



NEWS RELEASE

Hologic Announces Financial Results for Third Quarter of Fiscal 2024

7/29/2024

– Revenue of \$1,011.4 Million, GAAP Diluted EPS of \$0.82, and Non-GAAP Diluted EPS of \$1.06; All Met or Exceeded Guidance –

– Total Company Revenue Growth of 2.7%, or 3.1% in Constant Currency and 5.8% Organically excluding COVID-19; Against Growth of 18.4% in the Prior Year Period –

MARLBOROUGH, Mass.--(BUSINESS WIRE)-- Hologic, Inc. (Nasdaq: HOLX) announced today the Company's financial results for the fiscal third quarter ended June 29, 2024.

"In our third quarter of fiscal 2024, Hologic returns to top-line reported growth and once again exceeded the high-end of our guidance for both the top and bottom-line," said Stephen P. MacMillan, the Company's Chairman, President and Chief Executive Officer. "Our strong fiscal quarter and year-to-date results continue to highlight the durable strength across our broad portfolio, with our Diagnostics (ex-COVID), Breast Health, and Surgical franchises delivering at or above our expectations. We are excited to finish fiscal 2024 strong as we continue to build for the long term."

Recent Highlights

- Revenue of \$1,011.4 million increased 2.7% for the quarter, or 3.1% in constant currency, primarily driven by higher sales in Molecular Diagnostics, Breast Imaging, and Surgical.
 - Excluding COVID-19 revenues, total organic revenue grew 5.5%, or 5.8% on a constant currency basis.
- Diagnostics revenue increased 0.3%, or 0.7% in constant currency, primarily driven by higher Molecular Diagnostics sales, partially offset by lower sales of COVID-19 assays compared to the prior year period.



- Excluding COVID-19 revenues, Diagnostics revenue grew 6.0% on an organic, constant currency basis.
- Molecular Diagnostics revenue grew 2.8%, or 3.1% in constant currency, primarily driven by higher sales of BV CV/TV and non-COVID-19 respiratory assays compared to the prior year period.
- Excluding COVID-19 revenues, Molecular Diagnostics revenue grew 10.5% on an organic, constant currency basis.
- Breast Health revenue increased 6.9%, or 7.1% in constant currency, primarily driven by strong gantry sales and service.
 - Excluding SSI, Breast Health revenue increased 7.9%, or 8.2% in constant currency.
- Surgical revenue grew 5.9%, or 6.2% in constant currency, primarily driven by solid sales of MyoSure and Fluent Fluid Management products.
- Cash flow from operations remained strong in the third quarter at \$405.7 million.
- Repurchased 1.4 million shares for \$100 million.
- Closed the acquisition of Endomagnetics on July 25, 2024, which develops and sells breast surgery localization and lymphatic tracing technologies.

Key financial results for the fiscal third quarter shown in the table below:

| | GAAP | | | Non-GAAP | | |
|--------------------|---------|----------|----------------------------|----------|--------|----------------------------|
| | Q3'24 | Q3'23 | Change Increase (Decrease) | Q3'24 | Q3'23 | Change Increase (Decrease) |
| Revenues | 1,011.4 | 984.4 | 2.7% | 1,011.4 | 984.4 | 2.7% |
| Gross Margin | 55.4% | 37.3% | 1,810 bps | 61.1% | 60.8% | 30 bps |
| Operating Expenses | 316.3 | 366.1 | (13.6%) | 302.8 | 313.9 | (3.5%) |
| Operating Margin | 24.1% | 0.1% | 2,400 bps | 31.2% | 28.9% | 230 bps |
| Net Margin | 19.2% | (4.1%) | 2,330 bps | 24.8% | 23.5% | 130 bps |
| Diluted EPS | \$0.82 | (\$0.16) | 612.5% | \$1.06 | \$0.93 | 14.0% |

Throughout this press release, all dollar figures are in millions, except EPS, unless otherwise noted. Some totals may not foot due to rounding. Unless otherwise noted, all results are compared to the corresponding prior year period. Non-GAAP results exclude certain cash and non-cash items as discussed under "Use of Non-GAAP Financial Measures." Constant currency percentage changes show current period revenue results as if the foreign exchange rates were the same as those in the prior year period. Our fiscal third quarter organic revenue results exclude the divested Blood Screening and SSI ultrasound imaging businesses. Revenue from acquired businesses is generally included in organic revenue starting a year after the acquisition.

Revenue Detail

| \$ in millions | Q3'24 | Q3'23 | Increase/(Decrease) | | | | | |
|------------------------------------|-----------|---------|------------------------|---------------------------------|----------------------|-------------------------------|--|--|
| | | | Global Reported Change | Global Constant Currency Change | U.S. Reported Change | International Reported Change | International Constant Currency Change | |
| Diagnostics | | | | | | | | |
| Cytology and Perinatal | \$122.2 | \$126.8 | (3.6%) | (2.9%) | (8.0%) | 4.1% | 5.9% | |
| Molecular Diagnostics | \$310.7 | \$302.2 | 2.8% | 3.1% | 2.2% | 5.2% | 6.6% | |
| Blood Screening | \$7.9 | \$10.7 | (26.2%) | (26.2%) | (26.2%) | N/A | N/A | |
| Total Diagnostics | \$440.8 | \$439.7 | 0.3% | 0.7% | (1.2%) | 4.7% | 6.3% | |
| Organic Diagnostics ex. COVID-19 | \$394.9 | \$374.2 | 5.5% | 6.0% | 4.0% | 10.1% | 11.7% | |
| Breast Health | | | | | | | | |
| Breast Imaging | \$309.2 | \$286.1 | 8.1% | 8.3% | 8.9% | 5.3% | 6.5% | |
| Interventional Breast Solutions | \$75.8 | \$74.2 | 2.2% | 2.5% | 1.5% | 4.5% | 6.2% | |
| Total Breast Health | \$385.0 | \$360.3 | 6.9% | 7.1% | 7.3% | 5.1% | 6.4% | |
| GYN Surgical | \$166.6 | \$157.3 | 5.9% | 6.2% | 2.4% | 18.8% | 19.8% | |
| Skeletal Health | \$19.0 | \$27.1 | (29.9%) | (29.7%) | (25.6%) | (37.0%) | (36.2%) | |
| Total | \$1,011.4 | \$984.4 | 2.7% | 3.1% | 2.0% | 5.1% | 6.4% | |
| Organic Revenue (definition above) | \$1,003.0 | \$969.6 | 3.4% | 3.8% | 2.4% | 6.9% | 8.3% | |
| Organic Revenue ex. COVID-19 | \$965.0 | \$914.8 | 5.5% | 5.8% | 4.3% | 9.4% | 10.8% | |

Other Financial Highlights

- U.S. revenue of \$765.3 million increased 2.0%. International revenue of \$246.1 million increased 5.1%, or 6.4% in constant currency.
- GAAP gross margin of 55.4% increased 1,810 basis points primarily due to lower impairment charges, driven by prior year period charges for intangible assets and equipment from the Mobidiag acquisition and SSI ultrasound imaging assets. Non-GAAP gross margin of 61.1% increased 30 basis points primarily due to an increase in sales compared to the prior year period.
- GAAP operating margin of 24.1% increased 2,400 basis points primarily due to lower impairment charges, driven by prior year period charges for intangible assets and equipment from the Mobidiag acquisition and SSI ultrasound imaging assets, as well as higher revenue and lower operating expenses. Non-GAAP operating margin of 31.2% increased 230 basis points, primarily due to higher revenue and lower operating expenses compared to the prior year period.
- GAAP net income of \$194.5 million increased 580.2% and non-GAAP net income of \$250.7 million increased 8.4%. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) was \$338.5 million, an increase of 8.5%.
- COVID-19 revenues, which consist of COVID-19 assay revenue of \$13.3 million, and other COVID-19 related revenue plus revenue from discontinued products of \$24.7 million, decreased (30.4%) in constant currency.
- Total principal debt outstanding at the end of the third quarter was \$2.56 billion. The Company ended the quarter with cash and equivalents of \$2.4 billion, and an adjusted net leverage ratio (net debt over EBITDA) of 0.1 times.
- On a trailing 12-month basis, adjusted Return on Invested Capital (ROIC) was 14.1%, a decrease of (10) basis points compared to the prior year period.

Financial Guidance for the Fourth Quarter and Full-Year Fiscal 2024

“Hologic delivered another strong financial performance in our fiscal third quarter of 2024, underscored by another quarter of sequential improvement in our operating margin and strong cash flow,” said Karleen Oberton, Hologic’s Chief Financial Officer. “As expected, the quality of our earnings continues to improve as we continue to capitalize on our large Diagnostics installed base and our Breast Health business returns to strength. We are on track for a strong finish to fiscal 2024.”

Hologic’s financial guidance for the fourth quarter and full year 2024 is shown in the table below. The guidance is based on a full year non-GAAP tax rate of approximately 19.75%, and diluted shares outstanding of approximately 238 million for the full year. Constant currency guidance assumes that foreign exchange rates are the same in fiscal 2024 as in fiscal 2023. Organic revenue guidance for fiscal 2024 is in constant currency and excludes the divested Blood Screening, SSI ultrasound imaging, and Endomagnetics businesses. Revenue from acquired businesses is generally included in organic revenue guidance starting a year after the acquisition. Organic revenue excluding COVID-19 is in constant currency and is organic revenue excluding COVID-19 assay revenue, COVID-19 related revenue, and discontinued product sales in Diagnostics.

| | Current Guidance* | | | | Previous Guidance |
|--------------------|-------------------|--------------------------------|---|---------------------------------------|-------------------|
| | Guidance \$ | Reported % Increase (Decrease) | Constant Currency % Increase (Decrease) | Organic excluding COVID-19 % Increase | Guidance \$ |
| <u>Fiscal 2024</u> | | | | | |
| Revenue | \$4,012 - \$4,027 | (0.4%) to (0.1%) | (0.5%) to (0.1%) | 5.2% to 5.6% | \$4,000 - \$4,050 |
| GAAP EPS | \$3.37 - \$3.44 | 84.2% to 88.0% | | | \$3.45 - \$3.55 |
| Non-GAAP EPS | \$4.04 - \$4.11 | 2.0% to 3.8% | | | \$4.02 - \$4.12 |
| <u>Q4 2024</u> | | | | | |
| Revenue | \$970 - \$985 | 2.6% to 4.2% | 2.9% to 4.5% | 5.0% to 6.6% | |
| GAAP EPS | \$0.80 - \$0.87 | 116.2% to 135.1% | | | |
| Non-GAAP EPS | \$0.97 - \$1.04 | 9.0% to 16.9% | | | |

*Fiscal 2024 has four fewer selling days compared to fiscal 2023. Factored into our guidance, we estimate the impact of the four fewer selling days to be a headwind of more than 100 bps for the full year. Fiscal 2024 and Q4 guidance incorporates Q3 performance, the addition of Endomagnetics, and impact from the temporary stop-ship of Horizon DXA systems (Skeletal) due to a non-conformance issue.

Use of Non-GAAP Financial Measures

The Company has presented the following non-GAAP financial measures in this press release: constant currency revenues; organic revenues; organic revenues excluding COVID-19; non-GAAP gross margin; non-GAAP operating expenses; non-GAAP operating margin; non-GAAP effective tax rate; non-GAAP net income; non-GAAP net margin; non-GAAP EPS; adjusted EBITDA; adjusted net leverage ratio and adjusted ROIC. Organic revenue for the fiscal third quarter of 2024 excludes the divested Blood Screening and SSI ultrasound imaging businesses. Revenue from acquired businesses is generally included in organic revenue starting a year after the acquisition. Organic revenue excluding COVID-19 revenues is organic revenue less COVID-19 assay revenue, COVID-19 related sales of instruments, collection kits and ancillaries, COVID-19 related revenue from Diagenode and Mobidiag, as well as COVID-19 related license revenue, and revenues from discontinued products in Diagnostics. The Company defines

its non-GAAP net income, EPS, and other non-GAAP financial measures to exclude, as applicable: (i) the amortization of intangible assets; (ii) the impairment of goodwill and intangible assets and equipment and the loss to record assets held-for-sale to fair value less costs to sell; (iii) adjustments to record contingent consideration at fair value; (iv) charges to write-off inventory for a product line discontinuance; (v) restructuring charges, facility closure and consolidation charges (including accelerated depreciation), and costs incurred to integrate acquisitions (including retention, transaction bonuses, legal and professional consulting services); (vi) transaction related expenses for acquisitions; (vii) third-party expenses incurred related to the implementation of the European MDR/IVDR requirements and obtaining the appropriate approvals for its existing products; (viii) debt extinguishment losses and related transaction costs; (ix) unrealized (gains) losses on the mark-to-market of foreign currency contracts to hedge operating results for which the Company has not elected hedge accounting; (x) litigation settlement charges (benefits) and non-income tax related charges (benefits); (xi) other-than-temporary impairment losses on investments and realized gains and losses resulting from the sale of investments; (xii) the impacts related to internal restructurings and non-operational items; (xiii) other one-time, non-recurring, unusual or infrequent charges, expenses or gains that may not be indicative of the Company's core business results; and (xiv) income taxes related to such adjustments. The Company defines adjusted EBITDA as its non-GAAP net income plus net interest income/expense, income taxes, and depreciation and amortization expense included in its non-GAAP net income. The Company defines its adjusted net leverage ratio as the principal amount of its debt net of cash and cash equivalents, divided by its adjusted EBITDA for the last four quarters. The Company defines its adjusted ROIC as its non-GAAP operating income for a trailing twelve months tax effected by its non-GAAP effective tax rate divided by the sum of its average net debt and stockholders' equity, which is adjusted to exclude the effects of goodwill and intangible assets and equipment impairment charges.

These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP. The Company's definition of these non-GAAP measures may differ from similarly titled measures used by others.

The non-GAAP financial measures used in this press release adjust for specified items many of which can be highly variable or difficult to predict. The Company generally uses these non-GAAP financial measures to facilitate management's financial and operational decision-making, including evaluation of Hologic's historical operating results, comparison to competitors' operating results and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting Hologic's business.

Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated

financial statements and publicly filed reports in their entirety. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the tables accompanying this release.

Conference Call and Webcast

Hologic's management will host a conference call at 4:30 p.m. ET today to discuss its financial results for the third quarter of fiscal 2024. Interested participants may listen to the call by dialing 888-394-8218 (in the U.S. and Canada) or +1 773-305-6853 (for international callers) and referencing access code 5372869. Participants may also **click to join** . Participants should dial in 5-10 minutes before the call begins. The Company will also provide a live and replay webcast of the call at hologic.com/investors. The replay of the call will be available approximately two hours after the call ends through Friday, August 23, 2024.

About Hologic, Inc.

Hologic, Inc. is an innovative medical technology company primarily focused on improving women's health and well-being through early detection and treatment. For more information on Hologic, visit www.hologic.com .

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Forward-Looking Statements

This news release contains forward-looking information that involves risks and uncertainties, including statements about the Company's plans, objectives, expectations and intentions. Such statements include, without limitation: financial or other information based upon or otherwise incorporating judgments or estimates relating to future performance, events or expectations; the Company's strategies, positioning, resources, capabilities, and expectations for future performance; and the Company's outlook and financial and other guidance. These forward-looking statements are based upon assumptions made by the Company as of the date hereof and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those anticipated.

Risks and uncertainties that could adversely affect the Company's business and prospects, and otherwise cause actual results to differ materially from those anticipated, include, without limitation: the ongoing and possible future effects of global challenges, including macroeconomic uncertainties, such as inflation, bank failures, rising interest rates and availability of capital markets, geopolitical conflicts, wars, other economic disruptions and U.S. and global recession concerns, on the Company's customers and suppliers and on the Company's business, financial condition, results of operations and cash flows and the Company's ability to draw down its revolver; the

effect of the worldwide political and social uncertainty and divisions, including the impact on trade regulation and tariffs, that may adversely impact the cost and sale of the Company's products in certain countries, or increase the costs the Company may incur to purchase materials, parts and equipment from its suppliers; the ability to execute acquisitions and the impact and anticipated benefits of completed acquisitions and acquisitions the Company may complete in the future; the development of new competitive technologies and products and competition; the Company's ability to predict accurately the demand for its products, and products under development and to develop strategies to address markets successfully; continued demand for the Company's COVID-19 assays; potential cybersecurity threats and targeted computer crime; the ongoing and possible future effects of supply chain constraints, including the availability of critical raw materials and components, as well as cost inflation in materials, packaging and transportation; the possibility of interruptions or delays at the Company's manufacturing facilities, or the failure to secure alternative suppliers if any of the Company's sole source third-party manufacturers fail to supply the Company; the ability to consolidate certain of the Company's manufacturing and other operations on a timely basis and within budget, without disrupting its business and to achieve anticipated cost synergies related to such actions; the ability of the Company to successfully manage leadership and organizational changes, including the ability of the Company to attract, motivate and retain key employees and maintain engagement and efficiency in remote work environments; the ability to obtain and maintain regulatory approvals and clearances for the Company's products, including the implementation of the European Union Medical Device Regulations and In Vitro Diagnostic Regulation requirements, and to maintain compliance with complex and evolving regulations and quality standards, as well as the uncertainty of costs required to obtain and maintain compliance with such regulatory and quality matters; the Company's reliance on third-party reimbursement policies to support the sales and market acceptance of its products, including the possible adverse impact of government regulation and changes in the availability and amount of reimbursement and uncertainties for new products or product enhancements; changes to applicable laws and regulations, including tax laws, global health care reform, and import/export trade laws; changes in guidelines, recommendations and studies published by various organizations that could affect the use of the Company's products; uncertainties inherent in the development of new products and the enhancement of existing products, including FDA approval and/or clearance and other regulatory risks, technical risks, cost overruns and delays; the risk that products may contain undetected errors or defects or otherwise not perform as anticipated; risks associated with strategic alliances and the ability of the Company to realize anticipated benefits of those alliances; the risks of conducting business internationally; the risk of adverse exchange rate fluctuations on the Company's international activities and businesses; the early stage of market development for certain of the Company's products; the Company's leverage risks, including the Company's obligation to meet payment obligations and financial covenants associated with its debt; the effect of any future public health crises, including the timing, scope and effect of U.S. and international governmental, regulatory, fiscal, monetary and public health responses to such crises; risks related to the use and protection of intellectual property; expenses, uncertainties and potential liabilities relating to litigation, including, without limitation, commercial, intellectual property, employment and product liability litigation; cost and expenses of investigative

and legal proceedings and compliance risks; potential negative impacts resulting from climate change or other environmental, social and governance and sustainability related matters; and technical innovations that could render products marketed or under development by the Company obsolete.

The risks included above are not exhaustive. Other factors that could adversely affect the Company's business and prospects are described in the filings made by the Company with the SEC, including its most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any such statements presented herein to reflect any change in expectations or any change in events, conditions or circumstances on which any such statements are based.

SOURCE: Hologic, Inc.

| HOLOGIC, INC. CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited) | | | | |
|--|--------------------|------------------|-------------------|-----------------|
| (In millions, except number of shares, which are reflected in thousands, and per share data) | | | | |
| | Three Months Ended | | Nine Months Ended | |
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| Revenues: | | | | |
| Product | \$ 811.2 | \$ 799.1 | \$ 2,467.2 | \$ 2,522.9 |
| Service and other | 200.2 | 185.3 | 575.1 | 562.2 |
| Total revenues | <u>1,011.4</u> | <u>984.4</u> | <u>3,042.3</u> | <u>3,085.1</u> |
| Cost of revenues: | | | | |
| Product | 298.2 | 291.0 | 913.9 | 879.3 |
| Amortization of acquired intangible assets | 44.4 | 51.6 | 134.9 | 159.3 |
| Impairment of intangible assets and equipment | 13.3 | 179.5 | 39.2 | 179.5 |
| Service and other | 95.2 | 94.8 | 284.2 | 295.8 |
| Gross profit | <u>560.3</u> | <u>367.5</u> | <u>1,670.1</u> | <u>1,571.2</u> |
| Operating expenses: | | | | |
| Research and development | 64.1 | 72.6 | 205.5 | 221.4 |
| Selling and marketing | 146.3 | 149.8 | 439.4 | 455.7 |
| General and administrative | 94.0 | 90.2 | 306.2 | 299.5 |
| Amortization of acquired intangible assets | 5.3 | 7.1 | 24.3 | 21.9 |
| Impairment of intangible assets and equipment | 0.4 | 44.3 | 5.6 | 44.3 |
| Contingent consideration - fair value adjustments | — | — | 1.7 | (12.4) |
| Restructuring charges | 6.2 | 2.1 | 34.8 | 4.9 |
| Total operating expenses | <u>316.3</u> | <u>366.1</u> | <u>1,017.5</u> | <u>1,035.3</u> |
| Income from operations | 244.0 | 1.4 | 652.6 | 535.9 |
| Interest income | 28.4 | 32.5 | 80.3 | 84.6 |
| Interest expense | (31.9) | (27.7) | (90.2) | (83.0) |
| Other income (expense), net | 0.2 | 5.9 | 0.8 | (7.0) |
| Income before income taxes | 240.7 | 12.1 | 643.5 | 530.5 |
| Provision for income taxes | 46.2 | 52.6 | 32.6 | 165.1 |
| Net income (loss) | <u>\$ 194.5</u> | <u>\$ (40.5)</u> | <u>\$ 610.9</u> | <u>\$ 365.4</u> |

| | | | | | | | | |
|--|----|---------|----|---------|----|---------|----|---------|
| Net income (loss) per common share: | | | | | | | | |
| Basic | \$ | 0.83 | \$ | (0.16) | \$ | 2.58 | \$ | 1.48 |
| Diluted | \$ | 0.82 | \$ | (0.16) | \$ | 2.57 | \$ | 1.47 |
| Weighted average number of shares outstanding: | | | | | | | | |
| Basic | | 234,604 | | 246,908 | | 236,373 | | 247,319 |
| Diluted | | 236,466 | | 246,908 | | 238,081 | | 249,393 |

HOLOGIC, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

| | June 29, 2024 | September 30, 2023 |
|---|-------------------|--------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,439.1 | \$ 2,722.5 |
| Accounts receivable, net | 628.5 | 625.6 |
| Inventory | 665.5 | 617.6 |
| Other current assets | 263.9 | 206.9 |
| Assets held-for-sale - current assets | — | 11.9 |
| Total current assets | <u>3,997.0</u> | <u>4,184.5</u> |
| Property, plant and equipment, net | 528.8 | 517.0 |
| Goodwill and intangible assets | 3,978.7 | 4,169.9 |
| Other assets | 385.6 | 267.9 |
| Total assets | <u>\$ 8,890.1</u> | <u>\$ 9,139.3</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities : | | |
| Current portion of long-term debt | \$ 37.5 | \$ 287.0 |
| Accounts payable and accrued liabilities | 745.9 | 712.9 |
| Deferred revenue | 219.0 | 199.2 |
| Assets held-for-sale - current liabilities | — | 8.2 |
| Total current liabilities | <u>1,002.4</u> | <u>1,207.3</u> |
| Long-term debt, net of current portion | 2,505.6 | 2,531.2 |
| Deferred income taxes | 17.8 | 20.2 |
| Other long-term liabilities | 413.4 | 363.7 |
| Total stockholders' equity | 4,950.9 | 5,016.9 |
| Total liabilities and stockholders' equity | <u>\$ 8,890.1</u> | <u>\$ 9,139.3</u> |

HOLOGIC, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

| | Nine Months Ended | |
|---|-------------------|--------------|
| | June 29, 2024 | July 1, 2023 |
| OPERATING ACTIVITIES | | |
| Net income | \$ 610.9 | \$ 365.4 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 75.2 | 66.7 |
| Amortization of acquired intangible assets | 159.2 | 181.2 |
| Stock-based compensation expense | 69.1 | 60.6 |
| Deferred income taxes | (52.3) | (100.2) |
| Intangible asset and equipment impairment charges | 44.8 | 223.8 |

| | | |
|---|-------------------|-------------------|
| Contingent consideration fair value adjustments | 1.7 | (12.4) |
| Other adjustments and non-cash items | 32.4 | 30.6 |
| Changes in operating assets and liabilities, excluding the effect of acquisitions and dispositions: | | |
| Accounts receivable | (2.5) | (51.0) |
| Inventories | (47.1) | (48.5) |
| Prepaid income taxes | (73.9) | 15.3 |
| Prepaid expenses and other assets | (4.2) | 24.6 |
| Accounts payable | 26.5 | (20.3) |
| Accrued expenses and other liabilities | 58.5 | 10.7 |
| Deferred revenue | 19.9 | 46.0 |
| Net cash provided by operating activities | <u>918.2</u> | <u>792.5</u> |
| INVESTING ACTIVITIES | | |
| Sale of business, net of cash disposed | (31.3) | — |
| Capital expenditures | (56.0) | (55.5) |
| Proceeds from the Department of Defense | — | 20.5 |
| Increase in equipment under customer usage agreements | (43.9) | (42.2) |
| Strategic investments | (42.5) | (10.0) |
| Purchase of intellectual property | (10.0) | — |
| Other activity | (1.6) | (8.9) |
| Net cash used in investing activities | <u>(185.3)</u> | <u>(96.1)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of long-term debt | (278.1) | (11.3) |
| Payment of contingent consideration | (2.6) | (7.6) |
| Payment of deferred acquisition consideration | — | (0.8) |
| Repurchases of common stock | (776.8) | (263.6) |
| Proceeds from issuance of common stock pursuant to employee stock plans | 25.2 | 37.7 |
| Payment of minimum tax withholdings on net share settlements of equity awards | (16.6) | (23.7) |
| Payments under finance lease obligations | (2.9) | (3.3) |
| Net cash used in financing activities | <u>(1,051.8)</u> | <u>(272.6)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 2.3 | 1.7 |
| Net (decrease) increase in cash and cash equivalents | <u>(316.6)</u> | <u>425.5</u> |
| Cash and cash equivalents, beginning of period* | 2,755.7 | 2,339.5 |
| Cash and cash equivalents, end of period | <u>\$ 2,439.1</u> | <u>\$ 2,765.0</u> |

*Includes \$33.2 million of cash recorded in assets held-for-sale - current assets as of September 30, 2023.

HOLOGIC, INC.
RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(Unaudited)
(In millions, except earnings per share)

Reconciliation of GAAP Revenue to Organic Revenue

| | Three Months Ended | | Nine Months Ended | |
|------------------------------------|--------------------|-----------------|-------------------|-------------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| Consolidated GAAP Revenue | \$ 1,011.4 | \$ 984.4 | \$ 3,042.3 | \$ 3,085.1 |
| Less: Blood Screening revenue | (7.9) | (10.7) | (22.8) | (28.5) |
| Less: SSI revenue | (0.5) | (4.1) | (2.3) | (14.7) |
| Organic Revenue | <u>\$ 1,003.0</u> | <u>\$ 969.6</u> | <u>\$ 3,017.2</u> | <u>\$ 3,041.9</u> |
| Less: COVID-19 Assays | (13.3) | (28.7) | (63.4) | (226.8) |
| Less: COVID-19 Related Revenue* | (24.7) | (25.8) | (79.1) | (88.6) |
| Less: Discontinued Product Revenue | — | (0.3) | (0.4) | (2.9) |
| Organic Revenue excluding COVID-19 | <u>\$ 965.0</u> | <u>\$ 914.8</u> | <u>\$ 2,874.3</u> | <u>\$ 2,723.6</u> |

*Revenues estimated to be related to COVID assay sales for instruments, collection kits and ancillaries.

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------|-------------------|--------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| Gross Profit: | | | | |
| GAAP gross profit | \$ 560.3 | \$ 367.5 | \$ 1,670.1 | \$ 1,571.2 |
| Adjustments: | | | | |
| Amortization of acquired intangible assets | 44.4 | 51.6 | 134.9 | 159.3 |

| | | | | |
|--|----------|----------|------------|------------|
| Impairment of intangible assets and equipment (14) | 13.3 | 179.5 | 39.2 | 179.5 |
| Product line discontinuance (13) | — | — | 7.1 | — |
| Integration/consolidation costs (3) | — | (0.2) | — | (0.1) |
| Non-GAAP gross profit | \$ 618.0 | \$ 598.4 | \$ 1,851.3 | \$ 1,909.9 |

Gross Margin Percentage:

| | | | | |
|----------------------------------|-------|-------|-------|-------|
| GAAP gross margin percentage | 55.4% | 37.3% | 54.9% | 50.9% |
| Impact of adjustments above | 5.7% | 23.5% | 6.0% | 11.0% |
| Non-GAAP gross margin percentage | 61.1% | 60.8% | 60.9% | 61.9% |

Operating Expenses:

| | | | | |
|--|----------|----------|------------|------------|
| GAAP operating expenses | \$ 316.3 | \$ 366.1 | \$ 1,017.5 | \$ 1,035.3 |
| Adjustments: | | | | |
| Amortization of acquired intangible assets (1) | (5.3) | (7.1) | (24.3) | (21.9) |
| Impairment of intangible assets and equipment (14) | (0.4) | (44.3) | (5.6) | (44.3) |
| Transaction expenses (4) | (1.6) | — | (3.4) | (0.3) |
| Contingent consideration adjustments (7) | — | — | (1.7) | 12.4 |
| Integration/consolidation costs (3) | — | — | — | (0.5) |
| Purchased research and development asset charge (16) | — | — | (10.0) | — |
| MDR expenses (2) | — | (0.2) | — | (1.3) |
| Legal related settlements (11) | — | 1.0 | — | (1.3) |
| Restructuring charges (3) | (6.2) | (2.1) | (34.8) | (4.9) |
| Non-income tax benefit/charge, net (5) | — | 0.5 | — | (2.9) |
| Non-GAAP operating expenses | \$ 302.8 | \$ 313.9 | \$ 937.7 | \$ 970.3 |

Operating Margin:

| | | | | |
|---|----------|----------|----------|----------|
| GAAP income from operations | \$ 244.0 | \$ 1.4 | \$ 652.6 | \$ 535.9 |
| Adjustments to gross profit as detailed above | 57.7 | 230.9 | 181.2 | 338.7 |
| Adjustments to operating expenses as detailed above | 13.5 | 52.2 | 79.8 | 65.0 |
| Non-GAAP income from operations | \$ 315.2 | \$ 284.5 | \$ 913.6 | \$ 939.6 |

Operating Margin Percentage:

| | | | | |
|---|-------|-------|-------|-------|
| GAAP income from operations margin percentage | 24.1% | 0.1% | 21.5% | 17.4% |
| Impact of adjustments above | 7.1% | 28.8% | 8.5% | 13.1% |
| Non-GAAP operating margin percentage | 31.2% | 28.9% | 30.0% | 30.5% |

Pre-Tax Income:

| | | | | |
|---|----------|----------|----------|----------|
| GAAP pre-tax earnings | \$ 240.7 | \$ 12.1 | \$ 643.5 | \$ 530.5 |
| Adjustments to pre-tax earnings as detailed above | 71.2 | 283.1 | 261.0 | 403.7 |
| Debt extinguishment loss (6) | — | — | 0.4 | — |
| Unrealized losses (gains) on forward foreign currency contracts (8) | 0.5 | (0.9) | 6.2 | 19.0 |
| Non-GAAP pre-tax income | \$ 312.4 | \$ 294.3 | \$ 911.1 | \$ 953.2 |

Net Income (loss):

| | | | | |
|---|----------|-----------|----------|----------|
| GAAP net income (loss) | \$ 194.5 | \$ (40.5) | \$ 610.9 | \$ 365.4 |
| Adjustments: | | | | |
| Amortization of acquired intangible assets (1) | 49.7 | 58.7 | 159.2 | 181.2 |
| Impairment of intangible assets and equipment (14) | 13.7 | 223.8 | 44.8 | 223.8 |
| Restructuring and integration/consolidation costs (3) | 6.2 | 1.9 | 34.8 | 5.5 |
| Purchased research and development asset charge (16) | — | — | 10.0 | — |
| Product line discontinuance (13) | — | — | 7.1 | — |
| MDR expenses (2) | — | 0.2 | — | 1.3 |
| Debt extinguishment loss (6) | — | — | 0.4 | — |
| Legal related settlements (11) | — | (1.0) | — | 1.3 |
| Transaction expenses (4) | 1.6 | — | 3.4 | 0.3 |
| Contingent consideration adjustments (7) | — | — | 1.7 | (12.4) |
| Unrealized losses (gains) on forward | — | — | — | — |

| | | | | |
|---|----------|-----------|----------|------------|
| foreign currency contracts (8) | 0.5 | (0.9) | 6.2 | 19.0 |
| Non-income tax (benefit) charge, net (5) | — | (0.5) | — | 2.9 |
| Worthless stock deduction (15) | — | — | (107.2) | — |
| Income tax related items (9) | 3.7 | 42.7 | 15.6 | 62.3 |
| Income tax effect of reconciling items (12) | (19.2) | (53.1) | (55.7) | (85.7) |
| Non-GAAP net income | \$ 250.7 | \$ 231.3 | \$ 731.2 | \$ 764.9 |
| Net Income (Loss) Percentage: | | | | |
| GAAP net income (loss) percentage | 19.2% | (4.1)% | 20.1% | 11.8% |
| Impact of adjustments above | 5.6% | 27.6% | 3.9% | 13.0% |
| Non-GAAP net income percentage | 24.8% | 23.5% | 24.0% | 24.8% |
| Earnings (Loss) per Share: | | | | |
| GAAP income (loss) per share - Diluted | \$ 0.82 | \$ (0.16) | \$ 2.57 | \$ 1.47 |
| Adjustment to net income (loss) (as detailed above) | 0.24 | 1.09 | 0.50 | 1.60 |
| Non-GAAP earnings per share - diluted (10) | \$ 1.06 | \$ 0.93 | \$ 3.07 | \$ 3.07 |
| Adjusted EBITDA: | | | | |
| Non-GAAP net income | \$ 250.7 | \$ 231.3 | \$ 731.2 | \$ 764.9 |
| Interest expense (income), net | 3.5 | (4.8) | 9.9 | (1.6) |
| Provision for income taxes | 61.7 | 63.1 | 179.9 | 188.3 |
| Depreciation expense, not adjusted above | 22.6 | 22.3 | 68.0 | 66.7 |
| Adjusted EBITDA | \$ 338.5 | \$ 311.9 | \$ 989.0 | \$ 1,018.3 |

Explanatory Notes to Reconciliations:

- (1) To reflect non-cash expenses attributable to the amortization of acquired intangible assets.
- (2) To reflect the exclusion of third-party expenses incurred to obtain compliance with the European Medical Device Regulation requirement for the Company's existing products for which it already had FDA approval and/or CE mark.
- (3) To reflect restructuring charges, and certain costs associated with the Company's integration and facility consolidation plans, which primarily include severance, retention and transfer costs, as well as costs incurred to integrate acquisitions, including consulting, legal and tax fees. In addition, this category includes additional expenses, primarily accelerated depreciation and an impairment on a lease asset incurred in fiscal 2024 related to closing Mobidiag's Finland and France Facilities.
- (4) To reflect expenses incurred with third parties related to acquisitions prior to when such transactions are completed. These expenses primarily comprise legal, consulting and due diligence fees.
- (5) To reflect the net impact of establishing a non-income tax loss contingency related to prior years and the settlement of a prior year non-income tax audit.
- (6) To reflect a debt extinguishment loss for the prepayment of debt under the Credit Agreement in first quarter of fiscal 2024.
- (7) To reflect an adjustment to the contingent consideration liability related to the Acessa Health acquisition, which was payable upon meeting defined revenue growth metrics.
- (8) To reflect non-cash unrealized gains and losses on the mark-to market on outstanding forward foreign currency contracts, which have not been designated for hedge accounting.
- (9) To reflect the net impact of income tax reserves from the expiration of the statute of limitations, and non-recurring income tax charges and benefits.
- (10) Non-GAAP earnings per share was calculated based on 236,466 and 238,081 weighted average diluted shares outstanding for the three and nine months ended June 29, 2024, respectively, and 249,107 and 249,393 for the three and nine months ended July 1, 2023, respectively.
- (11) To reflect net charges and benefits from legal related settlements.
- (12) To reflect the tax effects of non-GAAP reconciling items, excluding specific income tax related items separately stated in Note 9 and the worthless stock deduction referred to in Note 15. Amounts are calculated using the effective tax rate in the jurisdiction to which the adjustment relates.
- (13) To reflect the write-off of inventory and charges for non-cancellable purchase orders related to a product line discontinuance in the Diagnostics division.
- (14) To reflect an impairment charge for an in-process research and development intangible asset acquired in the Mobidiag acquisition recorded in the first quarter of fiscal 2024 and an impairment charge related to intangible assets from the Focal acquisition recorded in the second and third quarters of fiscal 2024, respectively. To reflect impairment charges for intangible assets and equipment acquired in the Mobidiag acquisition and impairment of our SSI ultrasound imaging assets during the third quarter of fiscal 2023.
- (15) To reflect the discrete tax benefit related to a worthless stock deduction on the investment in one of the Company's international subsidiaries.
- (16) To reflect the purchase of an intangible asset to be used in a research and development project that has no future alternative use.

Reconciliation of GAAP to non-GAAP EPS Guidance:

| Guidance Range Quarter Ending September 28, 2024 | Guidance Range Year Ending September 28, 2024 |
|--|---|
|--|---|

| | Low | High | Low | High |
|--|--------|--------|--------|--------|
| GAAP Net Income Per Share | \$0.80 | \$0.87 | \$3.37 | \$3.44 |
| Amortization of acquired intangible assets | 0.20 | 0.20 | 0.87 | 0.87 |
| Impairment of Intangible asset | - | - | 0.19 | 0.19 |
| Restructuring, Integration and Other charges | 0.01 | 0.01 | 0.25 | 0.25 |
| Non-operating charges | - | - | 0.03 | 0.03 |
| Worthless stock deduction | - | - | (0.45) | (0.45) |
| Tax Impact of Exclusions and related items | (0.04) | (0.04) | (0.22) | (0.22) |
| Non-GAAP Net Income Per Share | \$0.97 | \$1.04 | \$4.04 | \$4.11 |

Return on Invested Capital (ROIC) Reconciliation of Net Income to ROIC:

| | Trailing Twelve Months Ended June 29, 2024 |
|---|--|
| Adjusted Net Operating Profit After Tax | |
| GAAP net income | \$ 701.5 |
| Adjustments to GAAP net income | 249.0 |
| Non-GAAP net income | \$ 950.5 |
| Non-GAAP provision for income taxes | 233.9 |
| Non-GAAP interest expense | 118.2 |
| Non-GAAP other income | (121.3) |
| Adjusted net operating profit before tax | \$ 1,181.3 |
| Non-GAAP average effective tax rate (1) | 19.8% |
| Adjusted net operating profit after tax | \$ 948.0 |
| Average Net Debt plus Average Stockholders' Equity (2) | |
| Average total debt | \$ 2,682.1 |
| Less: Average cash and cash equivalents | (2,602.0) |
| Average net debt | \$ 80.1 |
| Average stockholders' equity (3) | 6,645.8 |
| Average net debt plus average stockholders' equity | \$ 6,725.9 |
| Adjusted Return on Invested Capital | 14.1% |
| Adjusted ROIC (adjusted net operating profit after tax above divided by average net debt plus average stockholders' equity) | |

(1) ROIC is presented on a TTM basis; non-GAAP effective tax rate for the entire trailing twelve-month period was 19.75%.

(2) Calculated using the average of the balances as of June 29, 2024, and July 1, 2023.

(3) For Adjusted ROIC, stockholder's equity is adjusted (increased) to eliminate the effect of the impairment of intangible assets of \$32.2 million in fiscal 2014, the impairment of goodwill of \$685.7 million and an IPR&D asset of \$46.0 million in fiscal 2018, the impairment of intangible assets and equipment of \$685.4 million in fiscal 2019, the impairment of intangible assets and equipment of \$30.2 million in fiscal 2020, the impairment of intangible assets of \$45.1 million in fiscal 2022, the impairment of intangible assets and equipment of \$223.8 million in fiscal 2023 and the impairment of an intangible asset of \$4.3 million in the first quarter of fiscal 2024, \$26.8 million in the second quarter of fiscal 2024 and \$13.7 million in the third quarter of fiscal 2024. The impact of the intangible asset impairment charges is reflected in net of tax.

| | As of June 29, 2024 Net Leverage Ratio: |
|-----------------------------------|--|
| Total principal debt | \$ 2,556.9 |
| Total cash and cash equivalents | \$ (2,439.1) |
| Net principal debt | \$ 117.8 |
| EBITDA for the last four quarters | \$ 1,277.3 |
| Net Leverage Ratio | 0.1 |

Other Supplemental Information:

| | Three Months Ended | | Nine Months Ended | |
|---------------------|--------------------|--------------|-------------------|--------------|
| | June 29, 2024 | July 1, 2023 | June 29, 2024 | July 1, 2023 |
| Geographic Revenues | | | | |
| United States | 75.7% | 76.2% | 74.9% | 75.9% |
| Europe | 12.6% | 13.1% | 13.4% | 13.9% |
| Asia-Pacific | 6.4% | 6.4% | 6.4% | 6.2% |
| Rest of World | 5.3% | 4.3% | 5.3% | 4.0% |
| Total Revenues | 100.0% | 100.0% | 100.0% | 100.0% |

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