UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 27, 2024

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-37654

Fortive Corporation
(Exact name of registrant as specified in its charter)

Delaware	**47-5654583**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
6920 Seaway Blvd Everett, WA	**98203**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (425) 446-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	FTV	New York Stock Exchange
3.700% Notes due 2026	FTV26A	New York Stock Exchange
3.700% Notes due 2029	FTV29	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock outstanding at October 25, 2024 was 346,949,274.

FORTIVE CORPORATION

INDEX

FORM 10-Q

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
($ and shares in millions, except per share amounts)

	As of	
	September 27, 2024 (unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and equivalents	$ 811.3	$ 1,888.8
Accounts receivable less allowance for doubtful accounts of $29.4 and $39.2, respectively	912.2	960.8
Inventories:		
Finished goods	225.6	214.1
Work in process	111.8	108.9
Raw materials	226.5	213.9
Inventories	563.9	536.9
Prepaid expenses and other current assets	347.8	285.1
Total current assets	2,635.2	3,671.6
Property, plant and equipment, net of accumulated depreciation of $816.6 and $809.0, respectively	425.1	439.8
Other assets	561.0	518.9
Goodwill	10,322.3	9,121.7
Other intangible assets, net	3,510.0	3,159.8
Total assets	$ 17,453.6	$ 16,911.8
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 408.1	$ —
Trade accounts payable	623.8	608.6
Accrued expenses and other current liabilities	1,068.9	1,182.7
Total current liabilities	2,100.8	1,791.3
Other long-term liabilities	1,339.5	1,149.0
Long-term debt	3,451.8	3,646.2
Commitments and Contingencies (Note 9)		
Equity:		
Common stock: $0.01 par value, 2,000.0 shares authorized; 366.1 and 363.7 issued; 346.9 and 350.7 outstanding, respectively	3.7	3.6
Additional paid-in capital	3,982.1	3,851.3
Treasury shares, at cost	(1,142.8)	(715.8)
Retained earnings	8,046.1	7,505.9
Accumulated other comprehensive loss	(334.2)	(326.1)
Total Fortive stockholders’ equity	10,554.9	10,318.9
Noncontrolling interests	6.6	6.4
Total stockholders’ equity	10,561.5	10,325.3
Total liabilities and equity	$ 17,453.6	$ 16,911.8

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
($ and shares in millions, except per share amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales of products and software	$ 1,293.4	$ 1,258.9	$ 3,902.2	$ 3,786.3
Sales of services	241.2	235.6	709.3	695.3
Total sales	1,534.6	1,494.5	4,611.5	4,481.6
Cost of product and software sales	(484.7)	(479.0)	(1,476.9)	(1,464.2)
Cost of service sales	(128.6)	(122.5)	(380.8)	(370.8)
Total cost of sales	(613.3)	(601.5)	(1,857.7)	(1,835.0)
Gross profit	921.3	893.0	2,753.8	2,646.6
Operating costs:				
Selling, general and administrative expenses	(524.1)	(503.5)	(1,610.5)	(1,525.2)
Research and development expenses	(101.7)	(98.4)	(306.9)	(298.6)
Gain on sale of property	—	—	63.1	—
Operating profit	295.5	291.1	899.5	822.8
Non-operating income (expense), net:				
Interest expense, net	(37.0)	(29.8)	(119.7)	(95.0)
Loss from divestiture	—	—	(25.6)	—
Other non-operating expense, net	(26.3)	(4.2)	(59.3)	(14.5)
Earnings before income taxes	232.2	257.1	694.9	713.3
Income taxes	(10.6)	(39.1)	(70.8)	(112.7)
Net earnings	$ 221.6	$ 218.0	$ 624.1	$ 600.6
Net earnings per share:				
Basic	$ 0.63	$ 0.62	$ 1.78	$ 1.70
Diluted	$ 0.63	$ 0.61	$ 1.76	$ 1.69
Average common stock and common equivalent shares outstanding:				
Basic	349.2	352.1	350.7	352.9
Diluted	352.3	356.1	354.4	356.0

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
($ in millions)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net earnings	$ 221.6	$ 218.0	$ 624.1	$ 600.6
Other comprehensive income (loss), net of income taxes:				
Foreign currency translation adjustments	89.3	(46.0)	(8.3)	(40.0)
Pension adjustments	0.1	0.1	0.2	(0.1)
Total other comprehensive income (loss), net of income taxes	89.4	(45.9)	(8.1)	(40.1)
Comprehensive income	$ 311.0	$ 172.1	$ 616.0	$ 560.5

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY
($ and shares in millions)
(unaudited)

	Common Stock						
	Shares Outstanding	Amount	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests
Balance, December 31, 2023	350.7	$ 3.6	$ 3,851.3	$ (715.8)	$ 7,505.9	$ (326.1)	$ 6.4
Net earnings for the period	—	—	—	—	207.4	—	—
Dividends to common shareholders	—	—	—	—	(28.1)	—	—
Other comprehensive income (loss)	—	—	—	—	—	(76.4)	—
Common stock-based award activity	1.5	0.1	73.2	—	—	—	—
Shares withheld for taxes	(0.2)	—	(18.4)	—	—	—	—
Balance, March 29, 2024	352.0	$ 3.7	$ 3,906.1	$ (715.8)	$ 7,685.2	$ (402.5)	$ 6.4
Net earnings for the period	—	—	—	—	195.1	—	—
Dividends to common shareholders	—	—	—	—	(28.0)	—	—
Other comprehensive income (loss)	—	—	—	—	—	(21.1)	—
Common stock-based award activity	0.3	—	35.0	—	—	—	—
Common stock repurchases	(2.0)	—	—	(154.6)	—	—	—
Shares withheld for taxes	—	—	(3.8)	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	0.1
Balance, June 28, 2024	350.3	$ 3.7	$ 3,937.3	$ (870.4)	$ 7,852.3	$ (423.6)	$ 6.5
Net earnings for the period	—	—	—	—	221.6	$ —	$ —
Dividends to common shareholders	—	—	—	—	(27.8)	—	—
Other comprehensive income (loss)	—	—	—	—	—	89.4	—
Common stock-based award activity	0.5	—	49.1	—	—	—	—
Common stock repurchases	(3.8)	—	—	(272.4)	—	—	—
Shares withheld for taxes	(0.1)	—	(4.3)	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	0.1
Balance, September 27, 2024	346.9	$ 3.7	$ 3,982.1	$ (1,142.8)	$ 8,046.1	$ (334.2)	$ 6.6

	Common Stock							
	Shares Outstanding	Amount	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests
Balance, December 31, 2022	352.9	$ 3.6	$ 3,706.3	$ (442.9)	$ 6,742.1	$ (325.7)	$ 5.2
Net earnings for the period	—	—	—	—	173.6	—	—
Dividends to common shareholders	—	—	—	—	(24.7)	—	—
Other comprehensive income (loss)	—	—	—	—	—	13.4	—
Common stock-based award activity	0.8	—	36.3	—	—	—	—
Shares withheld for taxes	(0.2)	—	(12.1)	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	0.6
Balance, March 31, 2023	353.5	$ 3.6	$ 3,730.5	$ (442.9)	$ 6,891.0	$ (312.3)	$ 5.8
Net earnings for the period	—	—	—	—	209.0	—	—
Dividends to common shareholders	—	—	—	—	(24.6)	—	—
Other comprehensive income (loss)	—	—	—	—	—	(7.6)	—
Common stock-based award activity	0.5	—	52.3	—	—	—	—
Common stock repurchases	(2.0)	—	—	(129.1)	—	—	—
Shares withheld for taxes	(0.1)	—	(4.1)	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	0.2
Balance, June 30, 2023	351.9	$ 3.6	$ 3,778.7	$ (572.0)	$ 7,075.4	$ (319.9)	$ 6.0
Net earnings for the period	—	—	—	—	218.0	—	—
Dividends to common shareholders	—	—	—	—	(24.6)	—	—
Other comprehensive income (loss)	—	—	—	—	—	(45.9)	—
Common stock-based award activity	0.7	—	54.8	—	—	—	—
Common stock repurchases	(1.0)	—	—	(78.8)	—	—	—
Shares withheld for taxes	(0.2)	—	(11.5)	—	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	(0.2)
Balance, September 29, 2023	351.4	$ 3.6	$ 3,822.0	$ (650.8)	$ 7,268.8	$ (365.8)	$ 5.8

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
($ in millions)
(unaudited)

	Nine Months Ended	
	September 27, 2024	September 29, 2023
Cash flows from operating activities:		
Net earnings	$ 624.1	$ 600.6
Noncash items:		
Amortization	340.4	277.2
Depreciation	68.7	63.9
Stock-based compensation	81.0	85.2
Gain on sale of property	(63.1)	—
Loss from divestiture	25.6	—
Loss from equity investments	39.4	12.9
Change in trade accounts receivable, net	64.6	25.0
Change in inventories	4.3	(21.7)
Change in trade accounts payable	10.6	(45.7)
Change in prepaid expenses and other assets	(57.0)	(45.8)
Change in accrued expenses and other liabilities	(114.0)	(44.8)
Net cash provided by operating activities	1,024.6	906.8
Cash flows from investing activities:		
Cash paid for acquisitions, net of cash received	(1,721.8)	(57.7)
Payments for additions to property, plant and equipment	(83.4)	(73.7)
Proceeds from sale of property	21.0	7.2
Cash infusion into divestiture	(14.0)	—
All other investing activities	(1.6)	—
Net cash used in investing activities	(1,799.8)	(124.2)
Cash flows from financing activities:		
Net proceeds from (repayments of) commercial paper borrowings	(571.2)	(252.6)
Proceeds from borrowings (maturities greater than 90 days), net of issuance costs	1,733.5	—
Repayment of borrowings (maturities greater than 90 days)	(1,000.0)	(250.0)
Repurchase of common shares	(423.0)	(207.9)
Payment of dividends	(83.9)	(73.9)
All other financing activities	47.9	18.1
Net cash used in financing activities	(296.7)	(766.3)
Effect of exchange rate changes on cash and equivalents	(5.6)	(11.4)
Net change in cash and equivalents	(1,077.5)	4.9
Beginning balance of cash and equivalents	1,888.8	709.2
Ending balance of cash and equivalents	$ 811.3	$ 714.1

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1. BUSINESS OVERVIEW

Fortive Corporation ("Fortive," "the Company," "we," "us," or "our") is a provider of essential technologies for connected workflow solutions across a range of attractive end-markets. Our strategic segments - Intelligent Operating Solutions ("IOS"), Precision Technologies ("PT"), and Advanced Healthcare Solutions ("AHS") - include well-known brands with leading positions in their markets. Our businesses design, develop, manufacture, and service professional and engineered products, software, and services, building upon leading brand names, innovative technologies, and significant market positions. Our research and development, manufacturing, sales, distribution, service, and administrative facilities are located in more than 50 countries around the world.

We prepared the unaudited consolidated condensed financial statements included herein in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") applicable for interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to such rules and regulations; however, we believe the disclosures are adequate to make the information presented not misleading. The unaudited consolidated condensed financial statements included herein should be read in conjunction with the audited annual consolidated financial statements as of and for the year ended December 31, 2023 and the footnotes ("Notes") thereto included within our 2023 Annual Report on Form 10-K.

In our opinion, the accompanying financial statements contain all adjustments, which consist of only normal, recurring accruals necessary to fairly present our financial position, results of operations, comprehensive income, stockholders' equity, and cash flows for the periods presented. The results of operations for the three and nine months ended September 27, 2024, are not necessarily indicative of the results for the full year. Reclassification of certain prior year amounts in the Consolidated Condensed Statements of Cash Flows have been made to conform to current year presentation.

Pending Separation Into Two Independent, Publicly Traded Companies

On September 4, 2024, we announced our intention to separate into two independent, publicly traded companies (the "Separation"). The Separation will create (i) a technology solutions company, retaining the Fortive name, with a portfolio of the brands currently operating under Fortive's IOS and AHS business segments, focused on resilient, high-quality recurring growth by delivering productivity, safety, and reliability value to customers, and (ii) a global industrial company ("NewCo") consisting of our brands currently operating under the PT segment with a focus on powerful secular growth trends by leveraging mission critical technologies in test and measurement, specialty sensors, and aerospace and defense subsystems. The Separation is expected to be structured in a tax-free manner for Fortive shareholders. The Company is targeting to complete the Separation by the fourth quarter of 2025, subject to the satisfaction of certain conditions, including, among others, final approval of Fortive's Board of Directors, satisfactory completion of financing, receipt of a favorable opinion of legal counsel and/or a private letter ruling from the U.S. Internal Revenue Service with respect to the tax treatment of the transaction for U.S. federal income tax purposes, the effectiveness of a Form 10 registration statement filed with the SEC, and other regulatory approvals. All assets, liabilities, revenues and expenses of NewCo are included in the consolidated results of the Company in the accompanying consolidated condensed financial statements.

Segment Realignment and Divestiture

In January 2024, we realigned Invetech from the AHS segment to the PT segment (the "Segment Realignment") based on our strategic decision to divest the equipment design and manufacturing businesses of Invetech, while retaining the motion solution businesses (the "Motion Solution Business") that are more closely aligned with the PT segment than the AHS segment. Prior period segment amounts in Note 3, 6, and 11 have been recast to conform to the revised segment presentation. In June 2024, we divested and transferred ownership of Invetech, excluding the Motion Solution Business, to its management team (the "Invetech Divestiture"). As a result of the divestiture, in the nine-month period ended September 27, 2024, we recorded a net realized loss of $25.6 million, which is identified as "Loss from divestiture" in the Consolidated Condensed Statements of Earnings. The divested businesses accounted for less than 1.0% of total revenue and less than 1.0% of total assets for the fiscal year ended December 31, 2023. The Invetech Divestiture did not represent a strategic shift with a major effect on the Company's operations and financial results, and therefore the divested businesses are not reported as discontinued operations.

Accumulated Other Comprehensive Loss

Foreign currency translation adjustments are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries. As of September 27, 2024, our outstanding €500 million Euro-denominated senior unsecured notes due

2026, €700 million Euro-denominated senior unsecured notes due 2029, €275 million Euro-denominated term loan, and ¥14.4 billion Yen-denominated term loan were designated as net investment hedges of our investment in applicable foreign operations.

We recognized after-tax foreign currency transaction losses of $59.7 million and gains of $9.6 million during the three-month periods ended September 27, 2024 and September 29, 2023, respectively, and losses of $38.3 million and gains of $13.0 million during the nine-month periods ended September 27, 2024 and September 29, 2023, respectively, on the debt that was deferred in the foreign currency translation component of Accumulated Other Comprehensive Income (Loss) ("AOCI") as an offset to the foreign currency translation adjustments on our investments in foreign subsidiaries. Any amounts deferred in AOCI will remain until the hedged investment is sold or substantially liquidated. We recorded no ineffectiveness from our net investment hedges during the three and nine-month periods ended September 27, 2024 and September 29, 2023.

The changes in AOCI by component are summarized below ($ in millions):

	Foreign currency translation adjustments	Pension & post-retirement plan benefit adjustments [a]	Total
For the Three Months Ended September 27, 2024:			
Balance, June 28, 2024	$ (389.3)	$ (34.3)	$ (423.6)
Other comprehensive income (loss) before reclassifications, net of income taxes	89.3	—	89.3
Amounts reclassified from AOCI into income:			
Increase (decrease)	—	0.1 [b]	0.1
Income tax impact	—	—	—
Amounts reclassified from AOCI into income, net of income taxes	—	0.1	0.1
Net current period other comprehensive income (loss), net of income taxes	89.3	0.1	89.4
Balance, September 27, 2024	$ (300.0)	$ (34.2)	$ (334.2)
For the Three Months Ended September 29, 2023:			
Balance, June 30, 2023	$ (295.4)	$ (24.5)	$ (319.9)
Other comprehensive income (loss) before reclassifications, net of income taxes	(46.0)	(0.4)	(46.4)
Amounts reclassified from AOCI into income:			
Increase (decrease)	—	0.6 [b]	0.6
Income tax impact	—	(0.1)	(0.1)
Amounts reclassified from AOCI into income, net of income taxes	—	0.5	0.5
Net current period other comprehensive income (loss), net of income taxes	(46.0)	0.1	(45.9)
Balance, September 29, 2023	$ (341.4)	$ (24.4)	$ (365.8)

[a] Includes balances relating to defined benefit plans, supplemental executive retirement plans, and other postretirement employee benefit plans.

[b] This component of AOCI is included in the computation of net periodic pension cost (refer to Note 11 in our 2023 Annual Report on Form 10-K for additional details).

	Foreign currency translation adjustments		Pension & post-retirement plan benefit adjustments [a]		Total
For the Nine Months Ended September 27, 2024:					
Balance, December 31, 2023	$ (291.7)		$ (34.4)		$ (326.1)
Other comprehensive income (loss) before reclassifications, net of income taxes	(15.3)		—		(15.3)
Amounts reclassified from AOCI into income:					
Increase (decrease)	7.0	(b)	0.3	(c)	7.3
Income tax impact	—		(0.1)		(0.1)
Amounts reclassified from AOCI into income, net of income taxes	7.0		0.2		7.2
Net current period other comprehensive income (loss)	(8.3)		0.2		(8.1)
Balance, September 27, 2024	$ (300.0)		$ (34.2)		$ (334.2)
For the Nine Months Ended September 29, 2023:					
Balance, December 31, 2022	$ (301.4)		$ (24.3)		$ (325.7)
Other comprehensive income (loss) before reclassifications, net of income taxes	(40.0)		(0.4)		(40.4)
Amounts reclassified from AOCI into income:					
Increase (decrease)	—		0.2	(c)	0.2
Income tax impact	—		0.1		0.1
Amounts reclassified from AOCI into income, net of income taxes	—		0.3		0.3
Net current period other comprehensive income (loss)	(40.0)		(0.1)		(40.1)
Balance, September 29, 2023	$ (341.4)		$ (24.4)		$ (365.8)

(a) Includes balances relating to defined benefit plans, supplemental executive retirement plans, and other postretirement employee benefit plans.
(b) This amount relates to the cumulative translation adjustment recognized in earnings upon the Invetech Divestiture. Refer to Note 1 for additional details.
(c) This component of AOCI is included in the computation of net periodic pension cost (refer to Note 11 in our 2023 Annual Report on Form 10-K for additional details).

Allowances for Doubtful Accounts

All trade accounts and unbilled receivables are recorded in the Consolidated Condensed Balance Sheets adjusted for any write-offs and net of allowances for credit losses. The allowances for credit losses represent management’s best estimate of the credit losses expected from our unbilled and trade accounts receivable portfolios over the life of the underlying assets. Additions to the allowances are charged to current period earnings, amounts determined to be uncollectible are charged directly against the allowances, while amounts recovered on previously written-off accounts increase the allowances. During the three and nine-month periods ending September 27, 2024 and September 29, 2023, the activity was immaterial.

Property Sale

On March 14, 2024, we sold land and certain office buildings in our PT segment for $90 million, for which we received $20 million in cash proceeds and a $70 million promissory note secured by a letter of credit. We received $10 million of principal in August and the remaining is due in November 2024. The promissory note is recorded within Prepaid expenses and other current assets. During the nine-month period ended September 27, 2024, we recorded a gain on sale of property of $63.1 million in the Consolidated Condensed Statements of Earnings.

Concurrently, using a portion of the proceeds from the property sale, we entered into an arm’s length transaction with the Fortive Foundation (the “Foundation”), pledging a charitable contribution of $20 million, which had no donor imposed conditions or restrictions. The Foundation, a not-for-profit entity established to expand our philanthropic efforts, is a related party due to certain Fortive executives serving as members of the entity’s board of directors. The charitable contribution is recorded within the “Other non-operating expense, net” line in the Consolidated Condensed Statements of Earnings. In the third quarter of 2024, $20 million of the promissory note due in November 2024 was reassigned to the Foundation.

Restructuring

We initiated a discrete restructuring plan in the first quarter of 2023 that was completed during the fourth quarter of 2023. The nature of these activities were broadly consistent throughout our segments and consisted primarily of targeted workforce reductions in response to overall macroeconomic and other external conditions. We incurred these costs to position ourselves to provide superior products and services to customers in a cost-efficient manner, while taking into consideration the impact of broad economic uncertainties. During the three and nine-month periods ended September 29, 2023, we incurred charges of $0.9 million and $29.2 million, respectively. These charges are recorded within Cost of sales and Selling, general, and administrative expenses in the Consolidated Condensed Statements of Earnings. Accrued restructuring costs were immaterial as of September 27, 2024 and were $26 million as of December 31, 2023, and are recorded within Accrued expenses and other current liabilities in the Consolidated Condensed Balance Sheets.

Recently Issued Accounting Standard

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures*, which amends the disclosure requirements for reportable segments on the interim and annual basis. This standard is effective for fiscal year ending December 31, 2024 and interim periods within fiscal year ending December 31, 2025. The adoption of the standard will not impact our consolidated financial statements; however, we are currently evaluating the impact of the new disclosure requirements on the notes to the financial statements. Upon adoption, we will update the applicable interim and annual disclosures to align with the new standard.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740)—*Improvements to Income Tax Disclosures*, which amends certain disclosure requirements related to income taxes on an annual basis. This standard is effective for fiscal year ending December 31, 2025. This standard should be applied on a prospective basis, with retrospective application permitted. The adoption of the standard will not impact our consolidated financial statements; however, we are currently evaluating the impact of the new disclosure requirements on the notes to the financial statements. We will update the applicable annual disclosures to align with the new standard.

NOTE 2. ACQUISITIONS

We continually evaluate potential mergers and acquisitions that align with our business portfolio strategy. We have completed a number of acquisitions that have been accounted for as purchases of businesses and resulted in the recognition of goodwill in our financial statements. This goodwill arises when the purchase price for an acquired business exceeds its identifiable assets, net of liabilities. The purchase price for acquired businesses reflect a number of factors, including the future earnings and cash flow potential of the business, the strategic fit and resulting synergies from the complementary portfolio of the acquired business to our existing operations, industry expertise, and market access.

The purchase price allocations for the acquisition in 2024 and the fourth quarter of 2023 are provisional and subject to further adjustments as we finalize the measurement of the acquired tangible and intangible assets and liabilities, as well as the associated income tax considerations. The preliminary fair value of the net assets acquired was based on estimates and assumptions. Significant assumptions include the discount rates and certain assumptions that form the basis of the forecasted results of the acquired business including earnings before interest and amortization ("EBITDA"), revenue growth rates, royalty rates and attrition rates. As additional information necessary to complete the valuation is obtained and analyzed, we will make appropriate adjustments to purchase price allocations prior to completion of the applicable measurement period, as required and as soon as practicable.

During the three and nine-month periods ended September 27, 2024, immaterial adjustments were made to the purchase price allocation of prior year acquisitions.

2024

On January 3, 2024, we acquired EA Elektro-Automatik Holding GmbH ("EA"), a leading supplier of high-power electronic test solutions for energy storage, mobility, hydrogen, and renewable energy applications. The acquisition of EA will bolster our innovative portfolio of products and services for engineers with complementary test and measurement solutions enabling the global energy transition. The total consideration paid was approximately $1.72 billion, net of acquired cash. We funded this transaction with financing activities and available cash. We recorded approximately $1.17 billion of goodwill within our PT segment related to the EA acquisition, which is not tax deductible.

For the three and nine-month periods ended September 27, 2024, we incurred approximately $1.9 million and $29.3 million, respectively, of pretax transaction-related costs related to the EA acquisition, which were primarily for banking fees, legal fees, and amounts paid to other third-party advisers. These costs were recorded within Selling, general, and administrative expenses in the Consolidated Condensed Statement of Earnings.

The following table summarizes the preliminary estimated acquisition date fair values of the assets acquired and liabilities assumed as of September 27, 2024 ($ in millions):

	Total
Accounts receivable	$ 19.6
Inventories	35.6
Property, plant and equipment	19.7
Goodwill	1,172.6
Other intangible assets (customer relationships, technology, and trade names)	681.2
Deferred tax liabilities	(189.1)
Other assets and liabilities, net	(21.4)
Net cash consideration	$ 1,718.2

2023

During 2023, we made four acquisitions (“the 2023 acquisitions”) in our IOS segment for an aggregate cash consideration of $101.4 million, which includes an immaterial deferred payment, net of acquired cash. The 2023 acquisitions are intended to accelerate our strategy and strengthen our product portfolio, providing world-class solutions to our customers. We recorded approximately $57.3 million of goodwill related to the acquisitions, which is not tax deductible, as well as $43.2 million of intangible assets, primarily consisting of customer relationships, technology, and trade names. All other acquired assets and assumed liabilities are immaterial.

NOTE 3. GOODWILL AND OTHER INTANGIBLE ASSETS

The following is a roll forward of our carrying value of goodwill by segment ($ in millions):

	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Goodwill
Balance, December 31, 2023	$ 4,148.9	$ 1,856.5	$ 3,116.3	$ 9,121.7
Measurement period adjustments for prior year acquisitions	0.6	—	—	0.6
Attributable to acquisitions	—	1,172.6	—	1,172.6
Foreign currency translation and other	10.9	19.5	(3.0)	27.4
Balance, September 27, 2024	$ 4,160.4	$ 3,048.6	$ 3,113.3	$ 10,322.3

Due to the Segment Realignment, the beginning goodwill balances for PT and AHS have been recast to conform to the revised segment presentation. Refer to Note 1 for further information on the realignment. Refer to Note 2 for more information related to goodwill attributable to acquisitions.

The following summarizes the gross carrying value and accumulated amortization for each major category of intangible asset ($ in millions):

	September 27, 2024		December 31, 2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Finite-lived intangibles:				
Patents and technology	$ 1,286.1	$ (788.4)	$ 1,139.6	$ (687.1)
Customer relationships and other intangibles	4,055.9	(1,799.9)	3,568.0	(1,573.2)
Trademarks and trade names	176.8	(31.1)	117.7	(19.8)
Total finite-lived intangibles	5,518.8	(2,619.4)	4,825.3	(2,280.1)
Indefinite-lived intangibles:				
Trademarks and trade names	610.6	—	614.6	—
Total intangibles	$ 6,129.4	$ (2,619.4)	$ 5,439.9	$ (2,280.1)

Finite-lived intangible assets are amortized over the shorter of their legal or estimated useful lives.

During the nine-month period ended September 27, 2024, we acquired finite-lived intangible assets, consisting of customer relationships, developed technology, and trade names, with a weighted average life of approximatelynine years as a result of the EA acquisition. Refer to Note 2 for additional information on the intangible assets acquired.

NOTE 4. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value for assets and liabilities required to be carried at fair value, and provide for certain disclosures related to the valuation methods used within the valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation.
- Level 3 inputs are unobservable inputs based on our assumptions. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Below is a summary of financial liabilities that are measured at fair value on a recurring basis ($ in millions):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
September 27, 2024				
Deferred compensation liabilities	$ —	$ 46.8	$ —	$ 46.8
December 31, 2023				
Deferred compensation liabilities	—	39.9	—	39.9

Certain management employees participate in our nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. All amounts deferred under such plans are unfunded, unsecured obligations and are recorded within Other long-term liabilities in the accompanying Consolidated Condensed Balance Sheets. Participants may choose among alternative earning rates for the amounts they defer, which are primarily based on investment options within our defined contribution plans for the benefit of U.S. employees (except that the earnings rates for amounts contributed unilaterally by the Company are entirely based on changes in the value of Fortive common stock). Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts and are recorded within Selling, general and administrative expenses in the Consolidated Condensed Statements of Earnings.

Non-recurring Fair Value Measurements

Certain non-financial assets, primarily property, plant, and equipment, goodwill, and intangible assets, are not required to be measured at fair value on a recurring basis and are reported at their carrying value. However, these assets are required to be assessed for impairment whenever events or circumstances indicate that their carrying value may not be fully recoverable, and at least annually for goodwill and indefinite-lived intangible assets. We evaluated events or circumstances that may indicate the carrying value of our non-financial assets may not be fully recoverable during the three and nine-month periods ended September 27, 2024, and recorded no material impairments.

During the three-month periods ended September 27, 2024 and September 29, 2023, we recorded a loss from equity investments of $26.1 million and $3.8 million, respectively. During the nine-month periods ended September 27, 2024 and September 29, 2023, we recorded a loss from equity investments of $39.4 million and $12.9 million, respectively. The loss was recorded within Other non-operating expense, net in our Consolidated Condensed Statement of Earnings.

Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are as follows ($ in millions):

	September 27, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Current portion of long-term debt	$ 408.1	$ 408.3	$ —	$ —
Long-term debt, net of current maturities	3,451.8	3,407.3	3,646.2	3,539.4

As of September 27, 2024 and December 31, 2023, the current portion of long-term debt and long-term debt, net of current maturities were categorized as Level 1.

The fair value of the long-term borrowings were based on quoted market prices. The difference between the fair value and the carrying amounts of long-term borrowings may be attributable to changes in market interest rates and/or our credit ratings subsequent to the borrowing. The fair value of cash and equivalents, trade accounts receivable, net, trade accounts payable, and commercial paper approximates their carrying amount due to the short-term maturities of these instruments.

NOTE 5. FINANCING

The components of our debt were as follows ($ in millions):

	September 27, 2024	December 31, 2023
U.S. dollar-denominated commercial paper	$ 675.0	$ 1,251.2
3.7% Euro-denominated senior unsecured notes due 2026	558.1	—
3.7% Euro-denominated senior unsecured notes due 2029	781.3	—
Euro Term Loan due 2025	307.0	303.6
Yen Term Loan due 2025	101.3	102.1
3.15% senior unsecured notes due 2026	900.0	900.0
4.30% senior unsecured notes due 2046	550.0	550.0
Delayed-Draw Term Loan due 2024	—	550.0
Long-term debt, principal amounts	3,872.7	3,656.9
Less: aggregate unamortized debt discounts, premiums, and issuance costs	12.8	10.7
Long-term debt, carrying value	3,859.9	3,646.2
Less: current portion of long-term debt, carrying value	408.1	—
Long-term debt, net of current maturities	$ 3,451.8	$ 3,646.2

Refer to Note 10 of our 2023 Annual Report on Form 10-K for further details of our debt financing.

Euro-denominated Senior Unsecured Notes Due 2026 and 2029

On February 13, 2024, we completed the registered offering of the following Euro-denominated senior unsecured notes:

- €500 million in aggregate principal amount of our 3.7% Euro-denominated senior unsecured notes due 2026 (the "2026 Notes") issued at 99.928% of their principal amount and bearing interest at 3.7% per annum. The 2026 Notes mature on February 13, 2026 with interest payable in arrears on February 13 of each year, beginning in 2025.
- €700 million in aggregate principal amount of our 3.7% Euro-denominated senior unsecured notes due 2029 (the "2029 Notes") issued at 99.943% of their principal amount and bearing interest at 3.7% per annum. The 2029 Notes mature on August 15, 2029 with interest payable in arrears on August 15 of each year, beginning in 2024.

The net proceeds from the offering, after underwriting discounts and commissions and offering expenses, were approximately $1.3 billion based on the currency exchange rates at which the Euro denominated proceeds were converted into U.S. dollars. We used the net proceeds to refinance the $1.0 billion outstanding principal of the Delayed-Draw Term Loan Due 2024, refinance borrowings under the U.S. dollar-denominated commercial paper, and for general corporate purposes.

Redemption Provisions and Covenants Applicable to 2026 and 2029 Notes

Prior to July 15, 2029 for the 2029 Notes, and prior to maturity for the 2026 Notes, we may redeem the applicable series of notes at our option, in whole or in part, at any time and from time to time, at the applicable make-whole redemption price specified in the indentures. On or after July 15, 2029, we may redeem the 2029 Notes, in whole or in part, at any time and from time to time, at a redemption price equal to 100% of the principal amount of the 2029 Notes being redeemed plus accrued and unpaid interest thereon to, but not including, the redemption date.

We may, at our option, redeem the applicable series of notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of such series of notes to be redeemed, together with any accrued and unpaid interest thereon to, but not including, the redemption date, at any time, if as a result of any change in, or amendment to, the laws, regulations, treaties, or rulings of the United States or any political subdivision of or in the United States or any taxing authority thereof or therein affecting taxation, or any change in, or amendment to, the application, official interpretation, administration or enforcement of such laws, regulations, treaties or rulings (including a holding by a court of competent jurisdiction in the United States), which change or amendment is enacted, adopted, announced or become effective, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts with respect to the applicable series of notes.

If a change of control triggering event occurs, we will, in certain circumstances, be required to make an offer to repurchase the notes from each holder at a purchase price equal to 101% of the principal amount of the notes being repurchased, plus accrued and unpaid interest to, but not including the repurchase date. A change of control triggering event is defined as the occurrence of both a change of control and a rating event, each as defined in the indentures. Except in connection with a change of control triggering event, the 2026 Notes and 2029 Notes do not have any credit rating downgrade triggers that would accelerate the maturity of the notes.

The 2026 Notes and 2029 Notes contain customary covenants. None of these covenants are considered restrictive to our operations and as of September 27, 2024, we were in compliance with all of our covenants.

Delayed-Draw Term Loan due 2024

On January 2, 2024, we drew down an additional $450 million of the Delayed-Draw Term Loan due 2024 as part of the funding for the acquisition of EA, with $1.0 billion outstanding immediately following such additional draw. Refer to Note 2 for additional information regarding the EA acquisition. On February 13, 2024, we used the net proceeds from the 2026 Notes and 2029 Notes to refinance the entire $1.0 billion outstanding principal and accrued interest thereon.

Other Liquidity Sources

We generally satisfy any short-term liquidity needs that are not met through operating cash flows and available cash primarily through issuances of commercial paper under our U.S. dollar and Euro-denominated commercial paper programs ("Commercial Paper Programs"). Under these programs, we may issue unsecured promissory notes with maturities not exceeding 397 and 183 days, respectively.

Interest expense on commercial paper is paid at maturity and is generally based on our credit ratings at the time of issuance and prevailing short-term interest rates.

The details of our outstanding Commercial Paper Programs as of September 27, 2024 were as follows ($ in millions):

	Carrying value [a]	Annual effective rate	Weighted average maturity (in days)
U.S. dollar-denominated commercial paper	$ 673.6	5.28 %	30

(a) Net of unamortized debt discount.

Credit support for the Commercial Paper Programs is provided by a five-year $2.0 billion senior unsecured revolving credit facility that expires on October 18, 2027 (the “Revolving Credit Facility”) which, to the extent not otherwise providing credit support for our commercial paper programs, can also be used for working capital and other general corporate purposes. As of September 27, 2024, no borrowings were outstanding under the Revolving Credit Facility.

We classified our borrowings outstanding under the Commercial Paper Programs as Long-term debt in the accompanying Consolidated Condensed Balance Sheets as we had the intent and ability, as supported by availability under the Revolving Credit Facility, to refinance these borrowings for at least one year from the balance sheet date.

NOTE 6. SALES

We derive revenue primarily from the sales of products, including software, and services. Revenue is recognized when control of promised products or services is transferred to customers in an amount that reflects the consideration we expect to be entitled to in exchange for those products, software, or services.

Product sales include revenue from the sale of products and equipment, which includes our software and software as a service (“SaaS”) product offerings and equipment rentals. Service sales include revenues from extended warranties, post-contract customer support (“PCS”), maintenance contracts or services, contract labor to perform ongoing service at a customer location, services related to previously sold products, and software implementation services.

Contract Assets — In certain circumstances, we record contract assets which include unbilled amounts typically resulting from sales under contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is not only subject to the passage of time. Contract assets were $121 million as of September 27, 2024 and $108 million as of December 31, 2023. Contract assets are recorded within Prepaid expenses and other current assets in our Consolidated Condensed Balance Sheets.

Contract Costs — We incur and capitalize incremental costs to obtain certain contracts, typically sales-related commissions where the amortization period is greater than one year and costs associated with assets used by our customers in certain service arrangements. As of September 27, 2024 and December 31, 2023, we had $59 million and $51 million, respectively, in net revenue-related contract costs primarily related to certain software contracts. Revenue-related contract costs are recorded within Other assets in our Consolidated Condensed Balance Sheets. These assets have estimated useful lives between three and five years.

Contract Liabilities — Our contract liabilities consist of deferred revenue generally related to subscription-based software contracts, PCS and extended warranty sales, where we generally receive up-front payment and recognize revenue over the service or support term. We classify deferred revenue as current or noncurrent based on the timing of when we expect to recognize revenue. The current portion of deferred revenue is recorded within Accrued expenses and other current liabilities and the noncurrent portion of deferred revenue is recorded within Other long-term liabilities in our Consolidated Condensed Balance Sheets.

Our contract liabilities consisted of the following ($ in millions):

	September 27, 2024	December 31, 2023
Deferred revenue - current	$ 510.8	$ 544.6
Deferred revenue - noncurrent	48.7	45.8
Total contract liabilities	$ 559.5	$ 590.4

During the three and nine-month periods ended September 27, 2024, we recognized revenue related to our contract liabilities at December 31, 2023 of $91 million and $408 million, respectively. The change in our contract liabilities from December 31, 2023 to September 27, 2024 was primarily due to the timing of billings and revenue recognized for subscription-based software contracts, PCS and extended warranty services.

Remaining Performance Obligations — Our remaining performance obligations represent the transaction price of firm, non-cancelable orders and the average contract value for software contracts, for which work has not been performed. We have excluded performance obligations with an original expected duration of one year or less from the amounts below.

The aggregate remaining performance obligations attributable to each of our segments is as follows ($ in millions):

		September 27, 2024
Intelligent Operating Solutions	$	593.5
Precision Technologies		59.7
Advanced Healthcare Solutions		75.3
Total remaining performance obligations	$	728.5

The majority of remaining performance obligations are related to service and support contracts, which we expect to fulfill approximately 80 percent within the next two years, approximately 95 percent within the next three years, and substantially all within four years.

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by sales of products and software and services, geographic location, and end market for each of our segments, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Due to the Segment Realignment, prior period segment amounts have been recast to conform to the revised segment presentation. Refer to Note 1 for further information on the realignment.

Disaggregation of revenue for the three-month period ended September 27, 2024 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 1,293.4	$ 549.4	$ 490.6	$ 253.4
Sales of services	241.2	111.8	60.3	69.1
Total	$ 1,534.6	$ 661.2	$ 550.9	$ 322.5
Geographic:				
United States	$ 841.9	$ 375.0	$ 282.8	$ 184.1
China	153.8	50.7	76.1	27.0
All other (each country individually less than 5% of total sales)	538.9	235.5	192.0	111.4
Total	$ 1,534.6	$ 661.2	$ 550.9	$ 322.5
End markets:[(a)]				
Direct sales:				
Healthcare	$ 363.2	$ 10.3	$ 48.0	$ 304.9
Industrial & Manufacturing	321.4	227.2	89.9	4.3
Government	163.4	80.7	72.6	10.1
Utilities & Power	108.3	48.6	59.7	—
Communications, Electronics & Semiconductor	82.9	27.9	55.0	—
Aerospace & Defense	76.9	0.1	76.8	—
Retail & Consumer	87.5	69.7	17.8	—
Oil & Gas	70.9	68.1	2.8	—
Other	170.0	91.6	78.4	—
Total direct sales	1,444.5	624.2	501.0	319.3
Distributors	90.1	37.0	49.9	3.2
Total	$ 1,534.6	$ 661.2	$ 550.9	$ 322.5

(a) Direct sales by end market include sales made through third-party distributors where we have visibility to the end customer.

Disaggregation of revenue for the three-month period ended September 29, 2023 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 1,258.9	$ 538.4	$ 491.7	$ 228.8
Sales of services	235.6	105.9	60.8	68.9
Total	$ 1,494.5	$ 644.3	$ 552.5	$ 297.7
Geographic:				
United States	$ 833.7	$ 366.1	$ 304.6	$ 163.0
China	162.1	52.5	82.6	27.0
All other (each country individually less than 5% of total sales)	498.7	225.7	165.3	107.7
Total	$ 1,494.5	$ 644.3	$ 552.5	$ 297.7
End markets:[(a)]				
Direct sales:				
Healthcare	$ 353.3	$ 10.9	$ 56.9	$ 285.5
Industrial & Manufacturing	340.1	226.3	109.9	3.9
Government	145.5	73.2	64.0	8.3
Utilities & Power	105.3	46.5	58.8	—
Communications, Electronics & Semiconductor	101.1	24.7	76.4	—
Aerospace & Defense	74.9	0.1	74.8	—
Retail & Consumer	82.4	64.8	17.6	—
Oil & Gas	70.6	68.3	2.3	—
Other	167.3	96.9	70.4	—
Total direct sales	1,440.5	611.7	531.1	297.7
Distributors	54.0	32.6	21.4	—
Total	$ 1,494.5	$ 644.3	$ 552.5	$ 297.7

[(a)] Direct sales by end market include sales made through third-party distributors where we have visibility to the end customer.

Disaggregation of revenue for the nine-month period ended September 27, 2024 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 3,902.2	$ 1,679.6	$ 1,481.5	$ 741.1
Sales of services	709.3	324.3	180.2	204.8
Total	$ 4,611.5	$ 2,003.9	$ 1,661.7	$ 945.9
Geographic:				
United States	$ 2,472.1	$ 1,105.3	$ 837.9	$ 528.9
China	495.2	171.0	245.6	78.6
All other (each country individually less than 5% of total sales)	1,644.2	727.6	578.2	338.4
Total	$ 4,611.5	$ 2,003.9	$ 1,661.7	$ 945.9
End markets:[a]				
Direct sales:				
Healthcare	$ 1,069.3	$ 32.7	$ 142.7	$ 893.9
Industrial & Manufacturing	1,001.4	705.4	282.5	13.5
Government	431.8	230.5	172.8	28.5
Utilities & Power	314.3	146.6	167.7	—
Communications, Electronics & Semiconductor	267.8	81.3	186.5	—
Aerospace & Defense	243.7	0.3	243.4	—
Retail & Consumer	244.9	196.9	48.0	—
Oil & Gas	215.7	206.9	8.8	—
Other	534.1	287.5	246.6	—
Total direct sales	4,323.0	1,888.1	1,499.0	935.9
Distributors	288.5	115.8	162.7	10.0
Total	$ 4,611.5	$ 2,003.9	$ 1,661.7	$ 945.9

[a] Direct sales by end market include sales made through third-party distributors where we have visibility to the end customer.

Disaggregation of revenue for the nine-month period ended September 29, 2023 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 3,786.3	$ 1,622.2	$ 1,469.8	$ 694.3
Sales of services	695.3	307.3	184.1	203.9
Total	$ 4,481.6	$ 1,929.5	$ 1,653.9	$ 898.2
Geographic:				
United States	$ 2,433.0	$ 1,068.2	$ 865.9	$ 498.9
China	522.4	176.0	269.0	77.4
All other (each country individually less than 5% of total sales)	1,526.2	685.3	519.0	321.9
Total	$ 4,481.6	$ 1,929.5	$ 1,653.9	$ 898.2
End markets:[a]				
Direct sales:				
Healthcare	$ 1,052.3	$ 33.4	$ 168.5	$ 850.4
Industrial & Manufacturing	1,051.1	687.2	351.2	12.7
Government	389.5	212.2	151.9	25.4
Utilities & Power	308.8	140.1	168.7	—
Communications, Electronics & Semiconductor	304.4	73.6	230.8	—
Aerospace & Defense	218.8	0.4	218.4	—
Retail & Consumer	249.7	189.2	60.5	—
Oil & Gas	212.5	201.8	10.7	—
Other	519.0	292.0	227.0	—
Total direct sales	4,306.1	1,829.9	1,587.7	888.5
Distributors	175.5	99.6	66.2	9.7
Total	$ 4,481.6	$ 1,929.5	$ 1,653.9	$ 898.2

[a] Direct sales by end market include sales made through third-party distributors where we have visibility to the end customer.

NOTE 7. INCOME TAXES

Our effective tax rates for the three and nine-month periods ended September 27, 2024 were 4.6% and 10.2%, respectively, as compared to 15.2% and 15.8%, respectively, for the three and nine-month periods ended September 29, 2023. The decrease in the effective tax rate for the three-month period ended September 27, 2024 as compared to the three-month period ended September 29, 2023 was primarily related to changes in applicable statutory tax rates, resulting in a benefit in the three-month period ended September 27, 2024. The decrease in the effective tax rate for the nine-month period ended September 27, 2024 as compared to the nine-month period ended September 29, 2023 was primarily related to cash repatriation resulting in a discrete tax credit, changes in applicable statutory tax rates, and changes in valuation allowances in the nine-month period ended September 27, 2024.

Our effective tax rates for the three and nine-month periods ended September 27, 2024, differ from the U.S. federal statutory rate of 21% due primarily to the impact of credits and deductions provided by law, including those associated with state income taxes, and changes in our uncertain tax position reserves.

NOTE 8. STOCK-BASED COMPENSATION

The 2016 Stock Incentive Plan (the “Stock Plan”), provides for the grant of stock appreciation rights, restricted stock units, and performance stock units (collectively, “Stock Awards”), stock options, or any other stock-based award. As of September 27, 2024, approximately 12 million shares of our common stock were available for subsequent issuance under the Stock Plan. For a full description of our Stock Plan, refer to Note 15 of our 2023 Annual Report on Form 10-K.

Stock-based Compensation

Stock-based compensation has been recognized as a component of Selling, general and administrative expenses in the Consolidated Condensed Statements of Earnings based on the portion of the awards that are ultimately expected to vest.

The following summarizes the components of our stock-based compensation expense under the Stock Plan ($ in millions):

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Stock Awards:				
Pretax compensation expense	$ 19.5	$ 20.6	$ 56.6	$ 58.6
Income tax benefit	(3.1)	(3.1)	(8.6)	(8.4)
Stock Award expense, net of income taxes	16.4	17.5	48.0	50.2
Stock options:				
Pretax compensation expense	8.4	8.9	24.4	26.6
Income tax benefit	(1.3)	(1.3)	(3.6)	(3.8)
Stock option expense, net of income taxes	7.1	7.6	20.8	22.8
Total stock-based compensation:				
Pretax compensation expense	27.9	29.5	81.0	85.2
Income tax benefit	(4.4)	(4.4)	(12.2)	(12.2)
Total stock-based compensation expense, net of income taxes	$ 23.5	$ 25.1	$ 68.8	$ 73.0

The following summarizes the unrecognized compensation cost for the Stock Plan awards as of September 27, 2024. This compensation cost is expected to be recognized over a weighted average period of approximately two years, representing the remaining service period related to the awards. Future compensation amounts will be adjusted for any changes in estimated forfeitures ($ in millions):

Stock Awards	$ 46.3
Stock options	120.2
Total unrecognized compensation cost	$ 166.5

NOTE 9. COMMITMENTS AND CONTINGENCIES

For a description of our litigation and contingencies and additional information about our leases, refer to Note 14 and Note 9, respectively, in our 2023 Annual Report on Form 10-K.

Warranty

We generally accrue estimated warranty costs at the time of sale. In general, manufactured products are warranted against defects in material and workmanship when properly used for their intended purpose, installed correctly, and appropriately maintained. Warranty period terms depend on the nature of the product and range from 90 days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor, and, in certain instances, estimated property damage. The accrued warranty liability is reviewed on a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known. During the three and nine-month periods ended September 27, 2024 and September 29, 2023, warranty related activity was immaterial.

Leases

Operating lease costs for the three-month periods ended September 27, 2024 and September 29, 2023 were $12 million and $13 million, respectively. Operating lease costs for both the nine-month periods ended September 27, 2024 and September 29, 2023 were $37 million. During both the nine-month periods ended September 27, 2024 and September 29, 2023, cash paid for operating leases included in operating cash flows was $36 million. Right-of-use (“ROU”) assets obtained in exchange for operating lease obligations were $30 million and $29 million during the nine-month periods ended September 27, 2024 and September 29, 2023, respectively. Operating lease ROU assets were $174 million and $155 million as of September 27, 2024 and December 31, 2023, respectively. Operating lease liabilities were $181 million and $164 million as of September 27, 2024 and December 31, 2023, respectively. Operating lease ROU assets and operating lease liabilities are recorded in the Consolidated Condensed Balance Sheets within Other assets, Accrued expenses and other current liabilities, and Other long-term liabilities, respectively.

NOTE 10. NET EARNINGS PER SHARE

Basic net earnings per share ("EPS") is calculated by dividing net earnings attributable to common stockholders by the weighted average number of shares of common stock outstanding for the applicable period. Diluted EPS is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares under stock-based compensation plans under the treasury stock method, except where the inclusion of such shares would have an anti-dilutive impact. Anti-dilutive options excluded from the diluted EPS calculation for the three and nine-month periods ended September 27, 2024 were 1.5 million and 1.2 million, respectively, and were 0.1 million and 0.5 million for the three and nine-month periods ended September 29, 2023.

Information related to the calculation of net earnings per share of common stock is summarized as follows ($ and shares in millions, except per share amounts):

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Numerator				
Net earnings	$ 221.6	$ 218.0	$ 624.1	$ 600.6
Denominator				
Weighted average common shares outstanding used in basic earnings per share	349.2	352.1	350.7	352.9
Incremental common shares from:				
Assumed exercise of dilutive options and vesting of dilutive Stock Awards	3.1	4.0	3.7	3.1
Weighted average common shares outstanding used in diluted earnings per share	352.3	356.1	354.4	356.0
Net earnings per common share - Basic	$ 0.63	$ 0.62	$ 1.78	$ 1.70
Net earnings per common share - Diluted	$ 0.63	$ 0.61	$ 1.76	$ 1.69

We declared and paid cash dividends per common share for the periods as presented below:

	Dividend Per Common Share	Amount ($ in millions)
2024:		
First quarter	$ 0.08	$ 28.1
Second quarter	0.08	28.0
Third quarter	0.08	27.8
Total	$ 0.24	$ 83.9
2023:		
First quarter	$ 0.07	$ 24.7
Second quarter	0.07	24.6
Third quarter	0.07	24.6
Total	$ 0.21	$ 73.9

Share Repurchase Program

On February 17, 2022, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to 20 million shares of the Company's outstanding common stock from time to time on the open market or in privately negotiated transactions. On January 23, 2024, the Company’s Board of Directors increased the number of shares authorized under the share repurchase program by an additional 11 million shares, with 14.2 million shares remaining authorized under the share repurchase program as of September 27, 2024. There is no expiration date for the repurchase program, and the timing and amount of repurchases under the program are determined by the Company's management based on market conditions and other factors. The repurchase program may be suspended or discontinued at any time by the Board of Directors.

During the three and nine-month periods ended September 27, 2024, the Company purchased 3.8 million and 5.8 million shares of its common stock at an average share price of $70.87 and $72.78, respectively. During the three and nine-month periods ended September 29, 2023, the Company purchased 1 million and 3 million shares of its common stock at an average share price of $78.74 and $69.27, respectively.

NOTE 11. SEGMENT INFORMATION

We report our results in three separate business segments consisting of IOS, PT, and AHS. Our chief operating decision maker (“CODM”) assesses performance and allocates resources based on our operating segments, which are also our reportable segments. Due to the Segment Realignment, prior period segment amounts have been recast to conform to the revised segment presentation. Refer to Note 1 for further information on the realignment.

Our IOS segment provides advanced instrumentation, software and services to tens of thousands of customers enabling their mission-critical workflows. These offerings include electrical test & measurement, facility and asset lifecycle software applications, connected worker safety and compliance solutions across a range of vertical end markets, including manufacturing, process industries, healthcare, utilities and power, communications and electronics, among others.

Our PT segment helps solve tough technical challenges to speed breakthroughs in a wide range of applications, from food and beverage production and manufacturing to next-generation electric vehicles and clean energy, as our customers seek new test solutions to enable the electrification and connectivity of everything. Our expertise in materials, methods and measurements are reflected in our electrical test & measurement and sensing and material technologies offered to a broad set of customers and vertical end markets, including industrial, power and energy, automotive, medical equipment, food and beverage, aerospace and defense, semiconductor, and other general industries.

Our AHS segment supplies critical workflow solutions enabling healthcare providers to deliver exceptional patient care more efficiently. Our offerings include instrument sterilization solutions, instrument tracking, biomedical test tools, radiation detection and safety monitoring, and end-to-end clinical productivity software and solutions. Our healthcare offerings help ensure critical safety standards are met, instruments and operating rooms are working at peak performance, and complex procedures are followed accurately in these mission-critical healthcare environments.

Our segment results are as follows ($ in millions):

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales:				
Intelligent Operating Solutions	$ 661.2	$ 644.3	$ 2,003.9	$ 1,929.5
Precision Technologies	550.9	552.5	1,661.7	1,653.9
Advanced Healthcare Solutions	322.5	297.7	945.9	898.2
Total	$ 1,534.6	$ 1,494.5	$ 4,611.5	$ 4,481.6
Operating Profit:				
Intelligent Operating Solutions	$ 167.7	$ 156.8	$ 505.0	$ 452.0
Precision Technologies	122.0	140.9	386.4	401.3
Advanced Healthcare Solutions	41.0	25.0	108.7	65.8
Other	(35.2)	(31.6)	(100.6)	(96.3)
Total Operating Profit	295.5	291.1	899.5	822.8
Interest expense, net	(37.0)	(29.8)	(119.7)	(95.0)
Loss from divestiture	—	—	(25.6)	—
Other non-operating expense, net	(26.3)	(4.2)	(59.3)	(14.5)
Earnings before income taxes	$ 232.2	$ 257.1	$ 694.9	$ 713.3

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Fortive Corporation (“Fortive,” the “Company,” “we,” “us,” or “our”) is a provider of essential technologies for connected workflow solutions across a range of attractive end-markets. Our strategic segments - Intelligent Operating Solutions (“IOS”), Precision Technologies (“PT”), and Advanced Healthcare Solutions (“AHS”) - include well-known brands with leading positions in their markets. Our businesses design, develop, manufacture, and service professional and engineered products, software, and services, building upon leading brand names, innovative technologies, and significant market positions. We are headquartered in Everett, Washington and have a workforce of more than 18,000 research and development, manufacturing, sales, distribution, service, and administrative professionals in more than 50 countries around the world.

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is designed to provide a reader of our financial statements with a narrative from the perspective of management. The following discussion should be read in conjunction with the MD&A and consolidated financial statements included in our 2023 Annual Report on Form 10-K. Our MD&A is divided into five sections:

- Information Relating to Forward-Looking Statements
- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this quarterly report, in other documents we file with or furnish to the Securities and Exchange Commission (“SEC”), in our press releases, webcasts, conference calls, materials delivered to shareholders and other communications, are “forward-looking statements” within the meaning of the United States federal securities laws. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other financial measures; management’s plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into, including the expected impact of trade and tariff policies; our plans to separate into two independent, publicly traded companies; new or modified laws, regulations and accounting pronouncements; impact of climate-related events or transition activities; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; impact of changes to tax laws; general economic and capital markets conditions, including expected impact of inflation or interest rate changes; impact of geopolitical developments and events, including the anticipated impact of the Ukraine/Russia conflict, conflict in the Middle East, and other hostilities; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that we intend or believe will or may occur in the future. Terminology such as “believe,” “anticipate,” “should,” “could,” “intend,” “will,” “plan,” “expect,” “estimate,” “project,” “target,” “may,” “possible,” “potential,” “forecast” and “positioned” and similar references to future periods are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words.

Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments, and other factors they believe to be appropriate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Important factors that could cause actual results to differ materially from those envisaged in the forward-looking statements include, among others, the following:

Risk Related to Our Business Operations

- Conditions in the global economy, the markets we serve, and the financial markets and banking systems may adversely affect our business and financial statements.

- If we cannot adjust our manufacturing capacity, supply chain management or the purchases required for our manufacturing activities to reflect changes in market conditions, customer demand and supply chain or transportation disruptions, our profitability may suffer. In addition, our reliance upon sole or limited sources of supply for certain materials, components, and services could cause production interruptions, delays and inefficiencies.
- Our financial results are subject to fluctuations in the cost and availability of commodities or components that we use in our operations.
- Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated, or experience cyclicality.
- We face intense competition and if we are unable to compete effectively, we may experience decreased demand and decreased market share. Even if we compete effectively, we may be required to reduce prices for our products and services.
- Our growth depends in part on the timely development and commercialization and customer acceptance of new and enhanced products and services based on technological innovation.
- If we are unable to recruit and retain key employees, our business may be harmed.
- Significant disruptions in, or breaches in security of, our information technology systems have adversely affected, and in the future could adversely affect, our business.
- Defects and unanticipated use or inadequate disclosure with respect to our products (including software) or services could adversely affect our business, reputation, and financial statements.
- Adverse changes in our relationships with, or the financial condition, performance, purchasing patterns, or inventory levels of, key distributors and other channel partners could adversely affect our financial statements.
- Our restructuring activities could have long-term adverse effects on our business.
- Work stoppages, works council campaigns, and other labor disputes could adversely impact our productivity, economic conditions, and results of operations.
- If we suffer loss to our facilities, supply chains, distribution systems, or information technology systems due to catastrophe or other events, our operations could be seriously harmed.
- If we do not or cannot adequately protect our intellectual property, or if third parties infringe our intellectual property rights, we may suffer competitive injury or expend significant resources enforcing our rights.
- Third parties may claim that we are infringing or misappropriating their intellectual property rights and we could suffer significant litigation expenses, losses, or licensing expenses or be prevented from selling products or services.
- We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our financial statements.
- Future pandemics and epidemics, and any corresponding constraints on supply chain, labor force, and the operations of our customers, suppliers, and vendors could have an adverse impact on our business and results of operations.
- Climate change, or legal or regulatory measures to address climate change, may negatively affect us.
- We use artificial intelligence in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

Risk Related to our International Operations

- International economic, political, legal, compliance, and business factors could negatively affect our financial statements.
- Trade relations between China and the United States could have a material adverse effect on our business and financial statements.
- Foreign currency exchange rates, including the volatility thereof, may adversely affect our financial statements.

Risk Related to Our Acquisitions, Investments, and Dispositions

- Our plans to separate into two independent, publicly traded companies may not be completed on the currently contemplated timeline or at all and may not achieve the intended benefits, including the anticipated tax treatment.
- Any inability to consummate acquisitions at our anticipated rate and at appropriate prices could negatively impact our growth rate and stock price.
- Our acquisition of businesses, joint ventures, and strategic relationships could negatively impact our financial statements.
- The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.
- Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements.
- Potential indemnification liabilities to Vontier Corporation (“Vontier”) pursuant to the separation agreement could materially and adversely affect our businesses, financial condition, results of operations, and cash flows.

Risk Related to Regulatory and Compliance Matters

- Changes in industry standards and governmental regulations may reduce demand for our products or services or increase our expenses.
- Our reputation, ability to do business, and financial statements may be impaired by improper conduct by any of our employees, agents, or business partners.
- Our operations, products, and services expose us to the risk of environmental, health, and safety liabilities, costs, and violations that could adversely affect our reputation and financial statements.
- Our businesses are subject to extensive regulation, including healthcare regulations; existing or future failures to comply with those regulations could adversely affect our financial statements and reputation.

Risk Related to Our Tax and Accounting Matters

- Changes in our effective tax rates or exposure to additional income tax liabilities or assessments could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.
- We could incur significant liability if our separation from Danaher, our separation of our Automation and Specialty business or our separation of Vontier (collectively, the “Separation Transactions”) are determined to be a taxable transaction.
- Changes in U.S. GAAP could adversely affect our reported financial results and may require significant changes to our internal accounting systems and processes.
- We may be required to recognize impairment charges for our goodwill and other intangible assets.

Risk Related to Our Financing Activities

- We have incurred a significant amount of debt, and our debt obligations, including the cost of such debt, will increase further if we incur additional debt and do not retire existing debt, our credit rating declines, or if the applicable interest rates rise.

See “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 for further discussion regarding reasons that actual results may differ materially from the results, developments, and business decisions contemplated by our forward-looking statements. Forward-looking statements speak only as of the date of the report, document, press release, webcast, call, materials or other communication in which they are made (or such earlier date as may be specified in such statement). We do 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.

OVERVIEW

General

Fortive is a multinational business with global operations with approximately 46% of our sales derived from customers outside the United States in 2023. As a company with global operations, our businesses are affected by worldwide, regional, and industry-specific economic, regulatory, and political factors. Our geographic and industry diversity, as well as the range of products, software, and services we offer, typically help limit the impact of any one industry or the economy of any single country (except for the United States) on our operating results. Given the broad range of products manufactured, software and services provided, and geographies served, we do not use any indices other than general economic trends to predict the overall outlook for the Company. Our individual businesses monitor key competitors and customers, including their sales, to the extent possible, to gauge relative performance and the outlook for the future.

As a result of our geographic and industry diversity, we face a variety of opportunities and challenges, including technological development in most of the markets we serve, the expansion and evolution of opportunities in high-growth markets, trends and costs associated with a global labor force, and consolidation of our competitors. We define high-growth markets as developing markets of the world experiencing extended periods of accelerated growth in gross domestic product and infrastructure which include Eastern Europe, the Middle East, Africa, Latin America, and Asia with the exception of Japan and Australia. We operate in a highly competitive business environment in most markets, and our long-term growth and profitability will depend, in particular, on our ability to expand our business across geographies and market segments, identify, consummate, and integrate appropriate acquisitions, develop innovative and differentiated new products, services, and software, expand and improve the effectiveness of our sales force, continue to reduce costs and improve operating efficiency and quality, attract relevant talent and retain, grow, and empower our talented workforce, and effectively address the demands of an increasingly regulated environment. We are making significant investments, organically and through acquisitions, to address technological change in the markets we serve and to improve our manufacturing, research and development, and customer-facing resources in order to be responsive to our customers throughout the world.

Segment Presentation

We operate and report our results in three segments, IOS, PT, and AHS, each of which is further described below.

In January 2024, we realigned Invetech from the AHS segment to the PT segment (the “Segment Realignment”) based on our strategic decision to divest the equipment design and manufacturing businesses of Invetech, while retaining the motion solution businesses (the “Motion Solution Business”) that are more closely aligned with the PT segment than the AHS segment. Prior period segment amounts below have been recast to conform to the revised segment presentation. In June 2024, we divested and transferred ownership of Invetech, excluding the Motion Solution Business, to its management team (the “Invetech Divestiture”). As a result of the divestiture, in the nine-month period ended September 27, 2024, we recorded a net realized loss of $25.6 million, which is identified as “Loss from divestiture” in the Consolidated Condensed Statements of Earnings. The divested businesses accounted for less than 1.0% of total revenue and less than 1.0% of total assets for the fiscal year ended December 31, 2023. The Invetech Divestiture did not represent a strategic shift with a major effect on the Company’s operations and financial results, and therefore the divested businesses are not reported as discontinued operations.

Our IOS segment provides advanced instrumentation, software and services to tens of thousands of customers enabling their mission-critical workflows. These offerings include electrical test & measurement, facility and asset lifecycle software applications, connected worker safety and compliance solutions across a range of vertical end markets, including manufacturing, process industries, healthcare, utilities and power, communications and electronics, among others. Typical users of these safety, productivity and sustainability solutions include electrical engineers, electricians, electronic technicians, EHS professionals, network technicians, facility managers, first-responders, and maintenance professionals.

Our PT segment helps solve tough technical challenges to speed breakthroughs in a wide range of applications, from food and beverage production and manufacturing to next-generation electric vehicles and clean energy, as our customers seek new test solutions to enable the electrification and connectivity of everything. Our expertise in materials, methods and measurements are reflected in our electrical test & measurement and sensing and material technologies offered to a broad set of customers and vertical end markets, including industrial, power and energy, automotive, medical equipment, food and beverage, aerospace and defense, semiconductor, and other general industries. Customers for these products and services include design engineers for advanced electronic devices and equipment, process and quality engineers focused on improved process capability and productivity, facility maintenance managers driving increased uptime, and other customers for whom precise measurement, reliability, and compliance are critical in their applications.

Our AHS segment supplies critical workflow solutions enabling healthcare providers to deliver exceptional patient care more efficiently. Our offerings include instrument sterilization solutions, instrument tracking, biomedical test tools, radiation detection and safety monitoring, and end-to-end clinical productivity software and solutions. Our healthcare offerings help ensure critical safety standards are met, instruments and operating rooms are working at peak performance, and complex procedures are followed accurately in these mission-critical healthcare environments.

Non-GAAP Measures

In this report, references to sales from existing businesses ("core revenue") refer to sales from operations calculated according to generally accepted accounting principles in the United States ("GAAP") but excluding (1) the impact from acquired and divested businesses and (2) the impact of currency translation. References to sales attributable to acquisitions or acquired businesses refer to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition, less the amount of sales attributable to certain businesses or product lines that have been divested or, at the time of reporting, are pending divestiture but are not, and will not be, considered discontinued operations prior to the first anniversary of the divestiture. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales impact from acquired businesses) and (b) the period-to-period change in sales (excluding sales impact from acquired businesses) after applying the current period foreign exchange rates to the prior year period. Sales from existing businesses should be considered in addition to, and not as a replacement for or superior to, sales, and may not be comparable to similarly titled measures reported by other companies.

Management believes that reporting the non-GAAP financial measure of core revenue provides useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our sales performance with our performance in prior and future periods and to our peers. We exclude the effect of acquisition and divestiture related items because the nature, size, and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation from core revenue because the impact of currency translation is not under management's control and is subject to volatility. Management believes the exclusion of the effect of acquisitions and divestitures and currency translation may facilitate the assessment of underlying business trends and may assist in comparisons of long-term performance. References to sales volume from existing businesses refer to the impact of both price and unit sales.

Pending Separation Into Two Independent, Publicly Traded Companies

On September 4, 2024, we announced our intention to separate into two independent, publicly traded companies (the "Separation"). The Separation will create (i) a technology solutions company, retaining the Fortive name, with a portfolio of the brands currently operating under Fortive's IOS and AHS business segments, focused on resilient, high-quality recurring growth by delivering productivity, safety, and reliability value to customers, and (ii) a global industrial company ("NewCo") consisting of our brands currently operating under the PT segment with a focus on powerful secular growth trends by leveraging mission critical technologies in test and measurement, specialty sensors, and aerospace and defense subsystems. The Separation is expected to be structured in a tax-free manner for Fortive shareholders. The Company is targeting to complete the Separation by the fourth quarter of 2025, subject to the satisfaction of certain conditions, including, among others, final approval of Fortive's Board of Directors, satisfactory completion of financing, receipt of a favorable opinion of legal counsel and/or a private letter ruling from the U.S. Internal Revenue Service with respect to the tax treatment of the transaction for U.S. federal income tax purposes, the effectiveness of a Form 10 registration statement filed with the SEC, and other regulatory approvals. All assets, liabilities, revenues and expenses of NewCo are included in the consolidated results of the Company in the accompanying consolidated condensed financial statements.

Acquisitions

On January 3, 2024, we acquired EA Elektro-Automatik Holding GmbH ("EA"), a leading supplier of high-power electronic test solutions for energy storage, mobility, hydrogen, and renewable energy applications. The acquisition of EA will bolster our innovative portfolio of products and services for engineers with complementary test and measurement solutions enabling the global energy transition. The total consideration paid was approximately $1.72 billion, net of acquired cash. We recorded approximately $1.17 billion of goodwill within the PT segment related to the EA acquisition, which is not tax deductible. We also anticipate future tax benefits as a result of the transaction.

Other Matters

We initiated a discrete restructuring plan in the first quarter of 2023 that was completed during the fourth quarter of 2023. The nature of these activities were broadly consistent throughout our segments and consisted primarily of targeted workforce reductions in response to overall macroeconomic and other external conditions. We incurred these costs to position ourselves to provide superior products and services to customers in a cost-efficient manner, while taking into consideration the impact of broad economic uncertainties. During the three and nine-month periods ended September 29, 2023, we incurred charges of $0.9 million and $29.2 million, respectively.

Business Performance and Outlook

Business Performance for the Period Ended September 27, 2024

During the three and nine-month periods ended September 27, 2024 (the “quarter” or the “third quarter” and “year-to-date period,” respectively), our sales increased by 2.7% and 2.9%, respectively.

The year-over-year increase in sales in the third quarter was primarily driven by a 1.1% increase in our core revenue and a 1.6% increase from acquisitions, net of divestitures. Core revenue growth in the third quarter included favorable pricing of 2.9%, partially offset by volume decline of 1.8%.

Year-over-year increases in the year-to-date period were consistent with those in the third quarter, and were driven by a 1.2% increase in our core revenue and a 2.3% increase from acquisitions, net of divestitures, partially offset by a decline of 0.6% due to unfavorable currency translation. Core revenue growth during the year-to-date period included favorable pricing of 2.6%, partially offset by volume decline of 1.4%.

Geographically, in the third quarter, year-over-year core revenue in developed markets increased slightly, driven by low single-digit growth in North America, partially offset by a low single-digit decline in Western Europe. Core revenue in high growth markets was up low single-digits year-over-year in the third quarter, driven by high-teens growth in Latin America, partially offset by a slight decline in Asia where China declined by high single-digits.

Geographically, in the year-to-date period, year-over-year core revenue in developed markets increased slightly, driven by a low single-digit growth in North America, partially offset by a slight decline in Western Europe. Core revenue in high growth markets increased year-over-year in the year-to-date period by low single-digits, driven by high-teens growth in Latin America, partially offset by a low single-digit decline in Asia where China declined by mid-single-digits.

Outlook

We anticipate revenue growth to be approximately 3% for the fourth quarter of 2024 and the full year. We anticipate core revenue growth to be approximately 1% for the fourth quarter and the full year.

We expect foreign exchange rates to remain volatile throughout the year, which could continue to impact our financial results. Additionally, our financial outlook is subject to various assumptions and risks, including but not limited to, ongoing geopolitical developments and events, including the U.S. presidential and other elections, macroeconomic conditions in the United States, China and other critical regions, impact from our pending separation into two independent publicly traded companies, and the the impact of inflationary dynamics on our expenses or our ability to realize price increases in our sales, interest rates, market conditions in key product segments, and elective surgery rates. We will continue to deploy FBS to actively manage these challenges and utilize pricing and other countermeasures to offset the aforementioned dynamics. We continue to monitor these conditions which may continue to impact our business, as well as potential adverse global economic trends and sentiments, monetary and fiscal policies, international trade and relations between the U.S., China and other nations, and investment and taxation policy initiatives being considered in the United States and by the Organization for Economic Co-operation and Development (“OECD”), including the potential impact of the Pillar Two initiative. In addition, we expect to execute a discrete restructuring plan related to the Separation beginning in the fourth quarter of 2024.

RESULTS OF OPERATIONS

Sales Growth

The following table summarizes total aggregate year-over-year sales growth and the components thereof for the third quarter as compared to the comparable period of 2023:

Components of Sales Growth

	% Change Three Months Ended September 27, 2024 vs. Comparable 2023 Period	% Change Nine Months Ended September 27, 2024 vs. Comparable 2023 Period
Total revenue growth (GAAP)	**2.7 %**	**2.9 %**
Core (Non-GAAP)	1.1 %	1.2 %
Acquisitions and divestitures (Non-GAAP)	1.6 %	2.3 %
Currency exchange rates (Non-GAAP)	— %	(0.6) %

Operating Profit Margins

Operating profit margin was 19.3% for the third quarter, representing a decrease of 20 basis points as compared to 19.5% in the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increase in price from existing businesses, volume gains in AHS, and gains from productivity measures, partially offset by a volume decline in certain businesses and end markets within our IOS and PT segments, and higher employee compensation — favorable 70 basis points
- The year-over-year effect of amortization from existing businesses and impairment of intangible assets incurred in 2023 — favorable 25 basis points
- The year-over-year net effect of acquisition and divestiture-related transaction costs incurred in the third quarter of 2024 — unfavorable 10 basis points
- The year-over-year net effect of acquired and divested businesses, including amortization, and acquisition-related fair value adjustments — unfavorable 110 basis points
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 5 basis points

Operating profit margin was 19.5% for the year-to-date period, yielding an increase of 110 basis points as compared to 18.4% in the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increase in price from existing businesses, volume growth in IOS and AHS, and gains from productivity measures were partially offset by a volume decline in certain businesses and end markets within our PT segment, higher employee compensation and investment in growth initiatives. Additionally, there were unfavorable foreign exchange rates — favorable 80 basis points
- The year-over-year effect of amortization from existing businesses, and impairment of intangible assets incurred in 2023 — favorable 25 basis points
- The year-over-year net effect of acquisition and divestiture-related transaction costs incurred in the year-to-date period — unfavorable 70 basis points
- The year-over-year net effect of acquired and divested businesses, including amortization and acquisition-related fair value adjustments — unfavorable 130 basis points
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 65 basis points
- The year-over-year effect of the gain on sale of land and certain office buildings in the PT segment in the first quarter of 2024 — favorable 140 basis points

Business Segments

Sales by business segment for each of the periods indicated were as follows ($ in millions):

	Three Months Ended		Nine Months Ended	
	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Intelligent Operating Solutions	$ 661.2	$ 644.3	$ 2,003.9	$ 1,929.5
Precision Technologies	550.9	552.5	1,661.7	1,653.9
Advanced Healthcare Solutions	322.5	297.7	945.9	898.2
Total	$ 1,534.6	$ 1,494.5	$ 4,611.5	$ 4,481.6

INTELLIGENT OPERATING SOLUTIONS

Our IOS segment provides advanced instrumentation, software and services to tens of thousands of customers enabling their mission-critical workflows. These offerings include electrical test & measurement, facility and asset lifecycle software applications, connected worker safety and compliance solutions across a range of vertical end markets, including manufacturing, process industries, healthcare, utilities and power, communications and electronics, among others.

Intelligent Operating Solutions Selected Financial Data

	Three Months Ended		Nine Months Ended	
($ in millions)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales	$ 661.2	$ 644.3	$ 2,003.9	$ 1,929.5
Operating profit	167.7	156.8	505.0	452.0
Depreciation	10.7	8.6	30.3	25.5
Amortization	46.9	46.5	141.7	138.6
Operating profit as a % of sales	25.4 %	24.3 %	25.2 %	23.4 %
Depreciation as a % of sales	1.6 %	1.3 %	1.5 %	1.3 %
Amortization as a % of sales	7.1 %	7.2 %	7.1 %	7.2 %

Components of Sales Growth

	% Change Three Months Ended September 27, 2024 vs. Comparable 2023 Period	% Change Nine Months Ended September 27, 2024 vs. Comparable 2023 Period
Total revenue growth (GAAP)	**2.6 %**	**3.9 %**
Core (Non-GAAP)	1.5 %	3.1 %
Acquisitions and divestiture (Non-GAAP)	0.8 %	1.1 %
Currency exchange rates (Non-GAAP)	0.3 %	(0.3) %

The sales growth in the third quarter and year-to-date period was driven primarily by favorable pricing across the segment and increased volume in our gas detection products, as well as software and service offerings, including software as a service (“SaaS”), partially offset by volume decline in test and measurement instrumentation. The acquisitions in 2023 also contributed 0.8% and 1.1% to revenue growth during the third quarter and year-to-date period, respectively.

Geographically, core revenue in developed markets increased in the third quarter by low single-digits, driven by a low single-digit growth in North America, partially offset by a low single-digit decline in Western Europe. Core revenue in high growth markets increased in the third quarter by low single-digits, driven by high-teens growth in Latin America, partially offset by a a mid-single-digit decline in China.

Geographically, core revenue in developed markets increased in the year-to-date period by low single-digits, driven by a low single-digit growth in North America and Western Europe. Core revenue in high growth markets in the year-to-date period increased by mid-single-digits, driven by high-teens growth in Latin America and a low single-digit growth in Asia.

Year-over-year price increases in our IOS segment contributed 2.6% to sales growth during both the third quarter and year-to-date period, and is reflected as a component of the change in core revenue.

Operating profit margin increased 110 basis points during the third quarter as compared to the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increase in price from existing businesses, and higher sales volume from gas detection products, as well as software and service offerings, offset by decline in sales volume from test and measurement instrumentation, and higher employee compensation — favorable 35 basis points
- The year-over-year effect of amortization from existing businesses — favorable 30 basis points
- The year-over-year net effect of acquisition-related transaction costs incurred in the third quarter of 2023 — favorable 25 basis points
- The year-over-year net effect of acquired business, including amortization — relatively flat
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 20 basis points

Operating profit margin increased 180 basis points during the year-to-date period, as compared to the comparable period of 2023. Year-over-year changes in operating profit margin comparisons were comprised of the following:

- Year-over-year increase from favorable pricing and higher sales volume from existing businesses, partially offset by higher employee compensation and customer acquisition and marketing costs to support growth initiatives — favorable 70 basis points
- The year-over-year effect of amortization from existing businesses, and impairment of intangible assets incurred in 2023 — favorable 45 basis points
- The year-over-year net effect of acquisition-related transaction costs incurred in the year-to-date period — relatively flat
- The year-over-year net effect of acquired business, including amortization, and acquisition-related fair value adjustments — unfavorable 25 basis points
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 90 basis points

PRECISION TECHNOLOGIES

Our PT segment helps solve tough technical challenges to speed breakthroughs in a wide range of applications, from food and beverage production and manufacturing to next-generation electric vehicles and clean energy, as our customers seek new test solutions to enable the electrification and connectivity of everything. Our expertise in materials, methods and measurements are reflected in our electrical test & measurement and sensing and material technologies offered to a broad set of customers and vertical end markets, including industrial, power and energy, automotive, medical equipment, food and beverage, aerospace and defense, semiconductor, and other general industries.

Precision Technologies Selected Financial Data

	Three Months Ended		Nine Months Ended	
($ in millions)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales	$ 550.9	$ 552.5	$ 1,661.7	$ 1,653.9
Operating profit	122.0	140.9	386.4	401.3
Depreciation	6.8	6.9	23.0	19.9
Amortization	21.3	1.2	63.3	2.7
Operating profit as a % of sales	22.1 %	25.5 %	23.3 %	24.3 %
Depreciation as a % of sales	1.2 %	1.2 %	1.4 %	1.2 %
Amortization as a % of sales	3.9 %	0.2 %	3.8 %	0.2 %

Components of Sales Growth

	% Change Three Months Ended September 27, 2024 vs. Comparable 2023 Period	% Change Nine Months Ended September 27, 2024 vs. Comparable 2023 period
Total revenue growth (GAAP)	**(0.3)%**	**0.5 %**
Core (Non-GAAP)	(3.7) %	(4.0) %
Acquisitions and divestiture (Non-GAAP)	3.3 %	5.0 %
Currency exchange rates (Non-GAAP)	0.1 %	(0.5) %

The sales results for both the third quarter and year-to-date periods were impacted by price increases across the segment and volume increases in energetic materials, offset by volume reductions in test and measurement and certain sensing technology products. The acquisition of EA, partially offset by the Invetech Divestiture, contributed 3.3% and 5.0% to revenue growth during the third quarter and year-to-date period, respectively.

Geographically, core revenue in developed markets decreased by mid-single-digits in the third quarter, driven by a mid-single-digit decline in North America and Western Europe. Core revenue in high growth markets increased by low single-digits in the third quarter, driven by low-twenties growth in Latin America, partially offset by a low single-digit decline in Asia.

Geographically, core revenue in developed markets decreased by mid-single-digits in the year-to-date period, driven by a low single-digit decline in North America, a high single-digit decline in Western Europe, and a low double-digit decline in Japan. Core revenue in high growth markets decreased by low single-digits in the year-to-date period, driven by a low double-digit growth in Latin America, offset by a mid-single-digit decline in Asia, where China decreased by low double-digits.

Year-over-year price increases in our PT segment contributed 2.9% and 2.2% to sales growth for the third quarter and year-to-date period, respectively, and is reflected as a component of the change in core revenue.

Operating profit margin decreased 340 basis points for the third quarter as compared to the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increase in price from existing businesses and gains from productivity measures, offset by net volume reductions in the segment — favorable 5 basis points
- The year-over-year effect of amortization from existing businesses — favorable 5 basis points

- The year-over-year net effect of acquisition and divestiture-related transaction costs, which were incurred in the third quarter of 2024, primarily related to the EA acquisition — unfavorable 35 basis points
- The year-over-year net effect of acquired and divested businesses, including amortization, and acquisition-related fair value adjustments — unfavorable 315 basis points

Operating profit margin decreased 100 basis points during the year-to-date period as compared to the comparable period of 2023. Year-over-year changes in operating profit margins were comprised of the following:

- Year-over-year increase in price from existing businesses and gains from productivity measures were offset by net volume reduction in the segment and unfavorable changes in foreign currency exchange rates — unfavorable 10 basis points
- The year-over-year effect of amortization from existing businesses — relatively flat
- The year-over-year net effect of acquisition and divestiture-related transaction costs incurred in the year-to-date period primarily related to the EA acquisition — unfavorable 180 basis points
- The year-over-year net effect of acquired and divested businesses, including amortization, and acquisition-related fair value adjustments — unfavorable 325 basis points
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 35 basis points
- The year-over-year effect of the gain on sale of land and certain office buildings in the first quarter of 2024 — favorable 380 basis points

ADVANCED HEALTHCARE SOLUTIONS

Our AHS segment supplies critical workflow solutions enabling healthcare providers to deliver exceptional patient care more efficiently. Our offerings include instrument sterilization solutions, instrument tracking, biomedical test tools, radiation detection and safety monitoring, and end-to-end clinical productivity software and solutions. Our healthcare offerings help ensure critical safety standards are met, instruments and operating rooms are working at peak performance, and complex procedures are followed accurately in these mission-critical healthcare environments.

Advanced Healthcare Solutions Financial Data

	Three Months Ended		Nine Months Ended	
($ in millions)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales	$ 322.5	$ 297.7	$ 945.9	$ 898.2
Operating profit	41.0	25.0	108.7	65.8
Depreciation	4.8	5.2	15.0	15.3
Amortization	45.1	45.3	135.4	135.9
Operating profit as a % of sales	12.7 %	8.4 %	11.5 %	7.3 %
Depreciation as a % of sales	1.5 %	1.7 %	1.6 %	1.7 %
Amortization as a % of sales	14.0 %	15.2 %	14.3 %	15.1 %

Components of Sales Growth

	% Change Three Months Ended September 27, 2024 vs. Comparable 2023 period	% Change Nine Months Ended September 27, 2024 vs. Comparable 2023 Period
Total revenue growth (GAAP)	**8.3 %**	**5.3 %**
Core (Non-GAAP)	9.2 %	6.6 %
Currency exchange rates (Non-GAAP)	(0.9) %	(1.3) %

The sales results for both the third quarter and year-to-date period were driven by growth in our existing businesses due to price increases across the segment and volume increases in our sterilization and dosimetry products.

Geographically, core revenue in developed markets increased by low double-digits in the third quarter, driven by a low double-digit growth in North America and a high single-digit growth in Western Europe. In high growth markets, core revenue increased by mid-single-digits in the third quarter, driven by mid-teens growth in Latin America.

Geographically, core revenue in developed markets increased by mid-single-digits in the year-to-date period, driven by a mid-single-digit growth in North America and a high single-digit growth in Western Europe. Core revenue in high growth markets increased by high single-digits in the year-to-date period, driven by low-twenties growth in Latin America and a low single-digit growth in Asia.

Year-over-year price increases in our AHS segment contributed 3.6% and 3.3% to sales growth during the third quarter and year-to-date period, respectively, and is reflected as a component of the change in core revenue.

Operating profit margin increased 430 basis points during the third quarter, as compared to the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increases due to favorable price and higher volume from existing businesses and gains from productivity measures, partially offset by higher employee compensation — favorable 310 basis points
- The year-over-year effect of amortization from existing businesses — favorable 120 basis points

Operating profit margin increased 420 basis points during the year-to-date period as compared to the comparable period of 2023. Year-over-year changes in operating profit margin were comprised of the following:

- Year-over-year increase due to favorable pricing and higher volume from existing businesses, and gains from productivity measures, partially offset by higher employee compensation, and unfavorable changes in foreign currency exchange rates — favorable 260 basis points
- The year-over-year effect of amortization from existing businesses — favorable 80 basis points
- The year-over-year effect of costs relating to the discrete restructuring plan initiated and completed in 2023 — favorable 80 basis points

COST OF SALES AND GROSS PROFIT

	Three Months Ended		Nine Months Ended	
($ in millions)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Sales	$ 1,534.6	$ 1,494.5	$ 4,611.5	$ 4,481.6
Cost of sales	(613.3)	(601.5)	(1,857.7)	(1,835.0)
Gross profit	$ 921.3	$ 893.0	$ 2,753.8	$ 2,646.6
Gross profit margin	60.0 %	59.8 %	59.7 %	59.1 %

The year-over-year increase in gross profit during the third quarter was primarily due to contributions from our acquired businesses, favorable pricing from existing businesses, increased volume from the AHS segment, gains from productivity measures and FBS initiatives, partially offset by net volume reductions in the IOS and PT segments, and higher employee compensation.

The year-over-year increase in gross profit during the year-to-date period was primarily due to contributions from our acquired businesses, favorable pricing from existing businesses, increased volume from the IOS and AHS segments, gains from productivity measures and FBS initiatives, partially offset by net volume reductions in the PT segment, higher employee compensation, and unfavorable changes in foreign currency exchange rates.

OPERATING EXPENSES

($ in millions)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023
Sales	$ 1,534.6	$ 1,494.5	$ 4,611.5	$ 4,481.6
Selling, general and administrative (“SG&A”)	524.1	503.5	1,610.5	1,525.2
Research and development (“R&D”)	101.7	98.4	306.9	298.6
SG&A as a % of sales	34.2 %	33.7 %	34.9 %	34.0 %
R&D as a % of sales	6.6 %	6.6 %	6.7 %	6.7 %

The year-over-year increase in SG&A during the third quarter and year-to-date period was due to higher intangible amortization, incremental operating costs from recent acquisitions and higher employee compensation, partially offset by productivity measures. In addition, there were higher transaction expenses from our EA acquisition during the year-to-date period.

R&D, consisting principally of internal and contract engineering personnel costs, increased during the third quarter and year-to-date period, as compared to the comparable period of 2023 due to the incremental costs from our recent acquisitions and ongoing investments in innovation.

NON-OPERATING INCOME (EXPENSE), NET

Interest costs

Net interest expense for the third quarter and year-to-date period was $37.0 million and $119.7 million as compared to $29.8 million and $95.0 million in the comparable periods in 2023. The year-over-year increase in net interest expense was primarily due to higher overall debt balances. For discussion of our outstanding indebtedness, refer to Note 5 to the consolidated condensed financial statements.

Loss from divestiture

During the year-to-date period, we recognized a net realized loss of $25.6 million related to the Invetech Divestiture. For further discussion of this transaction, refer to Note 1 to the consolidated condensed financial statements.

Other non-operating expense, net

Other non-operating expense for the third quarter and year-to-date period was $26.3 million and $59.3 million, respectively, as compared to $4.2 million and $14.5 million, respectively, in the comparable period in 2023. The year-over-year increase as compared to the comparable periods in 2023 was due to a loss from our equity investments. The year-over-year increase during the year-to-date period also included a charitable contribution made in the first quarter of 2024. For further discussion of the charitable contribution and loss from equity investment, refer to Note 1 and Note 4 to the consolidated condensed financial statements, respectively.

INCOME TAXES

Our effective tax rates for the three and nine-month periods ended September 27, 2024 were 4.6% and 10.2%, respectively, as compared to 15.2% and 15.8%, respectively, for the three and nine-month periods ended September 29, 2023. The decrease in the effective tax rate for the three-month period ended September 27, 2024 as compared to the three-month period ended September 29, 2023 was primarily related to changes in applicable statutory tax rates, resulting in a benefit in the three-month period ended September 27, 2024. The decrease in the effective tax rate for the nine-month period ended September 27, 2024 as compared to the nine-month period ended September 29, 2023 was primarily related to cash repatriation resulting in a discrete tax credit, changes in applicable statutory tax rates, and changes in valuation allowances in the nine-month period ended September 27, 2024.

Our effective tax rates for the three and nine-month periods ended September 27, 2024, differ from the U.S. federal statutory rate of 21% due primarily to the impact of credits and deductions provided by law, including those associated with state income taxes, and changes in our uncertain tax position reserves.

The OECD has published the framework for a “Pillar Two” global minimum corporate income tax rate of fifteen percent (15%). For the current year, portions of Pillar Two are effective in certain countries where the Company conducts business, and the impact has been included within the provision for income taxes. The Company continues to monitor for further corporate tax legislative developments and changes to the Pillar Two framework.

COMPREHENSIVE INCOME

Comprehensive income increased by $139 million during the third quarter as compared to the comparable period in 2023 due to favorable changes in foreign currency translation of $135 million and an increase in net income.

Comprehensive income increased by $56 million during the year-to-date period as compared to the comparable period in 2023 due primarily to favorable changes in foreign currency translation adjustments of $32 million and an increase in net income.

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. We generate substantial cash from operating activities and believe that our operating cash flow and other sources of liquidity, which consist of available cash, our revolving credit facility, and access to commercial paper, bank loans, and capital markets, will be sufficient to allow us to continue funding and investing in our existing businesses, consummate strategic acquisitions, execute strategic separations, repurchase common stocks on the open market or in privately negotiated transactions, make interest and principal payments on our outstanding indebtedness, fulfill our contractual obligations, and manage our capital structure on a short and long-term basis.

We have generally satisfied any short-term liquidity needs that are not met through operating cash flows and available cash through issuances of commercial paper under our U.S. dollar and Euro-denominated commercial paper programs (“Commercial Paper Programs”).

Credit support for the Commercial Paper Programs is provided by a five-year $2.0 billion senior unsecured revolving credit facility that expires on October 18, 2027 (the “Revolving Credit Facility”) which, to the extent not otherwise providing credit support for the commercial paper programs, can also be used for working capital and other general corporate purposes. As of September 27, 2024, no borrowings were outstanding under the Revolving Credit Facility.

The availability of the Revolving Credit Facility as a standby liquidity facility to repay maturing commercial paper is an important factor in maintaining the existing credit ratings of the Commercial Paper Programs when we have outstanding borrowings. We expect to limit any future borrowings under the Revolving Credit Facility to amounts that would leave sufficient credit available under the facility to allow us to borrow, if needed, and repay any outstanding commercial paper as it matures.

On June 7, 2023, we filed with the SEC an “automatic shelf” registration statement (the “Shelf Registration Statement”). Under the Shelf Registration Statement, we may from time to time sell shares of common stock, preferred stock, debt securities, depositary shares, purchase contracts, purchase units, warrants and subscription rights in one or more offerings. For example, in February 2024, we completed our offering of €500 million aggregate principal amount of our 3.7% Euro-denominated senior unsecured notes due 2026 (the “2026 Notes”) and €700 million aggregate principal amount of our 3.7% Euro-denominated senior unsecured notes due 2029 (the “2029 Notes”) under the Shelf Registration Statement.

We continue to monitor the financial markets, the stability of U.S. and international banks and general global economic conditions. In addition, our access to the capital markets and other financing sources are impacted by any change in our credit rating. If changes in financial markets or other areas of the economy or downgrade in our credit rating adversely affect our access to the capital markets and other financing sources, we would expect to rely on a combination of available cash and existing available capacity under our credit facilities to provide short-term funding.

Overview of Cash Flows and Liquidity

Following is an overview of our cash flows and liquidity ($ in millions):

	Nine Months Ended	
	September 27, 2024	September 29, 2023
Net cash provided by operating activities	$ 1,024.6	$ 906.8
Cash paid for acquisitions, net of cash received	$ (1,721.8)	$ (57.7)
Payments for additions to property, plant and equipment	(83.4)	(73.7)
Proceeds from sale of property	21.0	7.2
Cash infusion into divestiture	(14.0)	—
All other investing activities	(1.6)	—
Net cash used in investing activities	$ (1,799.8)	$ (124.2)
Net proceeds from (repayments of) commercial paper borrowings	$ (571.2)	$ (252.6)
Proceeds from borrowings (maturities greater than 90 days), net of issuance costs	1,733.5	—
Repayment of borrowings (maturities greater than 90 days)	(1,000.0)	(250.0)
Repurchase of common shares	(423.0)	(207.9)
Payment of dividends	(83.9)	(73.9)
All other financing activities	47.9	18.1
Net cash used in financing activities	$ (296.7)	$ (766.3)

Operating Activities

Cash flows from operating activities can fluctuate significantly from period-to-period as working capital needs and the timing of payments for income taxes, interest, pension funding, and other items impact reported cash flows.

Operating cash flows were $1.02 billion during the year-to-date period, representing an increase of $118 million, or 13.0%, as compared to the comparable period of 2023. The year-over-year change in operating cash flows was primarily attributable to the following factors:

- Year-over-year increases of $76 million in Operating cash flows from net earnings, net of non-cash items (Amortization, Depreciation, Stock-based compensation, Gain on sale of property, Loss from divestiture, and Loss from equity investments).
- The aggregate changes in trade accounts receivable, inventories, and trade accounts payable generated $80 million of cash during the year-to-date period as compared to using $42 million in the comparable period of 2023. The amount of cash flow generated from or used by the aggregate of trade accounts receivable, inventories, and trade accounts payable depends upon how effectively we manage the cash conversion cycle, which generally represents the number of days that elapse from the day we pay for the purchase of raw materials and components to the collection of cash from our customers, and can be significantly impacted by the timing of collections and payments in a period.
- The aggregate changes in prepaid expenses, other assets, accrued expenses, and other liabilities used $171 million of cash in the year-to-date period as compared to using $91 million of cash in the comparable period of 2023. The year-over-year changes were driven by timing differences related to contract assets, contract liabilities, and payments of income taxes, interest, and prior year restructuring.

Investing Activities

Cash outflows from investing activities increased by $1.68 billion during the year-to-date period, as compared to the comparable period of 2023 with the increase primarily due to cash used for acquisitions, net of cash acquired, totaling $1.72 billion in 2024 and a year-over-year increase in capital expenditures of approximately $10 million, and the cash infusion into the Invetech Divestiture entity totaling $14 million, partially offset by the year-over-year increase in proceeds from sale of property of approximately $14 million.

Capital expenditures are made primarily for increasing production capacity, replacing aged equipment, supporting product development initiatives for hardware and software offerings, improving information technology systems, and purchasing equipment that is used in revenue arrangements with customers. For the current year, we expect capital spending to be approximately $100-$120 million, although actual expenditures will ultimately depend on business conditions.

Financing Activities and Indebtedness

Cash flows from financing activities consist primarily of cash flows associated with the issuance and repayment of debt and commercial paper, payments of cash dividends to shareholders and share repurchases.

In the year-to-date period, financing activities used cash of $297 million, reflecting the following transactions:

- On January 2, 2024, we drew down an additional $450 million of the Delayed-Draw Term Loan due 2024 as part of the funding for the acquisition of EA.
- On February 13, 2024, we completed the sale of our registered offering of the 2026 Notes and the 2029 Notes, yielding net proceeds of approximately $1.3 billion.
- On February 13 2024, we repaid $1.0 billion in outstanding principal of the Delayed-Draw Term Loan due 2024, using net proceeds from the 2026 Notes and 2029 Notes.
- We repaid $571 million in net commercial paper repayments under the U.S. dollar-denominated commercial paper program.
- We repurchased 5.8 million shares of our common stock for approximately $423 million under our share repurchase program.
- We made dividend payments to common shareholders totaling $84 million.

In the comparable 2023 period, financing activities used cash of $766 million, reflecting the following transaction:

- On August 24, 2023, we repaid $250 million in outstanding principal of the Delayed-Draw Term Loan due 2023.
- We repaid $253 million in net commercial paper borrowings under the U.S. dollar-denominated commercial paper program.
- We repurchased 3 million shares of our common stock for approximately $208 million under our share repurchase program.
- We made dividend payments to common shareholders totaling $74 million.

Refer to Note 5 of the consolidated condensed financial statements for additional information regarding our financing activities and indebtedness.

Cash and Cash Requirements

As of September 27, 2024, we held approximately $811 million of cash and equivalents that were invested in highly liquid investment-grade instruments with a maturity of 90 days or less, of which approximately 91% was held outside of the United States.

We have cash requirements to support working capital needs, capital expenditures and acquisitions, pay interest and service debt, pay taxes and any related interest or penalties, fund our pension plans as required, pay dividends to shareholders, and support other business needs or objectives. With respect to our cash requirements, we generally intend to use available cash and internally generated funds to meet these cash requirements, but in the event that additional liquidity is required, particularly in connection with acquisitions and repayment of maturing debt, we may also borrow under our commercial paper programs or credit facilities or enter into new credit facilities and either borrow directly thereunder or use such credit facilities to backstop additional borrowing capacity under our commercial paper programs. We also may from time to time access the capital markets, including to take advantage of favorable interest rate environments or other market conditions.

Foreign cumulative earnings remain subject to foreign remittance taxes. We have made an election regarding the amount of earnings that we do not intend to repatriate due to local working capital needs, local law restrictions, high foreign remittance costs, previous investments in physical assets and acquisitions, or future growth needs. For most of our foreign operations, we make an assertion regarding the amount of earnings in excess of intended repatriation that are expected to be held for indefinite reinvestment. No provisions for foreign remittance taxes have been made with respect to earnings that are planned to be reinvested indefinitely. The amount of foreign remittance taxes that may be applicable to such earnings is not readily determinable given local law restrictions that may apply to a portion of such earnings, unknown changes in foreign tax law that may occur during the applicable restriction periods caused by applicable local corporate law for cash repatriation, and the various tax planning alternatives we could employ if we repatriated these earnings.

As of September 27, 2024, we expect to have sufficient liquidity to satisfy our cash needs for the foreseeable future.

CRITICAL ACCOUNTING ESTIMATES

There were no material changes during the three and nine-month periods ended September 27, 2024 to the items we disclosed as our critical accounting estimates in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2023 Annual Report on Form 10-K, except as noted below.

Acquisitions

Our business acquisitions, including EA, typically result in the recognition of goodwill, customer relationships, developed technology, and other intangible assets, which affect the amount of future period amortization expense and possible impairment charges that we may incur. The fair value of acquired intangible assets are determined using information available near the acquisition date based on estimates and assumptions that are deemed reasonable by us. Significant assumptions include the discount rates and certain assumptions that form the basis of the forecasted cash flows of the acquired business including earnings before interest, taxes, depreciation and amortization ("EBITDA"), revenue, revenue growth rates, royalty rates, customer attrition rates, and technology obsolescence rates. These assumptions are forward looking and could be affected by future economic and market conditions. We engage third-party valuation specialists who review our critical assumptions and calculations of the fair value of acquired intangible assets in connection with material acquisitions. In connection with the EA acquisition in the first quarter of 2024, we recorded approximately $1.17 billion of goodwill and approximately $681 million of intangible assets. Refer to Note 2 for additional information of the EA acquisition.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our concentrations of credit risk arising from trade receivables is limited due to the diversity of our customers. Our businesses perform credit evaluations of their customers' financial conditions as appropriate and also obtain collateral or other security when appropriate.

Additional quantitative and qualitative disclosures about market risk appear in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Instruments and Risk Management," in our 2023 Annual Report on Form 10-K. There were no material changes during the three and nine-month periods ended September 27, 2024 to the information reported in our 2023 Annual Report on Form 10-K relating to our evaluation of interest rate, foreign currency exchange, and commodity price risk. Refer to Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion around the impact of these items in the third quarter and year-to-date period.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the President and Chief Executive Officer, and the Senior Vice President and Chief Financial Officer, have concluded that, as of the end of such period, these disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Information Relating to Forward-Looking Statements," in Part I - Item 2 of this Form 10-Q and in the "Risk Factors" section of our 2023 Annual Report on Form 10-K. Other than as provided below, there were no material changes during the quarter ended September 27, 2024 to the risk factors reported in the "Risk Factors" section of our 2023 Annual Report on Form 10-K.

Our plans to separate into two independent, publicly traded companies may not be completed on the currently contemplated timeline or at all and may not achieve the intended benefits, including the anticipated tax treatment.

On September 4, 2024, we announced our intention to separate into two independent, publicly traded companies (the "Separation"). The Separation, if effectuated, will create (i) a technology solutions company, retaining the Fortive name, with a portfolio of the brands currently operating under Fortive's IOS and AHS business segments, focused on resilient, high-quality recurring growth by delivering productivity, safety, and reliability value to customers, and (ii) a global industrial company ("NewCo") consisting of our brands currently operating under the PT segment with a focus on powerful secular growth trends by leveraging mission critical technologies in test and measurement, specialty sensors, and aerospace and defense subsystems. The Separation is expected to be structured in a tax-free manner for Fortive shareholders. The Company is targeting to complete the Separation by the fourth quarter of 2025, subject to the satisfaction of certain conditions, including, among others, final approval of Fortive's Board of Directors, satisfactory completion of financing, receipt of a favorable opinion of legal counsel and/or a private letter ruling from the U.S. Internal Revenue Service with respect to the tax treatment of the transaction for U.S. federal income tax purposes, the effectiveness of a Form 10 registration statement filed with the SEC, and other regulatory approvals.

Our ability to effectuate the Separation, the structure of the Separation, and the anticipated benefits of the Separation may be adversely and materially impacted by adverse market conditions, possible delays in obtaining various tax rulings, regulatory approvals or clearances or otherwise satisfying the required conditions of the Separation, costs or inefficiencies associated with dis-synergies related to the Separation, uncertainty of the financial markets, our business performance, and unanticipated delays in establishing infrastructure or processes for NewCo. In addition, the costs and resources required to effectuate the Separation may be significantly higher than what we currently anticipate.

Executing the Separation will also require significant time and attention from management, which could distract them from other tasks in operating our business and result in performance shortfalls. The pendency of the Separation could negatively impact the market price of our common stock, and even if the Separation is completed, we cannot assure you that the Separation will yield greater benefits to the Company and its shareholders than if the Separation had not occurred. Following the Separation, the combined value of the common stock of the two publicly-traded companies may not be equal to or greater than what the value of our common stock would have been had the Separation not occurred. In addition, if the Separation is ultimately not consummated, the Company will have incurred costs, which may be significant, without realizing the anticipated benefits.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On February 17, 2022, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to 20 million shares of the Company's outstanding common stock from time to time on the open market or in privately negotiated transactions. On January 23, 2024, the Company's Board of Directors increased the number of shares authorized under the share repurchase program by an additional 11 million shares, with 14.2 million shares remaining authorized under the share repurchase program as of September 27, 2024. There is no expiration date for the repurchase program, and the timing and amount of repurchases under the program are determined by the Company's management based on market conditions and other factors. The repurchase program may be suspended or discontinued at any time by the Board of Directors. During the fiscal quarter ended September 27, 2024, the Company purchased 3.8 million shares of its common stock at an average share price of $70.87.

The following table provides details about our share repurchases during the fiscal quarter ended September 27, 2024.

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
June 29 - July 28	—	$ —	N/A	N/A
July 29 - August 28	2,100,000	70.08	2,100,000	15,900,000
August 28 - September 27	1,709,857	71.83	1,709,857	14,190,143
Total	3,809,857	$ 70.87	3,809,857	14,190,143

ITEM 5. OTHER INFORMATION

(c) Trading Plans

During the third quarter ended September 27, 2024, no directors or Section 16 officers adopted, modified, or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Fortive Corporation (incorporated by reference from Exhibit 3.1 to Fortive Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2024. Commission File No. 1-37654).
3.2	Amended and Restated Bylaws of Fortive Corporation (incorporated by reference from Exhibit 3.1 to Fortive Corporation's Current Report on Form 8-K, filed on November 8, 2022. Commission File No. 1-37654).
10.1	Fortive Corporation Amended and Restated Non-Employee Directors Deferred Compensation Plan.*
10.2	Fortive Corporation Amended and Restated Non-Employee Directors Deferred Compensation Plan Election Form.*
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document (1) - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (1)
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended September 27, 2024, formatted in Inline XBRL and contained in Exhibit 101.

* Indicates management contract or compensatory plan, contract or arrangement.

(1) Filed electronically herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORTIVE CORPORATION:

Date: October 30, 2024	By:	/s/ Charles E. McLaughlin
		Charles E. McLaughlin Senior Vice President and Chief Financial Officer
Date: October 30, 2024	By:	/s/ Christopher M. Mulhall
		Christopher M. Mulhall Chief Accounting Officer

Exhibit 10.1

Fortive Corporation
Amended and Restated Non-Employee Directors' Deferred Compensation Plan

Approved and Amended August 25, 2024

Article 1. Introduction.

The primary purpose of this Fortive Corporation Amended and Restated Non-Employee Directors' Deferred Compensation Plan (the "Sub-Plan") is to provide non-employee directors of Fortive Corporation, a Delaware corporation (the "Company"), with the opportunity to elect, subject to the terms of this Sub-Plan, to receive: (A) the Annual Retainer in the form of one of the following: (i) a Cash Retainer, (ii) an Equity Retainer or (iii) a combination of a Cash Retainer and an Equity Retainer, and (B) the RSU component of the Annual Equity Grant in the form of an Equity Retainer.

The Sub-Plan was established under, and constitutes a part of, the Stock Incentive Plan. For the avoidance of doubt, the Sub-Plan is subject to all applicable terms of the Stock Incentive Plan.

Article 2. Definitions

Capitalized terms not otherwise defined herein shall have the same meanings set forth in the Stock Incentive Plan. Whenever used herein, the following terms shall have the meanings set forth below, and when the defined meaning is intended, the term is capitalized:

(a) "Administrator" means the Administrator as defined in the Stock Incentive Plan and shall include any employee of the Company to whom the Administrator has delegated certain administrative functions related to the operation and maintenance of the Sub-Plan.

(b) "Annual Equity Grant" shall have the meaning ascribed to it in the Director Compensation Policy, and for purposes of the Sub-Plan, shall include the RSU component of the annual equity award granted to the Board chair that is in addition to the Annual Equity Grant (as set forth in the Director Compensation Policy).

(c) "Annual Board Chair Retainer" shall have the meaning ascribed to it in the Director Compensation Policy.

(d) "Annual Committee Chair Retainers" shall have the meaning ascribed to it in the Director Compensation Policy.

(e) "Annual Member Retainers" shall have the meaning ascribed to it in the Director Compensation Policy.

(f) “Annual Retainer” shall have the meaning ascribed to it in the Director Compensation Policy.

(g) “Board” means the Board of Directors of the Company.

(h) “Cash Retainer” shall have the meaning ascribed to it in the Director Compensation Policy.

(i) “Deferral Year” means the period beginning on July 1st of a calendar year and ending on June 30th of the following calendar year.

(j) “Director” means each member of the Board who (i) is not an employee of the Company or any of its subsidiaries, and (ii) receives any portion of the Annual Retainer and/or Annual Equity Grant for service on the Board.

(k) “Director Compensation Policy” means the Fortive Corporation Director Compensation Policy, as it may be amended and/or restated from time to time.

(l) “Effective Date” means January 1, 2025, except that elections under the Sub-Plan are permitted prior to such date.

(m) “Equity Retainer” shall have the meaning ascribed to it in the Director Compensation Policy.

(n) “RSU” shall have the meaning ascribed to it in the Stock Incentive Plan.

(o) “Separation from Service” shall mean a “separation from service” from the Company and its affiliates within the meaning of Section 409A of the U.S. Internal Revenue Code of 1986, as amended from time to time (“Code Section 409A”).

(p) “Stock Incentive Plan” means, as of the Effective Date, the Fortive Corporation 2016 Stock Incentive Plan, as it may be amended and/or restated from time to time. The term “Stock Incentive Plan” shall also automatically apply to any successor plan to the Fortive Corporation 2016 Stock Incentive Plan and to any new stock plan adopted by the Company under which Directors are eligible to be granted RSUs.

Article 3. Eligibility and Participation

3.1 Eligibility. Each person who is or becomes a Director on or after the Effective Date shall be eligible to participate in the Sub-Plan.

3.2 Inactive Director. In the event a Director terminates service with the Board, he or she shall have no further rights to make elections hereunder.

Article 4. Opportunity to Elect the Form of Annual Retainer and Annual Equity Grant

4.1 Timing of Elections: Generally. All elections shall be made on the form, in the manner and within the time period prescribed by the Company. A Director may make a separate election with respect to each Deferral Year (or applicable calendar year). Unless a new election is made for a Deferral Year (or applicable calendar year), a Director's election shall carry over from Deferral Year (or applicable calendar year) to Deferral Year (or applicable calendar year).

4.2 Timing of Elections: Annual Retainer.

(a) During the election window provided by the Company each year (which must end no later than December 31) (the "Election Window"), a Director may elect to receive his or her Annual Retainer payable to the Director with respect to the Deferral Year that commences in the following calendar year in one of the following forms: (i) a Cash Retainer, paid in four, equal installments following each quarter of service during the Deferral Year, (ii) an Equity Retainer granted concurrently with the corresponding Annual Equity Grant made during the calendar year in which the Deferral Year commences and with the number of RSUs subject to such Equity Retainer determined based on the amount of his or her Annual Retainer in the same manner that the number of RSUs subject to the Annual Equity Grant is determined based on the target value for the Annual Equity Grant set forth in the Director Compensation Policy, or (iii) a combination of Cash Retainer and Equity Retainer, with the allocation between the Equity Retainer and the Cash Retainer determined by the Director and with the number of RSUs subject to the portion of the Director's Annual Retainer that the Director has allocated to the Equity Retainer being determined in the same manner that the number of RSUs subject to the Annual Equity Grant is determined under the Director Compensation Policy, taking into account the applicable percentage of the target value of his or her Annual Retainer that the Director has allocated to the Equity Retainer. In the event that a Director does not make an affirmative and timely election on the form of payment of the Annual Retainer with respect to a Deferral Year, the Director shall be deemed to have elected the Cash Retainer for such Deferral Year. Further, any Annual Board Chair Retainer, Annual Committee Chair Retainers and/or Annual Member Retainers that become determined as to a Director after the time of an Annual Equity Grant to such Director shall be payable in cash notwithstanding any contrary election by such Director. Any election made under this Sub-Plan shall be irrevocable as of the end of the Election Window, or such December 31, as specified by the Company.

(b) If an individual is elected or appointed as a Director other than at an annual shareholders meeting of the Company, then such individual may elect, prior to the effective date of such election or appointment, to receive his or her Annual Retainer in one of the following forms: (i) a Cash Retainer, paid in up to four, equal installments following each quarter of service during the Deferral Year, (ii) an Equity Retainer granted concurrently with the corresponding Annual Equity Grant made during the calendar year in which the Deferral Year commences and with the number of RSUs subject to such Equity Retainer determined based on the amount of his or her Annual Retainer in the same manner that the number of RSUs subject to the Annual Equity Grant is determined based on the target value for the Annual Equity

Grant set forth in the Director Compensation Policy, or (iii) a combination of Cash Retainer and Equity Retainer, with the allocation between the Equity Retainer and the Cash Retainer determined by the Director and with the number of RSUs subject to the portion of the Director's Annual Retainer that the Director has allocated to the Equity Retainer being determined in the same manner that the number of RSUs subject to the Annual Equity Grant is determined under the Director Compensation Policy, taking into account the applicable percentage of the target value of his or her Annual Retainer that the Director has allocated to the Equity Retainer. In the event that a Director does not make an affirmative and timely election on the form of payment of the Annual Retainer with respect to a Deferral Year, the Director shall be deemed to have elected the Cash Retainer for such Deferral Year. Such election shall be irrevocable immediately prior to the date the individual becomes a Director.

4.3 Timing of Elections: Annual Equity Grant.

(a) During the Election Window, a Director may elect to receive the RSU portion of his or her Annual Equity Grant that would have been granted in the following calendar year in the form of an Equity Retainer, which shall be granted at the same time that the Annual Equity Grant would have been made and with the number of RSUs subject to such Equity Retainer equal to the number of RSUs that would have been subject to the Annual Equity Grant as set forth in the Director Compensation Policy. In the event that a Director does not make an affirmative and timely election to receive the RSU portion of the Annual Equity Grant in the form of an Equity Retainer, the Director shall be deemed to have elected to receive the RSU portion of the Annual Equity Grant for the applicable calendar year in the manner set forth in the Director Compensation Policy (i.e., with the shares underlying the RSUs issued and delivered upon vesting). Any election made under this Sub-Plan shall be irrevocable as of the end of the Election Window, or such December 31, as specified by the Company.

(b) If an individual is elected or appointed as a Director other than at an annual shareholders meeting of the Company, then such individual may elect, prior to the effective date of such election or appointment, to receive the RSU portion of his or her Annual Equity Grant in the form of an Equity Retainer, which shall be granted at the same time that the Annual Equity Grant would have been made and with the number of RSUs subject to such Equity Retainer equal to the number of RSUs that would have been subject to the Annual Equity Grant as set forth in the Director Compensation Policy. In the event that a Director does not make an affirmative and timely election to receive the RSU portion of the Annual Equity Grant in the form of an Equity Retainer, the Director shall be deemed to have elected to receive the RSU portion of the Annual Equity Grant for the applicable calendar year in the manner set forth in the Director Compensation Policy (i.e., with the shares underlying the RSUs issued and delivered upon vesting). Such election shall be irrevocable immediately prior to the date the individual becomes a Director.

(c) For the avoidance of doubt, any election to receive the RSU portion of the Annual Equity Grant in the form of an Equity Retainer shall be made with respect to 100% of such RSU portion, and no election may be made with respect to the stock option portion of the Annual Equity Grant.

4.4 Terms of RSU Awards. All Equity Retainers granted hereunder will be subject to the terms and conditions of the form of RSU grant agreement as in effect for Directors as of the date the election is made. In addition, at the time a Director makes an election hereunder, he or she may elect whether to have his or her Equity Retainer settled on the first, third or fifth anniversary of his or her Separation from Service rather than on the first day of the seventh month following his or her Separation from Service, provided that the Director shall be required to make the same settlement election with respect to all of his or her Equity Retainers that relate to the same year (i.e., whether such Equity Retainer relates to the Annual Retainer under Section 4.2(a) or (b) hereof or the Annual Equity Grant under Section 4.3(a) or (b) hereof). If a Director makes such payment election, then his or her RSU grant agreement will be revised to reflect such election, subject to earlier payment on the date of the Director’s death.

Article 5. Miscellaneous

5.1 Unfunded Plan. The Sub-Plan constitutes an unfunded, unsecured promise of the Company to make distributions in the future of the amounts deferred under the Sub-Plan and is intended to constitute a nonqualified deferred compensation plan that is unfunded for tax purposes. Nothing contained in the Sub-Plan and no action taken pursuant to the provisions of the Sub-Plan shall create, or be construed to create, a trust of any kind, a fiduciary relationship between the Company and any Director or any other person. No special or separate fund shall be established or other segregation of assets made to assure payment of deferred amounts hereunder. No Director or any other person shall have any preferred claim on, or beneficial ownership interest in, any assets of the Company prior to the time that deferred amounts are paid to the Director as provided herein. The rights of a Director to receive benefits from the Company shall be no greater than any general unsecured creditor of the Company.

5.2 Service as a Director. Neither the establishment of the Sub-Plan, nor any action taken hereunder, shall in any way obligate (a) the Company to nominate a Director for reelection or to continue to retain a Director; or (b) a Director to agree to be nominated for reelection or to continue to serve on the Board.

5.3 Section 409A Requirements. If this Sub-Plan fails to meet the requirements of Code Section 409A, neither the Company nor any of its affiliates shall have any liability for any tax, penalty or interest imposed on the Director by Code Section 409A, and the Director shall have no recourse against the Company or any of its affiliates for payment of any such tax, penalty or interest imposed by Code Section 409A.

5.4 Amendment and Termination. The Sub-Plan may be amended or terminated in accordance with the provisions of the Stock Incentive Plan.

Exhibit 10.2

FORTIVE CORPORATION
AMENDED AND RESTATED NON-EMPLOYEE DIRECTORS' DEFERRED COMPENSATION PLAN

Election Form

This Agreement made as of [DATE] by and between [NAME] (the "Participant"), and Fortive Corporation (the "Company") pursuant to the Fortive Corporation Amended and Restated Non-Employee Directors' Deferred Compensation Plan (the "Sub-Plan").

WHEREAS, the Company has established the Sub-Plan under the Fortive Corporation 2016 Stock Incentive Plan (the "2016 Stock Incentive Plan") for the benefit of its eligible non-employee Directors, and the Participant is eligible to make an election regarding (i) the form in which the Participant will receive all of his or her aggregate Annual Retainer in any Deferral Year and (ii) the delivery date of the RSU portion of his or her Annual Equity Grant, in each case pursuant to the terms and conditions of the Sub-Plan.

NOW, THEREFORE, the parties agree as follows:

(i) *General*. Capitalized terms not defined herein shall have the same meaning as set forth in the 2016 Stock Incentive Plan or the Sub-Plan. In the event of a conflict or inconsistency between this Election Form and the Sub-Plan, the Sub-Plan shall control.

(ii) *Form of Annual Retainer Election.* The Company and the Participant agree that the Annual Retainer payable to the Participant with respect to services performed during a Deferral Year beginning after the date hereof (or with respect to a newly-appointed Director, during the remainder of the Deferral Year after this Election Form is submitted to the Administrator), and each Deferral Year thereafter except to the extent this Election Form is changed, shall be paid in the form of:

Please check one of the following:

100% in Cash Retainer;

100% in Equity Retainer (with a delivery date as selected in paragraph (iv) below); or

_____% in Equity Retainer, with the remainder in Cash Retainer;

(iii) *Form of Annual Equity Grant Election.* The Company and the Participant agree that the RSU portion of the Annual Equity Grant that would have been granted to the Participant with respect to services performed during the calendar year beginning after the date hereof (or with respect to a newly-appointed Director, during the remainder of the calendar year after this Election Form is submitted to the Administrator), and each calendar thereafter except to the extent this Election Form is changed, shall be paid in the form of:

Please check one of the following:

100% in Equity Retainer (with a delivery date as selected in paragraph (iv) below); or

100% in Annual Equity Grant (delivered immediately upon vesting).

(iv) *Delivery Date.* In the event that the Participant elects to receive (x) any portion of the Annual Retainer in the form of an Equity Retainer pursuant to paragraph (ii) above or (y) the RSU portion of the Annual Equity Grant in the form of an Equity Retainer pursuant to paragraph (iii) above, the Company and the Participant agree that the delivery date for such Equity Retainer shall be the earlier of (1) the date elected by the Participant below and (2) the date the Participant dies:

Please check one of the following:

First day of the seventh month following Separation from Service

First anniversary of Separation from Service

Third anniversary of Separation from Service

Fifth anniversary of Separation from Service

(v) *Timing and Irrevocability of Election.* Once a Participant has submitted an Election Form, the Participant may only change the Election Form, or change the form of his or her Annual Retainer or the delivery date of the RSU portion of his or her Annual Equity Grant, if he or she notifies the Administrator in writing of the change prior to December 31 of the calendar year preceding the Deferral Year (or applicable calendar year) for which the change is to be effective. If the Participant changes his or her election, the change shall be effective beginning with the Deferral Year (or applicable calendar year) following the calendar year in which the change is made. With regard only to a Participant who is initially appointed as a Director after December 31 of the calendar year preceding the Deferral Year (or applicable calendar year) for which the election is to be effective, this Election Form must be received no later than the date the Participant initially becomes eligible to participate in the Sub-Plan to be effective.

(vi) *Participant Acknowledgement.* The Participant acknowledges receipt of the Sub-Plan, the 2016 Stock Incentive Plan and the prospectus relating thereto and agrees to be bound by all the terms and provisions thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

____________________	By:	____________________	
[NAME]		Name:	Daniel Kim
		Title:	Corporate Secretary

Exhibit 31.1

Certification

I, James A. Lico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	October 30, 2024	By:	/s/ James A. Lico
			James A. Lico
			President and Chief Executive Officer

Exhibit 31.2

Certification

I, Charles E. McLaughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	October 30, 2024	By:	/s/ Charles E. McLaughlin
			Charles E. McLaughlin
			Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Lico, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date:	October 30, 2024	By:	/s/ James A. Lico
			James A. Lico
			President and Chief Executive Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles E. McLaughlin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date:	October 30, 2024	By:	/s/ Charles E. McLaughlin
			Charles E. McLaughlin
			Senior Vice President and Chief Financial Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.