

**Dover Corporation**  
**Non-GAAP Reconciliation & Performance Measures**  
**2022 Annual Report and 2023 Company Overview**

This document defines, reconciles non-GAAP measures to GAAP and discloses the relevance to investors of the non-GAAP measures included in the 2022 Annual Report and 2023 Company Overview.

**Adjusted Net Earnings Per Share**

(in thousands, except per share data)

	2022	2021	2020	2019	2018	2017
<b>Adjusted net earnings:</b>						
Net earnings <sup>1</sup>	\$ 1,065,376	\$ 1,123,818	\$ 683,451	\$ 677,918	\$ 591,145	\$ 746,663
Purchase accounting expenses, pre-tax <sup>2</sup>	181,103	141,980	138,515	138,336	146,297	151,277
Purchase accounting expenses, tax impact <sup>3</sup>	(41,734)	(34,754)	(34,367)	(34,768)	(37,001)	(48,881)
Restructuring and other costs (benefits), pre-tax <sup>4</sup>	38,990	38,436	51,472	32,153	72,828	49,379
Restructuring and other costs (benefits), tax impact <sup>3</sup>	(8,226)	(7,336)	(10,802)	(6,789)	(14,531)	(14,746)
Loss (gain) on dispositions, pre-tax <sup>5</sup>	194	(206,338)	(5,213)	—	—	(205,334)
Loss (gain) on dispositions, tax impact <sup>3</sup>	(27)	53,218	1,267	—	—	32,753
Loss on extinguishment of debt, pre-tax <sup>6</sup>	—	—	—	23,543	—	—
Loss on extinguishment of debt, tax impact <sup>3</sup>	—	—	—	(5,163)	—	—
Loss on assets held for sale <sup>7</sup>	—	—	—	46,946	—	—
Tax Cuts and Jobs Act <sup>8</sup>	(22,579)	—	—	—	(2,832)	(54,908)
Disposition costs, pre-tax <sup>9</sup>	—	—	—	—	—	5,245
Disposition costs, tax impact <sup>3</sup>	—	—	—	—	—	(2,015)
Product recall reversal, pre-tax	—	—	—	—	—	(7,200)
Product recall reversal, tax impact <sup>3</sup>	—	—	—	—	—	2,614
<b>Adjusted net earnings</b>	<b>\$ 1,213,097</b>	<b>\$ 1,109,024</b>	<b>\$ 824,323</b>	<b>\$ 872,176</b>	<b>\$ 755,906</b>	<b>\$ 654,847</b>
<b>Adjusted average shares outstanding</b>	<b>143,595</b>	<b>145,273</b>	<b>145,393</b>	<b>146,992</b>	<b>152,153</b>	<b>157,744</b>
<b>Adjusted diluted net earnings per common share<sup>1</sup>:</b>						
Net earnings <sup>1</sup>	\$ 7.42	\$ 7.74	\$ 4.70	\$ 4.61	\$ 3.89	\$ 4.73
Purchase accounting expenses, pre-tax <sup>2</sup>	1.27	0.98	0.95	0.94	0.96	0.96
Purchase accounting expenses, tax impact <sup>3</sup>	(0.30)	(0.24)	(0.24)	(0.24)	(0.24)	(0.31)
Restructuring and other costs (benefits), pre-tax <sup>4</sup>	0.26	0.26	0.35	0.22	0.48	0.31
Restructuring and other costs (benefits), tax impact <sup>3</sup>	(0.06)	(0.05)	(0.07)	(0.06)	(0.10)	(0.09)
Loss (gain) on dispositions, pre-tax <sup>5</sup>	—	(1.42)	(0.03)	—	—	(1.30)
Loss (gain) on dispositions, tax impact <sup>3</sup>	—	0.37	0.01	—	—	0.21
Loss on extinguishment of debt, pre-tax <sup>6</sup>	—	—	—	0.16	—	—
Loss on extinguishment of debt, tax impact <sup>3</sup>	—	—	—	(0.04)	—	—
Loss on assets held for sale <sup>7</sup>	—	—	—	0.32	—	—
Tax Cuts and Jobs Act <sup>8</sup>	(0.16)	—	—	—	(0.02)	(0.35)
Disposition costs, pre-tax <sup>9</sup>	—	—	—	—	—	0.03
Disposition costs, tax impact <sup>3</sup>	—	—	—	—	—	(0.02)
Product recall reversal, pre-tax	—	—	—	—	—	(0.05)
Product recall reversal, tax impact <sup>3</sup>	—	—	—	—	—	0.02
<b>Adjusted diluted net earnings per common share</b>	<b>\$ 8.45</b>	<b>\$ 7.63</b>	<b>\$ 5.67</b>	<b>\$ 5.93</b>	<b>\$ 4.97</b>	<b>\$ 4.15</b>

<sup>1</sup> 2018 and 2017 represents earnings from continuing operations.

<sup>2</sup> Purchase accounting expenses are primarily comprised of amortization of intangible assets and charges related to fair value step-ups for acquired inventory sold during the period.

<sup>3</sup> Adjustments were tax effected using the statutory tax rates in the applicable jurisdictions or the effective tax rate, where applicable, for each period.

<sup>4</sup> Restructuring and other costs (benefits) relate to actions taken for employee reductions, facility consolidations and site closures, product line exits, and other asset charges.

<sup>5</sup> 2022 represents working capital adjustments related to the disposition of Unified Brands and the Race Winning Brands equity method investment in Q4 2021. 2021 represents a \$181,615 gain on the disposition of Unified Brands, a wholly owned subsidiary of the Company within the Climate & Sustainability Technologies segment, and a \$24,723 gain on disposition of our Race Winning Brands equity method investment in the Engineered Products segment. 2020 represents a \$5,213 net gain on the sale of AMS China within the Climate & Sustainability Technologies segment.

<sup>6</sup> Represents a loss on early extinguishment of €300,000 2.125% notes due 2020 and \$450,000 4.30% notes due 2021.

<sup>7</sup> Represents a loss on assets held for sale of Finder Pompe S.r.l. Under local law, no tax benefit is realized from the loss on the sale of a wholly-owned business.

<sup>8</sup> 2022 represents a reduction to income taxes previously recorded related to the Tax Cuts and Jobs Act. 2018 tax benefits related to additional Tax Cuts and Jobs Act regulatory guidance covered by SAB 118. 2017 tax impact primarily related to the enactment of the Tax Cuts and Jobs Act.

<sup>9</sup> Disposition costs include costs related to the sale of Warn.

\* Per share data and totals may be impacted by rounding.

**Reconciliation of Segment Earnings to Net Earnings**

(in thousands)

	2022
<b>Net earnings:</b>	
Segment earnings:	
Engineered Products	\$ 346,519
Clean Energy & Fueling	352,693
Imaging & Identification	268,084
Pumps & Process Solutions	533,018
Climate & Sustainability Technologies	254,484
Total segment earnings	1,755,098
Purchase accounting expenses <sup>1</sup>	181,103
Restructuring and other costs (benefits) <sup>2</sup>	38,990
Loss (gain) on dispositions <sup>3</sup>	194
Corporate expense / other <sup>4,5</sup>	135,280
Interest expense	116,456
Interest income	(4,430)
Earnings before provision for income taxes	1,287,505
Provision for income taxes	222,129
<b>Net earnings</b>	<b>\$ 1,065,376</b>

<sup>1</sup> Purchase accounting expenses are primarily comprised of amortization of intangible assets and charges related to fair value step-ups for acquired inventory sold during the period.

<sup>2</sup> Restructuring and other costs (benefits) relate to actions taken for headcount reductions, facility consolidations and site closures, exit costs, and other asset charges.

<sup>3</sup> Loss (gain) on dispositions includes working capital adjustments related to dispositions.

<sup>4</sup> Certain expenses are maintained at the corporate level and not allocated to the segments. These expenses include deal-related expenses, executive and functional compensation costs, non-service pension costs, non-operating insurance expenses, shared business services overhead costs and various administrative expenses relating to the corporate headquarters.

<sup>5</sup> 2022 includes a \$6.3 million settlement charge related to our U.S. qualified defined benefit plan.

**Adjusted Return on Average Equity**

(in thousands)

	2022	2021	2020
Adjusted net earnings	\$ 1,213,097	\$ 1,109,024	\$ 824,323
Beginning stockholders' equity	\$ 4,189,528	\$ 3,385,773	\$ 3,032,660
Ending stockholders' equity	4,286,366	4,189,528	3,385,773
Average stockholders' equity	\$ 4,237,947	\$ 3,787,651	\$ 3,209,217
<b>Adjusted return on average equity</b>	<b>28.6 %</b>	<b>29.3 %</b>	<b>25.7 %</b>

**Free Cash Flow**

(in thousands)

	2022	2021	2020
Cash flow from operating activities	\$ 805,724	\$ 1,115,865	\$ 1,104,810
Less: Capital expenditures	(220,962)	(171,465)	(165,692)
<b>Free cash flow</b>	<b>\$ 584,762</b>	<b>\$ 944,400</b>	<b>\$ 939,118</b>
Revenue	\$ 8,508,088	\$ 7,907,081	\$ 6,683,760
<b>Free cash flow as a percentage of revenue</b>	<b>6.9 %</b>	<b>11.9 %</b>	<b>14.1 %</b>

**Revenue Growth Factors**

	2022	2021	2020	2019	2018
Organic					
Engineered Products	16.8%	14.1%	-10.3%	5.4%	6.8%
Clean Energy & Fueling	-0.3%	5.8%	-8.8%	10.5%	9.9%
Imaging & Identification	2.9%	8.0%	-7.2%	1.2%	4.6%
Pumps & Process Solutions	4.1%	26.6%	-2.3%	3.9%	7.4%
Climate & Sustainability Technologies	18.5%	22.0%	-3.0%	-2.7%	-7.9%
Total organic	8.8%	15.3%	-6.6%	3.8%	3.7%
Acquisitions	4.2%	1.3%	1.0%	0.8%	0.5%
Dispositions	-1.5%	-0.2%	-0.7%	-0.5%	-2.5%
Currency translation	-3.9%	1.9%	—%	-2.0%	0.8%
Total*	7.6%	18.3%	-6.3%	2.1%	2.5%

\* Totals may be impacted by rounding.

**Non-GAAP Disclosures**

Adjusted net earnings represents net earnings adjusted for the effect of purchase accounting expenses, restructuring and other costs/benefits, Tax Cuts and Jobs Act, gain/loss on dispositions, gain/loss on extinguishment of debt, disposition costs, product recall reversal, and gain/loss on assets held for sale. Purchase accounting expenses are primarily comprised of amortization of intangible assets and charges related to fair value step-ups for acquired inventory sold during the period. We exclude after-tax purchase accounting expenses because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions the Company consummates. While we have a history of acquisition activity, our acquisitions do not happen in a predictive cycle. Exclusion of purchase accounting expenses facilitates more consistent comparisons of operating results over time. We believe it is important to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation. We exclude the other items because they occur for reasons that may be unrelated to the Company's commercial performance during the period and/or management believes they are not indicative of the Company's ongoing operating costs or gains in a given period.

Adjusted diluted net earnings per share or adjusted earnings per share represent diluted EPS adjusted for the effect of purchase accounting expenses, restructuring and other costs/benefits, Tax Cuts and Jobs Act, gain/loss on dispositions, gain/loss on extinguishment of debt, disposition costs, product recall reversal, and gain/loss on assets held for sale.

Total segment earnings is defined as the sum of earnings before purchase accounting expenses, restructuring and other costs/benefits, gain/loss on dispositions, corporate expenses/other, interest expense, interest income and provision for income taxes for all segments. Total segment earnings margin is defined as total segment earnings divided by revenue.

Management believes the non-GAAP measures above are useful to investors to better understand the Company's ongoing profitability as they will better reflect the Company's core operating results, offer more transparency and facilitate easier comparability to prior and future periods and to its peers.

Free cash flow represents net cash provided by operating activities minus capital expenditures. Free cash flow as a percentage of revenue equals free cash flow divided by revenue. Management believes that free cash flow and free cash flow ratio are important measures of liquidity because they provide management and investors a measurement of cash generated from operations that is available for mandatory payment obligations and investment opportunities, such as funding acquisitions, paying dividends, repaying debt and repurchasing our common stock.

Management believes that reporting organic revenue growth, which excludes the impact of foreign currency exchange rates and the impact of acquisitions and dispositions, provides a useful comparison of our revenue and bookings performance and trends between periods.

Adjusted return on average equity is defined as adjusted earnings over average stockholders equity. Management believes that reporting adjusted return on average equity provides a useful measure of financial performance.