solutions	1,221	1,172	4,651	4,305
Total Company	\$ 8,148	\$ 6,760	\$ 29,453	\$ 22,284
Operating Profit (GAAP)				
Life Sciences	\$ 1,097	\$ 811	\$ 4,367	\$ 2,054
Diagnostics	893	586	2,313	1,538
Environmental & Applied Solutions	233	272	1,054	979
Other	(69)	(68)	(269)	(340)
Total Company	\$ 2,154	\$ 1,601	\$ 7,465	\$ 4,231
Amortization of Intangible Assets (GAAP)				
Life Sciences	\$ 328	\$ 269	\$ 1,183	\$ 870
Diagnostics	51	51	205	205
Environmental & Applied Solutions	15	16	62	63
Total Company	\$ 394	\$ 336	\$ 1,450	\$ 1,138
Other Operating Profit Adjustments²				
Life Sciences	\$ 13	\$ 49	\$ 104	\$ 509
Diagnostics	—	—	557	5
Environmental & Applied Solutions	—	—	—	17
Other	—	—	—	59
Total Company	\$ 13	\$ 49	\$ 661	\$ 590
Adjusted Operating Profit (non-GAAP)³				
Life Sciences	\$ 1,438	\$ 1,129	\$ 5,654	\$ 3,433
Diagnostics	944	637	3,075	1,748
Environmental & Applied Solutions	248	288	1,116	1,059
Other	(69)	(68)	(269)	(281)
Total Company	\$ 2,561	\$ 1,986	\$ 9,576	\$ 5,959

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

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

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

	Three-Month Period Ended December 31, 2021				
	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	Total Company
Net Earnings from Continuing Operations (GAAP)					\$ 1,788
Interest, Net					55
Other Nonoperating (Income) Expense ⁴					14
Income Taxes					297
Operating Profit (GAAP)	\$ 1,097	\$ 893	\$ 233	\$ (69)	\$ 2,154
Other Operating Profit Adjustments ²	13	—	—	—	13
Depreciation	71	109	11	2	193
Amortization of Intangible Assets	328	51	15	—	394
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,509</u>	<u>\$ 1,053</u>	<u>\$ 259</u>	<u>\$ (67)</u>	<u>\$ 2,754</u>
Interest, Net					(55)
Other Nonoperating Income (Expense) ⁴					(14)
Income Taxes					(297)
Other Operating Profit Adjustments ²					(13)
Depreciation					(193)
Amortization of Intangible Assets					(394)
Net Earnings from Continuing Operations (GAAP)					<u>\$ 1,788</u>
Sales (GAAP)	<u>\$ 4,046</u>	<u>\$ 2,881</u>	<u>\$ 1,221</u>		<u>\$ 8,148</u>
Net Earnings from Continuing Operations Margin (GAAP)					<u>21.9 %</u>
Adjusted EBITDA Margin (Non-GAAP) ⁵	<u>37.3 %</u>	<u>36.5 %</u>	<u>21.2 %</u>		<u>33.8 %</u>

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

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

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

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

	Three-Month Period Ended December 31, 2020				
	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	Total Company
Net Earnings from Continuing Operations (GAAP)					\$ 1,241
Interest, Net					68
Other Nonoperating (Income) Expense ⁴					(9)
Income Taxes					301
Operating Profit (GAAP)	\$ 811	\$ 586	\$ 272	\$ (68)	\$ 1,601
Other Operating Profit Adjustments ²	49	—	—	—	49
Depreciation	51	106	12	3	172
Amortization of Intangible Assets	269	51	16	—	336
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,180</u>	<u>\$ 743</u>	<u>\$ 300</u>	<u>\$ (65)</u>	<u>\$ 2,158</u>
Interest, Net					(68)
Other Nonoperating Income (Expense) ⁴					9
Income Taxes					(301)
Other Operating Profit Adjustments ²					(49)
Depreciation					(172)
Amortization of Intangible Assets					(336)
Net Earnings from Continuing Operations (GAAP)					<u>\$ 1,241</u>
Sales (GAAP)	<u>\$ 3,361</u>	<u>\$ 2,227</u>	<u>\$ 1,172</u>		
Net Earnings from Continuing Operations Margin (GAAP)					<u>18.4 %</u>
Adjusted EBITDA Margin (Non-GAAP) ⁵	<u>35.1 %</u>	<u>33.4 %</u>	<u>25.6 %</u>		
					<u>31.9 %</u>

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

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

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

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

	Year Ended December 31, 2021				
	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	Total Company
Net Earnings from Continuing Operations (GAAP)					\$ 6,347
Interest, Net					227
Other Nonoperating (Income) Expense ⁴					(360)
Income Taxes					1,251
Operating Profit (GAAP)	\$ 4,367	\$ 2,313	\$ 1,054	\$ (269)	\$ 7,465
Other Operating Profit Adjustments ²	104	557	—	—	661
Depreciation	258	409	44	7	718
Amortization of Intangible Assets	1,183	205	62	—	1,450
Adjusted EBITDA (Non-GAAP)	<u>\$ 5,912</u>	<u>\$ 3,484</u>	<u>\$ 1,160</u>	<u>\$ (262)</u>	<u>\$ 10,294</u>
Interest, Net					(227)
Other Nonoperating Income (Expense) ⁴					360
Income Taxes					(1,251)
Other Operating Profit Adjustments ²					(661)
Depreciation					(718)
Amortization of Intangible Assets					(1,450)
Net Earnings from Continuing Operations (GAAP)					<u>\$ 6,347</u>
Sales (GAAP)	<u>\$ 14,958</u>	<u>\$ 9,844</u>	<u>\$ 4,651</u>		<u>\$ 29,453</u>
Net Earnings from Continuing Operations Margin (GAAP)					<u>21.5 %</u>
Adjusted EBITDA Margin (Non-GAAP) ⁵	<u>39.5 %</u>	<u>35.4 %</u>	<u>24.9 %</u>		<u>35.0 %</u>

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

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

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

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

	Year Ended December 31, 2020				
	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	Total Company
Net Earnings from Continuing Operations (GAAP)					\$ 3,646
Interest, Net					204
Other Nonoperating (Income) Expense ⁴					(468)
Income Taxes					849
Operating Profit (GAAP)	\$ 2,054	\$ 1,538	\$ 979	\$ (340)	\$ 4,231
Other Operating Profit Adjustments ²	509	5	17	59	590
Depreciation	183	397	47	10	637
Amortization of Intangible Assets	870	205	63	—	1,138
Adjusted EBITDA (Non-GAAP)	<u>\$ 3,616</u>	<u>\$ 2,145</u>	<u>\$ 1,106</u>	<u>\$ (271)</u>	<u>\$ 6,596</u>
Interest, Net					(204)
Other Nonoperating Income (Expense) ⁴					468
Income Taxes					(849)
Other Operating Profit Adjustments ²					(590)
Depreciation					(637)
Amortization of Intangible Assets					(1,138)
Net Earnings from Continuing Operations (GAAP)					<u>\$ 3,646</u>
Sales (GAAP)	<u>\$ 10,576</u>	<u>\$ 7,403</u>	<u>\$ 4,305</u>		<u>\$ 22,284</u>
Net Earnings from Continuing Operations Margin (GAAP)					<u>16.4 %</u>
Adjusted EBITDA Margin (Non-GAAP) ⁵	<u>34.2 %</u>	<u>29.0 %</u>	<u>25.7 %</u>		<u>29.6 %</u>

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

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

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

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended December 31, 2021

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings from continuing operations before income taxes	Income taxes	Net earnings from continuing operations for calculation of diluted earnings per common share	Diluted net earnings per common share from continuing operations ⁶
Reported (GAAP)	\$ 8,148	\$ (3,205)	60.7 %	\$ 2,154	26.4 %	\$ 2,085	\$ (297)	\$ 1,767 ^k	\$ 2.39
Amortization of acquisition-related intangible assets ^A	—	—	—	394	4.8	394		394	0.53
Acquisition-related items ^B	—	13	0.2	13	0.2	13		13	0.02
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(71)		(71)	(0.10)
Loss on early extinguishment of debt ^G	—	—	—	—	—	96		96	0.13
Tax effect of the above adjustments ^H							(91)	(91)	(0.12)
Discrete tax adjustments ^I							(120)	(120)	(0.16)
MCPS "as if converted" ^J	—	—	—	—	—	—	—	21	—
Rounding	—	—	(0.1)	—	—	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 8,148</u>	<u>\$ (3,192)</u>	<u>60.8 %</u>	<u>\$ 2,561</u>	<u>31.4 %</u>	<u>\$ 2,517</u>	<u>\$ (508)</u>	<u>\$ 2,009</u>	<u>\$ 2.69</u>

Three-Month Period Ended December 31, 2021

	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) ⁴ , net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 8,148	\$ (2,294)	(28.2)%	\$ (495)	(6.1)%	\$ (14)	\$ (55)
Amortization of acquisition-related intangible assets ^A	—	394	4.8	—	—	—	—
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(71)	—
Loss on early extinguishment of debt ^G	—	—	—	—	—	96	—
Rounding	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 8,148</u>	<u>\$ (1,900)</u>	<u>(23.3)%</u>	<u>\$ (495)</u>	<u>(6.1)%</u>	<u>\$ 11</u>	<u>\$ (55)</u>

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

⁶ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock. Net earnings per diluted common share amounts for the relevant three-month periods may not add to the year-to-date amounts due to rounding.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended December 31, 2020

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings from continuing operations before income taxes	Income taxes	Net earnings from continuing operations for calculation of diluted earnings per common share	Diluted net earnings per common share from continuing operations ⁶
Reported (GAAP)	\$ 6,760	\$ (2,806)	58.5 %	\$ 1,601	23.7 %	\$ 1,542	\$ (301)	\$ 1,200 ^K	\$ 1.66
Amortization of acquisition-related intangible assets ^A	—	—	—	336	5.0	336		336	0.45
Acquisition-related items ^B	9	40	0.6	49	0.7	49		49	0.06
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(31)		(31)	(0.04)
Loss on early extinguishment of debt ^G	—	—	—	—	—	26		26	0.04
Tax effect of the above adjustments ^H							(75)	(75)	(0.10)
MCPS "as if converted" ^J	—	—	—	—	—	—	—	41	0.01
Rounding					(0.1)				
Adjusted (Non-GAAP)	<u>\$ 6,769</u>	<u>\$ (2,766)</u>	<u>59.1 %</u>	<u>\$ 1,986</u>	<u>29.3 %</u>	<u>\$ 1,922</u>	<u>\$ (376)</u>	<u>\$ 1,546</u>	<u>\$ 2.08</u>

Three-Month Period Ended December 31, 2020

	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) ⁴ , net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 6,760	\$ (1,957)	(28.9)%	\$ (396)	(5.9)%	\$ 9	\$ (68)
Amortization of acquisition-related intangible assets ^A	—	336	5.0	—	—	—	—
Acquisition-related items ^B	9	—	—	—	—	—	—
Fair value (gains) losses on investments ^D	—	—	—	—	—	(31)	—
Loss on early extinguishment of debt ^G	—	—	—	—	—	26	—
Adjusted (Non-GAAP)	<u>\$ 6,769</u>	<u>\$ (1,621)</u>	<u>(23.9)%</u>	<u>\$ (396)</u>	<u>(5.9)%</u>	<u>\$ 4</u>	<u>\$ (68)</u>

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

⁶ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock. Net earnings per diluted common share amounts for the relevant three-month periods may not add to the year-to-date amounts due to rounding.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 2021

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings from continuing operations before income taxes	Income taxes	Net earnings from continuing operations for calculation of diluted earnings per common share	Diluted net earnings per common share from continuing operations ⁶
Reported (GAAP)	\$ 29,453	\$ (11,501)	61.0 %	\$ 7,465	25.3 %	\$ 7,598	\$ (1,251)	\$ 6,261 ^K	\$ 8.50
Amortization of acquisition-related intangible assets ^A	—	—	—	1,450	4.9	1,450		1,450	1.95
Acquisition-related items ^B	17	59	0.3	104	0.4	104		104	0.14
Impairments ^C	—	—	—	10	—	10		10	0.01
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(401)		(401)	(0.54)
Gain on disposition of certain product lines ^E	—	—	—	—	—	(13)		(13)	(0.02)
Contract settlement expense ^F	—	—	—	547	1.9	547		547	0.73
Loss on early extinguishment of debt ^G	—	—	—	—	—	96		96	0.13
Tax effect of the above adjustments ^H							(383)	(383)	(0.51)
Discrete tax adjustments ^I							(263)	(263)	(0.35)
MCPS "as if converted" ^J	—	—	—	—	—	—	—	86	0.01
Rounding	—	—	(0.1)	—	—	—	—	—	—
Adjusted (Non-GAAP)	\$ 29,470	\$ (11,442)	61.2 %	\$ 9,576	32.5 %	\$ 9,391	\$ (1,897)	\$ 7,494	\$ 10.05

Year Ended December 31, 2021

	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	Other operating expenses	Other operating expenses as a % of sales	Nonoperating income (expense) ⁴ , net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 29,453	\$ (8,198)	(27.8)%	\$ (1,742)	(5.9)%	\$ (547)	(1.9)%	\$ 360	\$ (227)
Amortization of acquisition-related intangible assets ^A	—	1,450	4.9	—	—	—	—	—	—
Acquisition-related items ^B	17	28	0.1	—	—	—	—	—	—
Impairments ^C	—	10	—	—	—	—	—	—	—
Fair value net (gains) losses on investments ^D	—	—	—	—	—	—	—	(401)	—
Gain on disposition of certain product lines ^E	—	—	—	—	—	—	—	(13)	—
Contract settlement expense ^F	—	—	—	—	—	547	1.9	—	—
Loss on early extinguishment of debt ^G	—	—	—	—	—	—	—	96	—
Adjusted (Non-GAAP)	\$ 29,470	\$ (6,710)	(22.8)%	\$ (1,742)	(5.9)%	\$ —	— %	\$ 42	\$ (227)

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

⁶ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock. Net earnings per diluted common share amounts for the relevant three-month periods may not add to the year-to-date amounts due to rounding.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 2020

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings from continuing operations before income taxes	Income taxes	Net earnings from continuing operations for calculation of diluted earnings per common share	Diluted net earnings per common share from continuing operations ⁶
Reported (GAAP)	\$ 22,284	\$ (9,809)	56.0 %	\$ 4,231	19.0 %	\$ 4,495	\$ (849)	\$ 3,511 ^K	\$ 4.89
Amortization of acquisition-related intangible assets ^A	—	—	—	1,138	5.1	1,138		1,138	1.55
Acquisition-related items ^B	52	457	2.1	568	2.5	568		568	0.77
Impairments ^C	—	—	—	22	0.1	22		22	0.03
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(18)		(18)	(0.02)
Gain on disposition of certain product lines ^E	—	—	—	—	—	(455)		(455)	(0.62)
Loss on early extinguishment of debt ^G	—	—	—	—	—	26		26	0.04
Tax effect of the above adjustments ^H							(198)	(198)	(0.27)
Discrete tax adjustments ^I							(85)	(85)	(0.12)
MCPS "as if converted" ^J	—	—	—	—	—	—	—	136	0.06
Adjusted (Non-GAAP)	\$ 22,336	\$ (9,352)	58.1 %	\$ 5,959	26.7 %	\$ 5,776	\$ (1,132)	\$ 4,645	\$ 6.31

Year Ended December 31, 2020

	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) ⁴ , net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 22,284	\$ (6,896)	(30.9)%	\$ (1,348)	(6.0)%	\$ 468	\$ (204)
Amortization of acquisition-related intangible assets ^A	—	1,138	5.1	—	—	—	—
Acquisition-related items ^B	52	59	0.3	—	—	—	—
Impairments ^C	—	22	0.1	—	—	—	—
Fair value net (gains) losses on investments ^D	—	—	—	—	—	(18)	—
Gain on disposition of certain product lines ^E	—	—	—	—	—	(455)	—
Loss on early extinguishment of debt ^G	—	—	—	—	—	26	—
Adjusted (Non-GAAP)	\$ 22,336	\$ (5,677)	(25.4)%	\$ (1,348)	(6.0)%	\$ 21	\$ (204)

⁴ Other Nonoperating (Income) Expense includes loss on early extinguishment of borrowings.

⁶ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock. Net earnings per diluted common share amounts for the relevant three-month periods may not add to the year-to-date amounts due to rounding.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

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

	Three-Month Period Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Pretax	\$ 394	\$ 336	\$ 1,450	\$ 1,138
After-tax	315	270	1,157	915

^B Costs incurred for fair value adjustments to inventory related to the acquisition of Aldevron in the three-month period ended December 31, 2021, (\$13 million pretax as reported in this line item, \$10 million after-tax). Costs incurred for fair value adjustments to inventory and deferred revenue and transaction costs deemed significant related to the acquisitions of Cytiva and Aldevron in the year ended December 31, 2021, (\$104 million pretax as reported in this line item, \$82 million after-tax). Costs incurred for fair value adjustments to inventory and deferred revenue related to the acquisition of Cytiva in the three-month period ended December 31, 2020, (\$49 million pretax as reported in this line item, \$39 million after-tax) and fair value adjustments to inventory and deferred revenue, transaction costs deemed significant and integration preparation costs related to the acquisition of Cytiva for the year ended December 31, 2020, (\$568 million pretax as reported in this line item, \$450 million after-tax). The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

^C Impairment charges related to a trade name in the Diagnostics segment recorded in the year ended December 31, 2021, (\$10 million pretax as reported in this line item, \$8 million after-tax). Impairment charges related to a facility in the Diagnostics segment and trade names and other intangibles assets in the Environmental & Applied Solutions segment recorded in the year ended December 31, 2020, (\$22 million pretax as reported in this line item, \$17 million after-tax).

^D Net gains/losses on the Company's equity and limited partnership investments in the following historical periods (in \$ millions) (only the pretax amounts set forth below are reflected in the fair value net gains/losses on investments line above):

	Three-Month Period Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Pretax (gain)/loss	\$ (71)	\$ (31)	\$ (401)	\$ (18)
After-tax (gain)/loss	(57)	(24)	(315)	(14)

^E Gain on disposition of certain product lines in the year ended December 31, 2021, (\$13 million pretax as reported in this line item, \$10 million after-tax). Gain on disposition of certain product lines in the year ended December 31, 2020, (\$455 million pretax as reported in this line item, \$305 million after-tax).

^F Expense related to the modification and partial termination of prior commercial arrangements and resolution of an associated litigation in the year ended December 31, 2021, (\$547 million pretax as reported in this line item, \$415 million after-tax).

^G Loss on early extinguishment of debt resulting from "make-whole" payments and deferred costs associated with the retirement of the 2025 Euronotes in both the three-month period and the year ended December 31, 2021, (\$96 million pretax as reported in this line item, \$73 million after-tax). Loss on early extinguishment of debt resulting from "make-whole" payments and deferred costs associated with the retirement of the 2022 Euronotes in both the three-month period and the year ended December 31, 2020, (\$26 million pretax as reported in this line item, \$20 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. Danaher estimates the tax effect of each adjustment item by applying Danaher'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. The MCPS dividends are not tax deductible and therefore the tax effect of the adjustments does not include any tax impact of the MCPS dividends.

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

^I Discrete tax adjustments and other tax-related adjustments for both the three-month period and year ended December 31, 2021, include the impact of net discrete tax benefits of \$120 million (or \$0.16 per diluted common share), and \$263 million (or \$0.35 per diluted common share), respectively, related primarily to release of reserves for uncertain tax positions due to the expiration of statutes of limitation and audit settlements, excess tax benefits from stock-based compensation and the mix of earnings between the U.S. and certain jurisdictions with lower overall tax rates, net of changes in estimates associated with prior period uncertain tax positions. Discrete tax adjustments and other tax-related adjustments for the year ended December 31, 2020, include the impact of net discrete tax benefits of \$85 million (or \$0.12 per diluted common share) related primarily related to the release of reserves for uncertain tax positions from audit settlements and expiration of statutes of limitation and excess tax benefits from stock-based compensation, partially offset by a higher tax rate associated with the gain on the divestiture of certain product lines in the Life Sciences segment and changes in estimates associated with prior period uncertain tax positions. The Company anticipates excess tax benefits from stock compensation of approximately \$7 million per quarter and therefore excludes benefits in excess of this amount in the calculation of adjusted diluted net earnings from continuing operations per common share.

^J In March 2019, the Company issued \$1.65 billion in aggregate liquidation preference of 4.75% MCPS Series A. In May 2020, the Company issued \$1.72 billion in aggregate liquidation preference of 5.0% MCPS Series B. Dividends on the MCPS Series A and Series B are payable on a cumulative basis at an annual rate of 4.75% and 5.0%, respectively, on the liquidation preference of \$1,000 per share. Unless earlier converted, each share of MCPS Series A will automatically convert on April 15, 2022 into between 6.6611 and 8.1598 shares of Danaher’s common stock, subject to further anti-dilution adjustments. Unless earlier converted, each share of MCPS Series B will automatically convert on April 15, 2023 into between 5.0103 and 6.1376 shares of Danaher’s common stock, subject to further anti-dilution adjustments. The number of shares of Danaher’s common stock issuable on conversion of the MCPS will be determined based on the volume weighted average price (“VWAP”) per share of the Company’s common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately before April 15, 2022 and April 15, 2023 for the MCPS Series A and Series B, respectively. For the calculation of net earnings per common share from continuing operations, the impact of the dilutive MCPS is calculated under the if-converted method and the related MCPS dividends are excluded. For the purposes of calculating adjusted earnings per common share from continuing operations, the Company has excluded the paid and anticipated MCPS cash dividends and assumed the “if-converted” method of share dilution (the incremental shares of common stock deemed outstanding applying the “if-converted” method of calculating share dilution only with respect to any MCPS the conversion of which would be dilutive in the particular period are referred to as the “Converted Shares”) for any MCPS that were anti-dilutive for the given period. For additional information about the impact of the MCPS on the calculation of diluted EPS, see note 7 in the Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding table below.

^K Net earnings from continuing operations for calculation of diluted earnings per common share is summarized as follows (\$ in millions):

	Three-Month Period Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Net earnings from continuing operations	\$ 1,788	\$ 1,241	\$ 6,347	\$ 3,646
MCPS dividends	(41)	(41)	(164)	(136)
Net earnings from continuing operations attributable to common stockholders for Basic EPS	1,747	1,200	6,183	3,510
Adjustment for interest on convertible debentures	—	—	—	1
Adjustment for MCPS dividends for dilutive MCPS	20	—	78	—
Net earnings from continuing operations attributable to common stockholders after assumed conversions for Diluted EPS	<u>\$ 1,767</u>	<u>\$ 1,200</u>	<u>\$ 6,261</u>	<u>\$ 3,511</u>

DANAHER CORPORATION

Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding
(shares in millions)

	Three-Month Period Ended		Year Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Average common stock and common equivalent shares outstanding - diluted (GAAP) ⁷	738.4	724.5	736.8	718.7
Converted shares ⁸	8.6	19.6	8.6	17.1
Adjusted average common stock and common equivalent shares outstanding - diluted (non-GAAP)	747.0	744.1	745.4	735.8

⁷ The impact of the MCPS Series A calculated under the if-converted method was dilutive for the three-month period and year ended December 31, 2021, and as such 11.0 million shares underlying the MCPS Series A were included in the calculation of diluted EPS in both periods and the related MCPS Series A dividends of \$20 million and \$78 million were excluded from the calculation of net earnings for diluted EPS for the respective periods.

The impact of the MCPS Series B calculated under the if-converted method was anti-dilutive for the three-month period and year ended December 31, 2021, and as such 8.6 million shares underlying the MCPS Series B were excluded from the diluted EPS calculation in both periods and the related MCPS Series B dividends of \$21 million and \$86 million were included in the calculation of net earnings for diluted EPS for the respective periods.

The impact of the MCPS Series A and MCPS Series B calculated under the if-converted method was anti-dilutive for the three-month period and year-ended December 31, 2020, and as such, 19.6 million shares and 17.1 million shares, respectively underlying the MCPS Series A and Series B were excluded from the calculation of diluted EPS for the periods and the related MCPS Series A and Series B dividends of \$41 million and \$136 million, respectively, were included in the calculation of net earnings for diluted EPS for the periods.

⁸ The number of converted shares assumes the conversion of all MCPS and issuance of the underlying shares applying the “if-converted” method of accounting and using an average 20 trading-day trailing VWAP of \$316.06 and \$223.43 as of December 31, 2021 and December 31, 2020, respectively.

DANAHER CORPORATION

Year-Over-Year Core Operating Margin Changes from Continuing Operations

	Segments			
	Total Company	Life Sciences	Diagnostics	Environmental & Applied Solutions
Three-Month Period Ended December 31, 2020 Operating Profit Margins from Continuing Operations (GAAP)	23.70 %	24.10 %	26.30 %	23.20 %
Fourth quarter 2021 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	(0.25)	(1.05)	0.55	—
Fourth quarter 2021 acquisition-related fair value adjustment to inventory deemed significant related to the acquisition of Aldevron	(0.15)	(0.30)	—	—
Fourth quarter 2020 acquisition-related fair value adjustments to inventory and deferred revenue, in each case related to the acquisition of Cytiva	0.70	1.45	—	—
Year-over-year core operating profit margin changes for the fourth quarter 2021 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	2.40	2.90	4.15	(4.10)
Three-Month Period Ended December 31, 2021 Operating Profit Margins from Continuing Operations (GAAP)	<u>26.40 %</u>	<u>27.10 %</u>	<u>31.00 %</u>	<u>19.10 %</u>

Note: The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

DANAHER CORPORATION

Year-Over-Year Core Operating Margin Changes from Continuing Operations

	Segments			
	Total Company	Life Sciences	Diagnostics	Environmental & Applied Solutions
Year Ended December 31, 2020 Operating Profit Margins from Continuing Operations (GAAP)	19.00 %	19.40 %	20.80 %	22.70 %
Full year 2021 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	0.60	0.80	0.20	—
Full year 2021 acquisition-related fair value adjustments to inventory and transaction costs deemed significant, in each case related to the acquisition of Aldevron	(0.20)	(0.40)	—	—
Full year 2020 acquisition-related fair value adjustments to inventory and deferred revenue, transaction costs deemed significant and integration preparation costs, net of full year 2021 acquisition-related fair value adjustments to inventory and deferred revenue in each case related to the acquisition of Cytiva	2.10	4.40	—	—
Third quarter 2021 impact of the modification and partial termination of a prior commercial arrangement and resolution of the associated litigation	(1.85)	—	(5.55)	—
First quarter 2020 impairment charges related to a facility in the Diagnostics segment and a trade name and other intangible assets in the Environmental & Applied Solutions segment and a third quarter 2020 impairment charge related to trade names in the Environmental & Applied Solutions segment, net of a first quarter 2021 impairment charge related to a trade name in the Diagnostics segment.	0.05	—	(0.05)	0.45
Year-over-year core operating profit margin changes for full year 2021 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	5.60	5.00	8.10	(0.45)
Year Ended December 31, 2021 Operating Profit Margins from Continuing Operations (GAAP)	<u>25.30 %</u>	<u>29.20 %</u>	<u>23.50 %</u>	<u>22.70 %</u>

Note: The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

DANAHER CORPORATION

Free Cash Flow from Continuing Operations and Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio
(\$ in millions)

	Three-Month Period Ended		Year-over-Year Change	Year Ended		Year-over-Year Change
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020	
Total Cash Flows from Continuing Operations:						
Total cash provided by operating activities from continuing operations (GAAP)	\$ 2,333	\$ 2,221		\$ 8,358	\$ 6,215	
Total cash used in investing activities from continuing operations (GAAP)	\$ (879)	\$ (581)		\$ (12,987)	\$ (21,239)	
Total cash (used in) provided by financing activities from continuing operations (GAAP)	\$ (1,422)	\$ (1,420)		\$ 1,295	\$ 1,006	
Free Cash Flow from Continuing Operations:						
Total cash provided by operating activities from continuing operations (GAAP)	\$ 2,333	\$ 2,221	~5.0 %	\$ 8,358	\$ 6,215	~34.5%
Less: payments for additions to property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(420)	(316)		(1,294)	(791)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations (GAAP)	—	1		13	2	
Free cash flow from continuing operations (non-GAAP)	<u>\$ 1,913</u>	<u>\$ 1,906</u>	~0.5 %	<u>\$ 7,077</u>	<u>\$ 5,426</u>	~30.5%
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio:						
Free cash flow from continuing operations from above (non-GAAP)	\$ 1,913	\$ 1,906		\$ 7,077	\$ 5,426	
Net earnings from continuing operations (GAAP)	1,788	1,241		6,347	3,646	
Free cash flow from continuing operations to net earnings from continuing operations conversion ratio (non-GAAP)	<u>1.07</u>	<u>1.54</u>		<u>1.12</u>	<u>1.49</u>	

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

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 Danaher Corporation's ("Danaher" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors to:

- 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 from continuing operations and related cash flow measures (the "FCF Measure"), understand Danaher'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 debt service requirements and other non-discretionary expenditures, and as a result the entire free cash flow amount is not necessarily available for discretionary expenditures).

We also present core sales on a basis that includes sales attributable to Cytiva (formerly the Biopharma Business of General Electric Company's ("GE") Life Sciences business), which Danaher acquired from GE on March 31, 2020. Historically Danaher has calculated core sales solely on a basis that excludes sales from acquired businesses recorded prior to the first anniversary of the acquisition. However, given Cytiva's significant size and historical core sales growth rate, in each case compared to Danaher's existing businesses, management believes it is appropriate to also present core sales on a basis that includes Cytiva sales. Management believes this presentation provides useful information to investors by demonstrating beginning immediately after the acquisition Cytiva's impact on the Company's growth profile, rather than waiting to demonstrate such impact 12 months after the acquisition when Cytiva would normally have been included in Danaher's core sales calculation. Danaher calculates period-to-period core sales growth including Cytiva by adding to the baseline period sales Cytiva's historical sales from such period (when it was owned by GE), net of the sales of the Company product lines divested in 2020 to obtain regulatory approval to acquire Cytiva ("Cytiva sales") and also adding the Cytiva sales to the current period. Beginning in the second quarter of 2021, Cytiva sales are included in core sales, and therefore we no longer provide the measure "core sales including Cytiva" for quarterly periods beginning with the second quarter of 2021. We also present "base business" core revenue growth to demonstrate our core revenue growth and our core revenue growth including Cytiva excluding core sales growth directly attributable to COVID-19 and its impact.

While we expect overall demand for the Company's COVID-19 related products to moderate as and to the extent the pandemic subsides, as the pandemic evolves toward endemic status we believe a level of demand for the Company's products that support COVID-19 related vaccines and therapeutics (including initiatives that seek to prevent or mitigate similar, future pandemics) and COVID-19 testing will continue. However, on a relative basis, we expect the level of ongoing demand for products supporting COVID-19 testing will be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics. Therefore, beginning with the first quarter of 2022, in addition to disclosing core revenue growth (as defined below), we will also disclose "base business core revenue growth" on a basis that excludes revenues related to COVID-19 testing and includes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this additional measure will provide useful information to investors by facilitating period-to-period comparisons of our financial performance and identifying underlying growth trends in the Company's business that otherwise may be obscured by fluctuations in demand for COVID-19 testing as a result of the pandemic.

Management uses these non-GAAP measures to measure the Company's operating and financial performance, and uses core sales and non-GAAP measures similar to Adjusted Diluted Net Earnings Per Common Share from Continuing Operations and the FCF Measure in the Company's executive compensation program.

- The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:

Statement Regarding Non-GAAP Measures

- 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 Danaher Business 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 Danaher’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 Adjusted Diluted Net Earnings Per Common Share from Continuing Operations, 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 Danaher'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 adjusted average common stock and common equivalent shares outstanding, Danaher’s Mandatory Convertible Preferred Stock (“MCPS”) will mandatorily convert into Danaher common stock on the mandatory conversion date, which is expected to be April 15, 2022 and April 15, 2023 for the Series A and Series B MCPS, respectively, (unless converted or redeemed earlier in accordance with the terms of the applicable certificate of designations). With respect to the calculation of Adjusted Diluted Net Earnings Per Common Share from Continuing Operations, we apply the “if converted” method of share dilution to the MCPS Series A and B in all applicable periods irrespective of whether such preferred shares would be dilutive or anti-dilutive in the period. We believe this presentation provides useful information to investors by helping them understand what the net impact will be on Danaher’s earnings per share-related measures once the MCPS convert into Danaher common stock.
- With respect to core operating profit margin changes, in addition to the explanation set forth in the bullets above relating to the “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.
- 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 Danaher’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 (other than Cytiva, in the case of core sales including Cytiva and base business core sales) 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.

With respect to forecasted core sales related measures, we do not reconcile these measures to the comparable GAAP measure because of the inherent difficulty in predicting and estimating the future impact and timing of currency translation, acquisitions and divested product lines, which would be reflected in any forecasted GAAP revenue.



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