

**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 October 3, 2021

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 001-5075

**PerkinElmer, Inc.**

(Exact name of Registrant as specified in its Charter)

Massachusetts  
(State or other jurisdiction of  
incorporation or organization)

940 Winter Street, Waltham, Massachusetts  
(Address of principal executive offices)

04-2052042  
(I.R.S. Employer  
Identification No.)

02451  
(Zip Code)

(781) 663-6900

(Registrant's telephone number, including area code)

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

| <b>Title of each class</b>            | <b>Trading Symbol (s)</b> | <b>Name of each exchange on which registered</b> |
|---------------------------------------|---------------------------|--|
| Common stock, \$1 par value per share | PKI                       | The New York Stock Exchange                      |
| 1.875% Notes due 2026                 | PKI 21A                   | The 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 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 (§232.405 of this chapter) 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 | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark whether 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 in Rule 12b-2 of the Exchange Act). Yes  No

As of November 4, 2021, there were outstanding 126,200,192 shares of common stock, \$1 par value per share.

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PART I. FINANCIAL INFORMATION

Item 1. *Unaudited Financial Statements*

PERKINELMER, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

|  | Three Months Ended                    |                   | Nine Months Ended |                   |
|--|---------------------------------------|-------------------|-------------------|-------------------|
|  | October 3, 2021                       | October 4, 2020   | October 3, 2021   | October 4, 2020   |
|  | (In thousands, except per share data) |                   |                   |                   |
| Product revenue  | \$ 785,869                            | \$ 736,846        | \$ 2,365,180      | \$ 1,763,881      |
| Service revenue  | 380,815                               | 227,179           | 1,337,664         | 664,258           |
| <b>Total revenue</b>   | <b>1,166,684</b>                      | <b>964,025</b>    | <b>3,702,844</b>  | <b>2,428,139</b>  |
| Cost of product revenue  | 365,497                               | 299,785           | 1,070,632         | 746,469           |
| Cost of service revenue  | 169,351                               | 136,795           | 530,036           | 398,858           |
| <b>Total cost of revenue</b>   | <b>534,848</b>                        | <b>436,580</b>    | <b>1,600,668</b>  | <b>1,145,327</b>  |
| Selling, general and administrative expenses                           | 339,047                               | 225,249           | 872,276           | 654,844           |
| Research and development expenses                                      | 68,608                                | 50,131            | 194,648           | 148,566           |
| Restructuring and other costs, net                                     | 2,211                                 | 4,059             | 13,018            | 11,075            |
| <b>Operating income from continuing operations</b>                     | <b>221,970</b>                        | <b>248,006</b>    | <b>1,022,234</b>  | <b>468,327</b>    |
| Interest and other expense, net  | 60,302                                | 14,249            | 54,027            | 35,054            |
| Income from continuing operations before income taxes                  | 161,668                               | 233,757           | 968,207           | 433,273           |
| Provision for income taxes   | 33,883                                | 57,021            | 215,111           | 85,609            |
| <b>Income from continuing operations</b>                               | <b>127,785</b>                        | <b>176,736</b>    | <b>753,096</b>    | <b>347,664</b>    |
| Loss on disposition of discontinued operations before income taxes     | —                                     | —                 | —                 | —                 |
| Provision for income taxes on discontinued operations and dispositions | 47                                    | 37                | 123               | 138               |
| <b>Loss from discontinued operations and dispositions</b>              | <b>(47)</b>                           | <b>(37)</b>       | <b>(123)</b>      | <b>(138)</b>      |
| <b>Net income</b>  | <b>\$ 127,738</b>                     | <b>\$ 176,699</b> | <b>\$ 752,973</b> | <b>\$ 347,526</b> |
| <b>Basic earnings per share:</b>                                       |                                       |                   |                   |                   |
| Income from continuing operations                                      | \$ 1.12                               | \$ 1.58           | \$ 6.67           | \$ 3.12           |
| Loss from discontinued operations and dispositions                     | (0.00)                                | (0.00)            | (0.00)            | (0.00)            |
| Net income   | \$ 1.12                               | \$ 1.58           | \$ 6.67           | \$ 3.12           |
| <b>Diluted earnings per share:</b>                                     |                                       |                   |                   |                   |
| Income from continuing operations                                      | \$ 1.11                               | \$ 1.57           | \$ 6.65           | \$ 3.11           |
| Loss from discontinued operations and dispositions                     | (0.00)                                | (0.00)            | (0.00)            | (0.00)            |
| Net income   | \$ 1.11                               | \$ 1.57           | \$ 6.65           | \$ 3.10           |
| Weighted average shares of common stock outstanding:                   |                                       |                   |                   |                   |
| Basic  | 114,508                               | 111,684           | 112,836           | 111,378           |
| Diluted  | 115,022                               | 112,292           | 113,307           | 111,935           |
| Cash dividends declared per common share                               | \$ 0.07                               | \$ 0.07           | \$ 0.21           | \$ 0.21           |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PERKINELMER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

|   | Three Months Ended |                    | Nine Months Ended  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | October 3,<br>2021 | October 4,<br>2020 | October 3,<br>2021 | October 4,<br>2020 |
|   | (In thousands)     |                    |                    |                    |
| Net income  | \$ 127,738         | \$ 176,699         | \$ 752,973         | \$ 347,526         |
| Other comprehensive (loss) income:                            |                    |                    |                    |                    |
| Foreign currency translation adjustments, net of income taxes | (53,758)           | 72,862             | (114,339)          | 55,837             |
| Unrealized (loss) gain on securities, net of income taxes     | (1)                | 43                 | 104                | 42                 |
| Other comprehensive (loss) income                             | (53,759)           | 72,905             | (114,235)          | 55,879             |
| Comprehensive income  | <u>\$ 73,979</u>   | <u>\$ 249,604</u>  | <u>\$ 638,738</u>  | <u>\$ 403,405</u>  |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PERKINELMER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

|  | October 3,<br>2021   | January 3,<br>2021  |
|--|----------------------|---------------------|
| (In thousands, except share and per share data)  |                      |                     |
| <b>Current assets:</b>   |                      |                     |
| Cash and cash equivalents  | \$ 487,373           | \$ 402,036          |
| Accounts receivable, net   | 947,805              | 1,155,109           |
| Inventories  | 645,419              | 514,567             |
| Other current assets   | 170,207              | 167,208             |
| <b>Total current assets</b>  | <u>2,250,804</u>     | <u>2,238,920</u>    |
| Property, plant and equipment, net   | 537,710              | 368,304             |
| Operating lease right-of-use assets  | 208,661              | 207,236             |
| Intangible assets, net   | 4,160,736            | 1,365,693           |
| Goodwill   | 7,420,271            | 3,447,114           |
| Other assets, net  | 321,667              | 333,048             |
| <b>Total assets</b>  | <u>\$ 14,899,849</u> | <u>\$ 7,960,315</u> |
| <b>Current liabilities:</b>  |                      |                     |
| Current portion of long-term debt  | \$ 4,485             | \$ 380,948          |
| Accounts payable   | 320,435              | 327,325             |
| Accrued expenses and other current liabilities   | 820,109              | 943,916             |
| <b>Total current liabilities</b>   | <u>1,145,029</u>     | <u>1,652,189</u>    |
| Long-term debt   | 5,099,077            | 1,609,701           |
| Long-term liabilities  | 1,512,153            | 774,531             |
| Operating lease liabilities  | 185,005              | 188,402             |
| <b>Total liabilities</b>   | <u>7,941,264</u>     | <u>4,224,823</u>    |
| Commitments and contingencies (see Note 14)  |                      |                     |
| <b>Stockholders' equity:</b>   |                      |                     |
| Preferred stock—\$1 par value per share, authorized 1,000,000 shares; none issued or outstanding   | —                    | —                   |
| Common stock—\$1 par value per share, authorized 300,000,000 shares; issued and outstanding 126,200,000 shares and 112,090,000 shares at October 3, 2021 and January 3, 2021, respectively | 126,200              | 112,090             |
| Capital in excess of par value   | 2,742,750            | 148,101             |
| Retained earnings  | 4,235,831            | 3,507,262           |
| Accumulated other comprehensive loss   | (146,196)            | (31,961)            |
| <b>Total stockholders' equity</b>  | <u>6,958,585</u>     | <u>3,735,492</u>    |
| <b>Total liabilities and stockholders' equity</b>  | <u>\$ 14,899,849</u> | <u>\$ 7,960,315</u> |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PERKINELMER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**

|  | For the Nine-Month Period Ended October 3, 2021 |                                      |                      |  |                                  |
|--|---|--------------------------------------|----------------------|--|----------------------------------|
|  | Common<br>Stock<br>Amount                       | Capital in<br>Excess of<br>Par Value | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>(Loss) Income | Total<br>Stockholders'<br>Equity |
|  | (In thousands)                                  |                                      |                      |  |                                  |
| <b>Balance, January 3, 2021</b>  | \$ 112,090                                      | \$ 148,101                           | \$ 3,507,262         | \$ (31,961)  | \$ 3,735,492                     |
| Net income   | —   | —                                    | 379,305              | —  | 379,305                          |
| Other comprehensive loss   | —   | —                                    | —                    | (72,211)   | (72,211)                         |
| Dividends  | —   | —                                    | (7,846)              | —  | (7,846)                          |
| Exercise of employee stock options and related income tax benefits       | 95  | 4,892                                | —                    | —  | 4,987                            |
| Issuance of common stock for employee stock purchase plans               | —   | 8                                    | —                    | —  | 8                                |
| Purchases of common stock  | (295)   | (42,484)                             | —                    | —  | (42,779)                         |
| Issuance of common stock for long-term incentive program                 | 176   | 4,274                                | —                    | —  | 4,450                            |
| Stock compensation   | —   | 899                                  | —                    | —  | 899                              |
| <b>Balance, April 4, 2021</b>  | <u>\$ 112,066</u>                               | <u>\$ 115,690</u>                    | <u>\$ 3,878,721</u>  | <u>\$ (104,172)</u>                                    | <u>\$ 4,002,305</u>              |
| Net income   | —   | —                                    | 245,930              | —  | 245,930                          |
| Other comprehensive income   | —   | —                                    | —                    | 11,735   | 11,735                           |
| Dividends  | —   | —                                    | (7,826)              | —  | (7,826)                          |
| Exercise of employee stock options and related income tax benefits       | 128   | 9,070                                | —                    | —  | 9,198                            |
| Issuance of common stock for employee stock purchase plans               | 11  | 1,613                                | —                    | —  | 1,624                            |
| Purchases of common stock  | (209)   | (29,936)                             | —                    | —  | (30,145)                         |
| Issuance of common stock for long-term incentive program                 | 24  | 4,998                                | —                    | —  | 5,022                            |
| Stock compensation   | 5   | 1,959                                | —                    | —  | 1,964                            |
| <b>Balance, July 4, 2021</b>   | <u>\$ 112,025</u>                               | <u>\$ 103,394</u>                    | <u>\$ 4,116,825</u>  | <u>\$ (92,437)</u>                                     | <u>\$ 4,239,807</u>              |
| Net income   | —   | —                                    | 127,738              | —  | 127,738                          |
| Other comprehensive loss   | —   | —                                    | —                    | (53,759)   | (53,759)                         |
| Dividends  | —   | —                                    | (8,732)              | —  | (8,732)                          |
| Issuance of common stock for business combination, net of issuance costs | 14,067  | 2,624,077                            | —                    | —  | 2,638,144                        |
| Exercise of employee stock options and related income tax benefits       | 107   | 8,773                                | —                    | —  | 8,880                            |
| Purchases of common stock  | (1)   | (89)                                 | —                    | —  | (90)                             |
| Issuance of common stock for long-term incentive program                 | 2   | 5,114                                | —                    | —  | 5,116                            |
| Stock compensation   | —   | 1,481                                | —                    | —  | 1,481                            |
| <b>Balance, October 3, 2021</b>  | <u>\$ 126,200</u>                               | <u>\$ 2,742,750</u>                  | <u>\$ 4,235,831</u>  | <u>\$ (146,196)</u>                                    | <u>\$ 6,958,585</u>              |

For the Nine-Month Period Ended October 4, 2020

|  | Common Stock Amount | Capital in Excess of Par Value | Retained Earnings   | Accumulated Other Comprehensive Loss | Total Stockholders' Equity |
|--|---------------------|--------------------------------|---------------------|--------------------------------------|----------------------------|
|  | (In thousands)      |                                |                     |                                      |                            |
| <b>Balance, December 29, 2019</b>                                  | \$ 111,140          | \$ 90,357                      | \$ 2,811,973        | \$ (199,646)                         | \$ 2,813,824               |
| Impact of adopting ASU 2016-13                                     | —                   | —                              | (1,328)             | —                                    | (1,328)                    |
| Net income   | —                   | —                              | 33,665              | —                                    | 33,665                     |
| Other comprehensive loss   | —                   | —                              | —                   | (78,681)                             | (78,681)                   |
| Dividends  | —                   | —                              | (7,779)             | —                                    | (7,779)                    |
| Exercise of employee stock options and related income tax benefits | 21                  | 1,085                          | —                   | —                                    | 1,106                      |
| Issuance of common stock for employee stock purchase plans         | 14                  | 1,242                          | —                   | —                                    | 1,256                      |
| Purchases of common stock  | (66)                | (6,276)                        | —                   | —                                    | (6,342)                    |
| Issuance of common stock for long-term incentive program           | 197                 | 2,831                          | —                   | —                                    | 3,028                      |
| Stock compensation   | —                   | 997                            | —                   | —                                    | 997                        |
| <b>Balance, April 5, 2020</b>                                      | <u>\$ 111,306</u>   | <u>\$ 90,236</u>               | <u>\$ 2,836,531</u> | <u>\$ (278,327)</u>                  | <u>\$ 2,759,746</u>        |
| Net income   | —                   | —                              | 137,162             | —                                    | 137,162                    |
| Other comprehensive income   | —                   | —                              | —                   | 61,655                               | 61,655                     |
| Dividends  | —                   | —                              | (7,803)             | —                                    | (7,803)                    |
| Exercise of employee stock options and related income tax benefits | 175                 | 8,792                          | —                   | —                                    | 8,967                      |
| Issuance of common stock for employee stock purchase plans         | 14                  | 1,291                          | —                   | —                                    | 1,305                      |
| Purchases of common stock  | (4)                 | (323)                          | —                   | —                                    | (327)                      |
| Issuance of common stock for long-term incentive program           | 2                   | 5,123                          | —                   | —                                    | 5,125                      |
| Stock compensation   | 8                   | 1,625                          | —                   | —                                    | 1,633                      |
| <b>Balance, July 5, 2020</b>                                       | <u>\$ 111,501</u>   | <u>\$ 106,744</u>              | <u>\$ 2,965,890</u> | <u>\$ (216,672)</u>                  | <u>\$ 2,967,463</u>        |
| Net income   | —                   | —                              | 176,699             | —                                    | 176,699                    |
| Other comprehensive income   | —                   | —                              | —                   | 72,905                               | 72,905                     |
| Dividends  | —                   | —                              | (7,839)             | —                                    | (7,839)                    |
| Exercise of employee stock options and related income tax benefits | 369                 | 17,085                         | —                   | —                                    | 17,454                     |
| Issuance of common stock for employee stock purchase plans         | —                   | 26                             | —                   | —                                    | 26                         |
| Purchases of common stock  | (1)                 | (158)                          | —                   | —                                    | (159)                      |
| Issuance of common stock for long-term incentive program           | 9                   | 4,176                          | —                   | —                                    | 4,185                      |
| Stock compensation   | —                   | 947                            | —                   | —                                    | 947                        |
| <b>Balance, October 4, 2020</b>                                    | <u>\$ 111,878</u>   | <u>\$ 128,820</u>              | <u>\$ 3,134,750</u> | <u>\$ (143,767)</u>                  | <u>\$ 3,231,681</u>        |

The accompanying notes are an integral part of these consolidated financial statements.

**PERKINELMER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

|   | Nine Months Ended  |                    |
|---|--------------------|--------------------|
|   | October 3,<br>2021 | October 4,<br>2020 |
|   | (In thousands)     |                    |
| <b>Operating activities:</b>  |                    |                    |
| Net income  | \$ 752,973         | \$ 347,526         |
| Loss from discontinued operations and dispositions, net of income taxes                                   | 123                | 138                |
| Income from continuing operations   | 753,096            | 347,664            |
| Adjustments to reconcile income from continuing operations to net cash provided by continuing operations: |                    |                    |
| Stock-based compensation  | 18,957             | 19,770             |
| Restructuring and other costs, net  | 13,018             | 11,075             |
| Depreciation and amortization   | 232,935            | 182,521            |
| (Gain) Loss on disposition of businesses and assets, net  | (1,970)            | 886                |
| Change in fair value of contingent consideration  | 1,553              | (8,807)            |
| Amortization of deferred debt financing costs and accretion of discounts                                  | 3,224              | 2,559              |
| Change in fair value of financial securities  | (8,566)            | —                  |
| Asset impairment  | 3,868              | —                  |
| Amortization of acquired inventory revaluation  | 14,728             | 1,757              |
| Changes in assets and liabilities which provided (used) cash, excluding effects from companies acquired:  |                    |                    |
| Accounts receivable, net  | 242,386            | (67,695)           |
| Inventories   | 6,316              | (120,934)          |
| Accounts payable  | (37,002)           | 16,391             |
| Accrued expenses and other  | (167,385)          | 24,893             |
| <b>Net cash provided by operating activities of continuing operations</b>                                 | <b>1,075,158</b>   | <b>410,080</b>     |
| <b>Investing activities:</b>  |                    |                    |
| Capital expenditures  | (67,459)           | (57,391)           |
| Purchases of investments  | (19,130)           | (9,559)            |
| Proceeds from disposition of businesses and assets  | 1,460              | 2,423              |
| Proceeds from surrender of life insurance policies  | —                  | 131                |
| Cash paid for acquisitions, net of cash, cash equivalents and restricted cash acquired                    | (3,967,678)        | (3,702)            |
| <b>Net cash used in investing activities of continuing operations</b>                                     | <b>(4,052,807)</b> | <b>(68,098)</b>    |
| <b>Financing activities:</b>  |                    |                    |
| Payments on borrowings  | (1,191,125)        | (515,210)          |
| Proceeds from borrowings  | 1,144,282          | 257,000            |
| Proceeds from term loan   | 500,000            | —                  |
| Payments of senior unsecured notes  | (339,605)          | —                  |
| Proceeds from sale of senior unsecured notes  | 3,086,095          | —                  |
| Payments of debt financing and equity issuance costs  | (30,983)           | —                  |
| Settlement of cash flow hedges  | (1,459)            | (2,089)            |
| Net payments on other credit facilities   | (12,731)           | (8,124)            |
| Payments for acquisition-related contingent consideration   | —                  | (5,200)            |
| Proceeds from issuance of common stock under stock plans  | 22,760             | 27,528             |
| Purchases of common stock   | (73,013)           | (6,829)            |
| Dividends paid  | (23,539)           | (23,381)           |
| <b>Net cash provided by (used in) financing activities of continuing operations</b>                       | <b>3,080,682</b>   | <b>(276,305)</b>   |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash                             | (16,584)           | 832                |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Net increase in cash, cash equivalents and restricted cash</b>  | 86,449            | 66,509            |
| Cash, cash equivalents and restricted cash at beginning of period  | 402,613           | 191,894           |
| <b>Cash, cash equivalents and restricted cash at end of period</b> | <b>\$ 489,062</b> | <b>\$ 258,403</b> |

**Supplemental disclosures of cash flow information**

Reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets that sum to the total shown in the condensed consolidated statements of cash flows:

|  |                   |                   |
|--|-------------------|-------------------|
| Cash and cash equivalents  | \$ 487,373        | \$ 258,293        |
| Restricted cash included in other current assets   | 1,689             | 110               |
| <b>Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows</b> | <b>\$ 489,062</b> | <b>\$ 258,403</b> |

**Supplemental disclosures of non-cash investing and financing activities:**

|   |              |      |
|---|--------------|------|
| Equity issued for business combination, net of issuance costs | \$ 2,638,369 | \$ — |
| Contingent consideration accrued in business combination      | 34,131       | —    |
| Other liability incurred in business combination              | 7,767        | —    |

The accompanying notes are an integral part of these condensed consolidated financial statements.

**PERKINELMER, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1: Basis of Presentation**

The condensed consolidated financial statements included herein have been prepared by PerkinElmer, Inc. (the "Company"), in accordance with accounting principles generally accepted in the United States of America (the "U.S." or the "United States") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information in the footnote disclosures of the financial statements has been condensed or omitted where it substantially duplicates information provided in the Company's latest audited consolidated financial statements, in accordance with the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes included in its Annual Report on Form 10-K for the fiscal year ended January 3, 2021, filed with the SEC (the "2020 Form 10-K"). The balance sheet amounts at January 3, 2021 in this report were derived from the Company's audited 2020 consolidated financial statements included in the 2020 Form 10-K. The condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the Company's financial position, results of operations and cash flows for the periods indicated. The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts and classifications of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The results of operations for the three and nine months ended October 3, 2021 and October 4, 2020, respectively, are not necessarily indicative of the results for the entire fiscal year or any future period.

The Company's fiscal year ends on the Sunday nearest December 31. The Company reports fiscal years under a 52/53 week format and as a result, certain fiscal years will contain 53 weeks. The fiscal year ending January 2, 2022 ("fiscal year 2021") will include 52 weeks, and the fiscal year ended January 3, 2021 ("fiscal year 2020") included 53 weeks.

*Recently Adopted and Issued Accounting Pronouncements:* From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the "FASB") and are adopted by the Company as of the specified effective dates. Unless otherwise discussed, such pronouncements did not have or will not have a significant impact on the Company's consolidated financial position, results of operations and cash flows or do not apply to the Company's operations.

In December 2019, the FASB issued Accounting Standards Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"). ASU 2019-12 eliminates certain exceptions and adds guidance to reduce complexity in accounting for income taxes. Specifically, this guidance: (1) removes the intraperiod tax allocation exception to the incremental approach; (2) removes the ownership changes in investments exception in determining when a deferred tax liability is recognized after an investor in a foreign entity transitions to or from the equity method of accounting and applies this provision on a modified retrospective basis through a cumulative-effect adjustment to retained earnings at the beginning of the period of adoption; and (3) removes the exception to using the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. ASU 2019-12 also simplifies accounting principles by making other changes, including requiring an entity to: (1) evaluate whether a step-up in tax basis of goodwill relates to a business combination or a separate transaction; (2) make a policy election to not allocate consolidated income taxes when a member of a consolidated tax return is not subject to income tax and to apply this provision retrospectively to all periods presented; and (3) recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and apply this provision either retrospectively for all periods presented or on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The provisions of this guidance (except as specifically mentioned above) are to be applied prospectively upon their effective date. ASU 2019-12 is effective for annual reporting periods beginning after December 15, 2020, and interim periods within those years. In accordance with ASU 2019-12, the Company adopted the guidance beginning on January 4, 2021. The adoption did not have a material impact on the Company's consolidated financial position, results of operations and cash flows.

**Note 2: Revenue**

**Disaggregation of revenue**

In the following tables, revenue is disaggregated by primary geographical markets, primary end-markets and timing of revenue recognition. The tables also include a reconciliation of the disaggregated revenue with the reportable segments' revenue.

|  | Reportable Segments              |                   |                     |                                  |                   |                   |
|--|----------------------------------|-------------------|---------------------|----------------------------------|-------------------|-------------------|
|  | October 3, 2021                  |                   |                     | October 4, 2020                  |                   |                   |
|  | Discovery & Analytical Solutions | Diagnostics       | Total               | Discovery & Analytical Solutions | Diagnostics       | Total             |
| (In thousands)                                       |                                  |                   |                     |                                  |                   |                   |
| <b>Primary geographical markets</b>                  |                                  |                   |                     |                                  |                   |                   |
| Americas   | \$ 217,117                       | \$ 280,367        | \$ 497,484          | \$ 173,992                       | \$ 213,347        | \$ 387,339        |
| Europe   | 135,940                          | 220,264           | 356,204             | 115,281                          | 198,205           | 313,486           |
| Asia   | 159,822                          | 153,174           | 312,996             | 134,350                          | 128,850           | 263,200           |
|  | <u>\$ 512,879</u>                | <u>\$ 653,805</u> | <u>\$ 1,166,684</u> | <u>\$ 423,623</u>                | <u>\$ 540,402</u> | <u>\$ 964,025</u> |
| <b>Primary end-markets</b>                           |                                  |                   |                     |                                  |                   |                   |
| Diagnostics  | \$ —                             | \$ 653,805        | \$ 653,805          | \$ —                             | \$ 540,402        | \$ 540,402        |
| Life sciences  | 320,067                          | —                 | 320,067             | 251,929                          | —                 | 251,929           |
| Applied markets                                      | 192,812                          | —                 | 192,812             | 171,694                          | —                 | 171,694           |
|  | <u>\$ 512,879</u>                | <u>\$ 653,805</u> | <u>\$ 1,166,684</u> | <u>\$ 423,623</u>                | <u>\$ 540,402</u> | <u>\$ 964,025</u> |
| <b>Timing of revenue recognition</b>                 |                                  |                   |                     |                                  |                   |                   |
| Products and services transferred at a point in time | \$ 374,147                       | \$ 554,332        | \$ 928,479          | \$ 293,460                       | \$ 518,867        | \$ 812,327        |
| Services transferred over time                       | 138,732                          | 99,473            | 238,205             | 130,163                          | 21,535            | 151,698           |
|  | <u>\$ 512,879</u>                | <u>\$ 653,805</u> | <u>\$ 1,166,684</u> | <u>\$ 423,623</u>                | <u>\$ 540,402</u> | <u>\$ 964,025</u> |

|  | Reportable Segments |                     |                                  |                     |                     |                     |
|--|---------------------|---------------------|----------------------------------|---------------------|---------------------|---------------------|
|  | Nine Months Ended   |                     |                                  |                     |                     |                     |
|  | October 3, 2021     |                     |                                  | October 4, 2020     |                     |                     |
| Discovery & Analytical Solutions                     | Diagnostics         | Total               | Discovery & Analytical Solutions | Diagnostics         | Total               |                     |
| (In thousands)                                       |                     |                     |                                  |                     |                     |                     |
| <b>Primary geographical markets</b>                  |                     |                     |                                  |                     |                     |                     |
| Americas   | \$ 599,170          | \$ 1,049,659        | \$ 1,648,829                     | \$ 503,490          | \$ 475,113          | \$ 978,603          |
| Europe   | 416,974             | 732,784             | 1,149,758                        | 337,435             | 429,671             | 767,106             |
| Asia   | 464,173             | 440,084             | 904,257                          | 372,095             | 310,335             | 682,430             |
|  | <u>\$ 1,480,317</u> | <u>\$ 2,222,527</u> | <u>\$ 3,702,844</u>              | <u>\$ 1,213,020</u> | <u>\$ 1,215,119</u> | <u>\$ 2,428,139</u> |
| <b>Primary end-markets</b>                           |                     |                     |                                  |                     |                     |                     |
| Diagnostics  | \$ —                | \$ 2,222,527        | \$ 2,222,527                     | \$ —                | \$ 1,215,119        | \$ 1,215,119        |
| Life sciences  | 905,949             | —                   | 905,949                          | 734,782             | —                   | 734,782             |
| Applied markets                                      | 574,368             | —                   | 574,368                          | 478,238             | —                   | 478,238             |
|  | <u>\$ 1,480,317</u> | <u>\$ 2,222,527</u> | <u>\$ 3,702,844</u>              | <u>\$ 1,213,020</u> | <u>\$ 1,215,119</u> | <u>\$ 2,428,139</u> |
| <b>Timing of revenue recognition</b>                 |                     |                     |                                  |                     |                     |                     |
| Products and services transferred at a point in time | \$ 1,079,119        | \$ 1,676,041        | \$ 2,755,160                     | \$ 827,270          | \$ 1,149,166        | \$ 1,976,436        |
| Services transferred over time                       | 401,198             | 546,486             | 947,684                          | 385,750             | 65,953              | 451,703             |
|  | <u>\$ 1,480,317</u> | <u>\$ 2,222,527</u> | <u>\$ 3,702,844</u>              | <u>\$ 1,213,020</u> | <u>\$ 1,215,119</u> | <u>\$ 2,428,139</u> |

### Major Customer Concentration

Revenues from one customer in the Company's Diagnostics segment represent approximately \$94.8 million and \$492.8 million of the Company's total revenue for the three and nine months ended October 3, 2021, respectively.

### Contract Balances

**Contract assets:** The unbilled receivables (contract assets) primarily relate to the Company's right to consideration for work completed but not billed at the reporting date. The unbilled receivables are transferred to trade receivables when billed to customers. Contract assets are generally classified as current assets and are included in "Accounts receivable, net" in the consolidated balance sheets. The balance of contract assets as of October 3, 2021 and January 3, 2021 were \$57.8 million and \$59.5 million, respectively. The amount of unbilled receivables recognized at the beginning of the period that were transferred to trade receivables during the nine months ended October 3, 2021 was \$48.9 million. The increase in unbilled receivables during the nine months ended October 3, 2021 as a result of recognition of revenue before billing to customers, excluding amounts transferred to trade receivables during the period, amounted to \$47.2 million.

**Contract liabilities:** The contract liabilities primarily relate to the advance consideration received from customers for products and related installation for which transfer of control has not occurred at the balance sheet date. Contract liabilities are classified as either current in "Accounts payable" or "Accrued expenses and other current liabilities" or as long-term in "Long-term liabilities" in the consolidated balance sheets based on the timing of when the Company expects to recognize revenue. The balance of contract liabilities as of October 3, 2021 and January 3, 2021 were \$209.6 million and \$238.1 million, respectively. The additions to contract liabilities during the nine months ended October 3, 2021 due to cash received, excluding amounts recognized as revenue during the period, was \$51.3 million. The amount of revenue recognized during the nine months ended October 3, 2021 that was included in the contract liability balance at the beginning of the period was \$79.8 million.

**Contract costs:** The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if it expects the benefit of those costs to be longer than one year. The Company determined that certain sales incentive programs meet the requirements to be capitalized. Total capitalized costs to obtain a contract were immaterial during the period and are included in other current and long-term assets on the consolidated balance sheets. The Company applies a practical expedient to expense costs as incurred for costs to obtain a contract with a customer when the amortization period would have been one year.

or less. These costs include the Company's internal sales force compensation program, as the Company determined that annual compensation is commensurate with annual sales activities.

#### ***Transaction price allocated to the remaining performance obligations***

The Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The estimated revenue expected to be recognized beyond one year in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the period are not material to the Company. The remaining performance obligations primarily include noncancelable purchase orders and noncancelable software subscriptions and cloud service contracts.

### **Note 3: Business Combinations**

#### ***Acquisitions in fiscal year 2021***

*Acquisition of BioLegend, Inc.* The Company completed the acquisition of BioLegend, Inc. ("BioLegend") and paid an aggregate consideration of \$5.7 billion, net of cash acquired of \$292.4 million, reflecting preliminary working capital and other adjustments (the "Aggregate Consideration") that are subject to final adjustments following the closing. The Aggregate Consideration was paid in a combination of \$3.3 billion in cash and shares of the Company's common stock having a fair value of approximately \$2.6 billion based on the \$187.56 per share closing price of the Company's common stock on the New York Stock Exchange on September 17, 2021 (the "Stock Consideration"). The Stock Consideration consisted of 14,066,799 shares of the Company's common stock. The cash consideration was funded through a combination of \$2.3 billion in proceeds from the issuance of senior unsecured notes, \$500.0 million in proceeds from the Company's term loan credit facility and \$310.0 million in proceeds from the Company's revolving credit facility and available cash on hand of \$252.6 million. BioLegend is recognized as a leading, global provider of life science antibodies and reagents, headquartered in San Diego, California, with approximately 700 employees. The operations for this acquisition will be reported within the results of the Company's Discovery & Analytical Solutions segment from the acquisition date. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, which is not tax deductible. Identifiable definite-lived intangible assets, such as core technology, trade names, customer relationships and clone library, acquired as part of this acquisition had a weighted average amortization period of 16.3 years.

BioLegend's revenue and net loss for the period from the acquisition date to October 3, 2021 were \$12.1 million and \$6.2 million, respectively. The following unaudited pro forma information presents the combined financial results for the Company and BioLegend as if the acquisition of BioLegend had been completed at the beginning of fiscal year 2020:

|   | Nine Months Ended<br>October 3,<br>2021 | Fiscal Year Ended<br>January 3,<br>2021 |
|---|---|---|
|   | (In millions, except per share data)    |   |
| <i>Pro Forma Statement of Operations Information:</i> |   |   |
| Revenue   | \$ 3,943                                | \$ 4,025                                |
| Income from continuing operations                     | 797                                     | 552                                     |
| <i>Basic earnings per share:</i>                      |   |   |
| Income from continuing operations                     | \$ 6.28                                 | \$ 4.35                                 |
| <i>Diluted earnings per share:</i>                    |   |   |
| Income from continuing operations                     | \$ 6.26                                 | \$ 4.37                                 |

The unaudited pro forma information for fiscal years 2021 and 2020 have been calculated after applying the Company's accounting policies and the impact of acquisition date fair value adjustments. The fiscal year 2021 unaudited pro forma income from continuing operations was adjusted to exclude approximately \$43.2 million of acquisition-related transaction costs and \$23.3 million of bridge financing and debt pre-issuance hedging costs that were recognized in expense in the quarter. The fiscal year 2020 pro forma income from continuing operations was adjusted to include these acquisition-related transaction costs and the nonrecurring expenses related to the bridge financing and debt pre-issuance hedging costs and fair value adjustments. These pro forma condensed consolidated financial results have been prepared for comparative purposes only and include certain

adjustments, such as fair value adjustment to inventory, increased interest expense on debt obtained to finance the transaction, and increased amortization for the fair value of acquired intangible assets.

The pro forma information does not reflect the effect of costs or synergies that would have been expected to result from the integration of the acquisition. The pro forma information does not purport to be indicative of the results of operations that actually would have resulted had the combination occurred at the beginning of each period presented, or of future results of the consolidated entities. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

*Other acquisitions in 2021.* During the first nine months of fiscal year 2021, the Company also completed the acquisition of six other businesses for aggregate consideration of \$1.2 billion. The acquired businesses include Oxford Immunotec Global PLC, a company based in Abingdon, UK with approximately 275 employees, for a total consideration of \$590.9 million and Nexcelom Bioscience Holdings, LLC, a company based in Lawrence, Massachusetts with approximately 130 employees, for a total consideration of \$267.1 million, and four other businesses, which were acquired for a total consideration of \$296.0 million. The excess of the purchase price over the fair value of the acquired businesses' net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. Identifiable definite-lived intangible assets, such as core technology, trade names, and customer relationships, acquired as part of these acquisitions had a weighted average amortization period of 12.4 years.

The total purchase price for the acquisitions in fiscal year 2021 has been allocated to the estimated fair values of assets acquired and liabilities assumed as follows:

|  | <b>Preliminary</b>  |                   |
|--|---------------------|-------------------|
|  | <b>BioLegend</b>    | <b>Other</b>      |
|  | (In thousands)      |                   |
| <b>Fair value of business combination:</b>                   |                     |                   |
| Cash payments  | \$ 3,335,753        | 1,118,884         |
| Common stock issued  | 2,638,369           | —                 |
| Other liability  | 6,857               | 910               |
| Contingent consideration                                     | —                   | 34,131            |
| Less: cash acquired  | (292,377)           | (195,010)         |
| <b>Total</b>   | <b>\$ 5,688,602</b> | <b>\$ 958,915</b> |
| <b>Identifiable assets acquired and liabilities assumed:</b> |                     |                   |
| Current assets   | \$ 184,541          | \$ 73,933         |
| Property, plant and equipment                                | 147,200             | 26,507            |
| Other assets   | 9,330               | 15,564            |
| <b>Identifiable intangible assets:</b>                       |                     |                   |
| Core technology and clone library                            | 782,400             | 285,609           |
| Trade names and patents                                      | 38,000              | 39,620            |
| Licenses   | 8,979               | —                 |
| Customer relationships and backlog                           | 1,714,800           | 141,170           |
| Goodwill   | 3,511,498           | 527,402           |
| Deferred taxes   | (669,906)           | (86,471)          |
| Deferred revenue   | —                   | (1,197)           |
| Debt assumed   | —                   | (4,628)           |
| <b>Liabilities assumed</b>                                   | <b>(38,240)</b>     | <b>(58,594)</b>   |
| <b>Total</b>   | <b>\$ 5,688,602</b> | <b>\$ 958,915</b> |

#### **Acquisitions in fiscal year 2020**

During the fiscal year 2020, the Company completed the acquisition of four businesses for aggregate consideration of \$438.9 million. The acquired businesses were Horizon Discovery Group plc, a company based in Cambridge, UK with approximately 400 employees, which was acquired on December 23, 2020 for a total consideration of \$399.8 million (£296.0 million).

million), and three other businesses, which were acquired for a total consideration of \$39.1 million. The excess of the purchase price over the fair value of the acquired businesses' net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforces acquired, and has been allocated to goodwill, which is not tax deductible. Identifiable definite-lived intangible assets, such as core technology, trade names, customer relationships and in-process research and development, acquired as part of these acquisitions had a weighted average amortization period of 11.0 years.

The total purchase price for the acquisitions in fiscal year 2020 has been allocated to the estimated fair values of assets acquired and liabilities assumed as follows:

|   | <b>Preliminary</b>    |
|---|-----------------------|
|   | <b>(In thousands)</b> |
| Fair value of business combination:                   |                       |
| Cash payments   | \$ 437,661            |
| Other liability                                       | 1,660                 |
| Working capital and other adjustments                 | (384)                 |
| Less: cash acquired                                   | (26,840)              |
| <b>Total</b>  | <b>\$ 412,097</b>     |
| Identifiable assets acquired and liabilities assumed: |                       |
| Current assets  | \$ 35,532             |
| Property, plant and equipment                         | 20,302                |
| Other assets  | 18,114                |
| Identifiable intangible assets:                       |                       |
| Core technology                                       | 65,730                |
| Trade names   | 5,580                 |
| Customer relationships                                | 108,523               |
| In-process research and development ("IPR&D")         | 10,700                |
| Goodwill  | 221,960               |
| Deferred taxes  | (27,142)              |
| Deferred revenue                                      | (2,031)               |
| Liabilities assumed                                   | (45,171)              |
| <b>Total</b>  | <b>\$ 412,097</b>     |

The preliminary allocations of the purchase prices for acquisitions are based upon initial valuations. The Company's estimates and assumptions underlying the initial valuations are subject to the collection of information necessary to complete its valuations within the measurement periods, which are up to one year from the respective acquisition dates. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair value of certain tangible and intangible assets acquired and liabilities assumed, assets and liabilities related to income taxes and related valuation allowances, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair values of the net assets acquired at the acquisition dates during the measurement periods. During the measurement periods, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition dates that, if known, would have resulted in the recognition of those assets and liabilities as of those dates. These adjustments will be made in the periods in which the amounts are determined and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition dates. All changes that do not qualify as adjustments made during the measurement periods are also included in current period earnings.

The allocations of the purchase prices for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocations. The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair values for assets acquired and liabilities assumed.

As of October 3, 2021, the Company may have to pay contingent consideration related to acquisitions with open contingency periods of up to \$90.7 million. As of October 3, 2021, the Company has recorded contingent consideration obligations of \$37.2 million, of which \$4.2 million was recorded in accrued expenses and other current liabilities, and \$33.0

million was recorded in long-term liabilities. As of January 3, 2021, the Company had recorded contingent consideration obligations with an estimated fair value of \$3.0 million, of which \$2.9 million was recorded in accrued expenses and other current liabilities, and \$0.1 million was recorded in long-term liabilities. The expected maximum earnout period for acquisitions with open contingency periods does not exceed 7.2 years from October 3, 2021, and the remaining weighted average expected earnout period at October 3, 2021 was 6.8 years. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the condensed consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, require acceleration of the amortization expense of definite-lived intangible assets or the recognition of additional contingent consideration which would be recognized as a component of operating expenses from continuing operations.

Total acquisition and divestiture-related costs for the three and nine months ended October 3, 2021 were \$72.5 million and \$87.6 million, respectively. These amounts included \$2.1 million and \$13.8 million of incentive award associated with the Company's acquisition of Meizheng Group for the three and nine months ended October 3, 2021, respectively. Net foreign exchange gain, and bridge financing and debt pre-issuance hedging costs, related to the Company's acquisitions for the nine months ended October 3, 2021 amounted to \$5.4 million and \$23.6 million, respectively. Total acquisition and divestiture-related costs for the three and nine months ended October 4, 2020 were \$0.2 million and \$7.4 million, respectively. These amounts included \$0.2 million and \$6.9 million of incentive award associated with the Company's acquisition of Meizheng Group for the three and nine months ended October 4, 2020, respectively. These acquisition and divestiture-related costs were expensed as incurred and recorded in selling, general and administrative expenses and interest and other expense, net in the Company's consolidated statements of operations.

#### Note 4: Restructuring and Other Costs, Net

The Company implemented restructuring plans in the first, second and third quarters of fiscal year 2021 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives and integrate new acquisitions (the "Q1 2021 Plan", "Q2 2021 Plan" and "Q3 2021 Plan", respectively). The Company implemented a restructuring plan in the third quarter of fiscal year 2020 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives (the "Q3 2020 Plan"). The Company implemented a restructuring plan in the first quarter of fiscal year 2020 consisting of workforce reductions and closure of excess facilities principally intended to realign resources to emphasize growth initiatives (the "Q1 2020 Plan"). Details of the plans initiated in previous years (the "Previous Plans") are discussed more fully in Note 5 to the audited consolidated financial statements in the 2020 Form 10-K.

The following table summarizes the reductions in headcount, the initial restructuring or contract termination charges by reporting segment, and the dates by which payments were substantially completed, or the dates by which payments are expected to be substantially completed, for restructuring actions implemented during fiscal years 2021 and 2020 in continuing operations:

|              | Workforce Reductions                  |                                  |             | Closure of Excess Facility       |             |           | Total     | (Expected) Date Payments Substantially Completed by |  |  |
|--------------|---------------------------------------|----------------------------------|-------------|----------------------------------|-------------|-----------|-----------|---|--|--|
|              | Headcount Reduction                   | Discovery & Analytical Solutions | Diagnostics | Discovery & Analytical Solutions | Diagnostics | Severance |           | Excess Facility                                     |  |  |
|              | (In thousands, except headcount data) |                                  |             |                                  |             |           |           |   |  |  |
| Q3 2021 Plan | 39                                    | \$ 420                           | \$ 366      | \$ —                             | \$ —        | \$ 786    | Q2 FY2022 | —   |  |  |
| Q2 2021 Plan | 25                                    | 968                              | 564         | —                                | —           | 1,532     | Q1 FY2022 | —   |  |  |
| Q1 2021 Plan | 77                                    | 3,941                            | 1,615       | —                                | —           | 5,556     | Q4 FY2021 | —   |  |  |
| Q3 2020 Plan | 23                                    | 2,080                            | 901         | —                                | —           | 2,981     | Q2 FY2021 | —   |  |  |
| Q1 2020 Plan | 32                                    | 2,312                            | 1,134       | 92                               | 682         | 4,220     | Q4 FY2020 | Q1 FY2022   |  |  |

The Company has terminated various contractual commitments in connection with certain disposal activities and has recorded charges for the costs of terminating these contracts before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to the Company. The Company recorded net pre-tax charges of \$0.4 million in the Discovery & Analytical Solutions segment during the nine months ended October 3, 2021 as a result of these contract terminations.

The Company recorded pre-tax charges of \$1.3 million and \$3.7 million associated with relocating facilities during the three and nine months ended October 3, 2021, respectively, in the Discovery & Analytical Solutions segment. The Company recorded pre-tax charges of \$0.2 million and \$0.4 million associated with relocating facilities during the three and nine months ended October 3, 2021, respectively, in the Diagnostics segment. The Company expects to make payments on these relocation activities through end of fiscal year 2022.

**Note 5: Interest and Other Expense, Net**

Interest and other expense, net, consisted of the following:

|  | Three Months Ended |                  | Nine Months Ended |                  |
|--|--------------------|------------------|-------------------|------------------|
|  | October 3, 2021    | October 4, 2020  | October 3, 2021   | October 4, 2020  |
|  | (In thousands)     |                  |                   |                  |
| Interest income                                      | \$ (544)           | \$ (205)         | \$ (1,322)        | \$ (662)         |
| Interest expense including costs of bridge financing | 43,531             | 12,057           | 74,407            | 37,308           |
| Change in fair value of financial securities         | 19,365             | —                | (8,566)           | —                |
| Other (income) expense, net                          | (2,050)            | 2,397            | (10,492)          | (1,592)          |
| <b>Total interest and other expense, net</b>         | <b>\$ 60,302</b>   | <b>\$ 14,249</b> | <b>\$ 54,027</b>  | <b>\$ 35,054</b> |

Foreign currency transaction (gains) were \$(1.1) million and \$(0.5) million for the three and nine months ended October 3, 2021, respectively. Foreign currency transaction (gains) losses were \$(1.9) million and \$1.6 million for the three and nine months ended October 4, 2020, respectively. Net losses from forward currency hedge contracts were \$4.8 million and \$3.3 million for the three and nine months ended October 3, 2021, respectively. Net losses from forward currency hedge contracts were \$6.0 million and \$1.9 million for the three and nine months ended October 4, 2020, respectively.

**Note 6: Inventories**

Inventories consisted of the following:

|                          | October 3, 2021   | January 3, 2021   |
|--------------------------|-------------------|-------------------|
|                          | (In thousands)    |                   |
| Raw materials            | \$ 217,175        | \$ 205,022        |
| Work in progress         | 72,988            | 35,160            |
| Finished goods           | 355,256           | 274,385           |
| <b>Total inventories</b> | <b>\$ 645,419</b> | <b>\$ 514,567</b> |

**Note 7: Debt**

The Company's debt consisted of the following:

|  | October 3,<br>2021           |                                    |                     |                     |
|--|------------------------------|------------------------------------|---------------------|---------------------|
| Outstanding Principal                                    | Unamortized Debt<br>Discount | Unamortized Debt<br>Issuance Costs | Net Carrying Amount |                     |
| (In thousands)   |                              |                                    |                     |                     |
| Long-Term Debt:  |                              |                                    |                     |                     |
| Senior Unsecured Revolving Credit Facility               | \$ 111,962                   | \$ —                               | \$ (4,075)          | \$ 107,887          |
| Unsecured Term Loan Credit Facility                      | 500,000                      | —                                  | (1,069)             | 498,931             |
| 0.550% Senior Unsecured Notes due in 2023                | 500,000                      | (174)                              | (2,849)             | 496,977             |
| 0.850% Senior Unsecured Notes due in 2024                | 800,000                      | (485)                              | (5,964)             | 793,551             |
| 1.875% Senior Unsecured Notes due in 2026 ("2026 Notes") | 579,750                      | (2,715)                            | (2,406)             | 574,629             |
| 1.900% Senior Unsecured Notes due in 2028                | 500,000                      | (357)                              | (4,788)             | 494,855             |
| 3.3% Senior Unsecured Notes due in 2029 ("2029 Notes")   | 850,000                      | (2,299)                            | (6,363)             | 841,338             |
| 2.55% Senior Unsecured Notes due in 2031                 | 400,000                      | (128)                              | (3,351)             | 396,521             |
| 2.250% Senior Unsecured Notes due in 2031                | 500,000                      | (1,508)                            | (4,927)             | 493,565             |
| 3.625% Senior Unsecured Notes due in 2051                | 400,000                      | (4)                                | (4,324)             | 395,672             |
| Other Debt Facilities, non-current                       | 5,151                        | —                                  | —                   | 5,151               |
| <b>Total Long-Term Debt</b>                              | <b>\$ 5,146,863</b>          | <b>\$ (7,670)</b>                  | <b>\$ (40,116)</b>  | <b>\$ 5,099,077</b> |
| Current Portion of Long-term Debt:                       |                              |                                    |                     |                     |
| Other Debt Facilities, current                           | 4,485                        | —                                  | —                   | 4,485               |
| <b>Total</b>   | <b>\$ 5,151,348</b>          | <b>\$ (7,670)</b>                  | <b>\$ (40,116)</b>  | <b>\$ 5,103,562</b> |

|  | January 3,<br>2021           |                                    |                     |                     |
|--|------------------------------|------------------------------------|---------------------|---------------------|
| Outstanding Principal                                  | Unamortized Debt<br>Discount | Unamortized Debt<br>Issuance Costs | Net Carrying Amount |                     |
| (In thousands)   |                              |                                    |                     |                     |
| Long-Term Debt:  |                              |                                    |                     |                     |
| Senior Unsecured Revolving Credit Facility             | \$ 158,595                   | \$ —                               | \$ (2,621)          | \$ 155,974          |
| 2026 Notes   | 610,750                      | (3,253)                            | (2,782)             | 604,715             |
| 2029 Notes   | 850,000                      | (2,496)                            | (6,908)             | 840,596             |
| Other Debt Facilities, non-current                     | 8,416                        | —                                  | —                   | 8,416               |
| <b>Total Long-Term Debt</b>                            | <b>\$ 1,627,761</b>          | <b>\$ (5,749)</b>                  | <b>\$ (12,311)</b>  | <b>\$ 1,609,701</b> |
| Current Portion of Long-term Debt:                     |                              |                                    |                     |                     |
| 0.6% Senior Unsecured Notes due in 2021 ("2021 Notes") | 366,450                      | (16)                               | (229)               | 366,205             |
| Other Debt Facilities, current                         | 14,743                       | —                                  | —                   | 14,743              |
| <b>Total</b>   | <b>\$ 2,008,954</b>          | <b>\$ (5,765)</b>                  | <b>\$ (12,540)</b>  | <b>\$ 1,990,649</b> |

*Senior Unsecured Revolving Credit Facility.* On August 24, 2021, the Company terminated its previous senior unsecured revolving credit facility and entered into a new senior unsecured revolving credit facility with a five-year term and a borrowing capacity of \$1.5 billion available through August 24, 2026. As of October 3, 2021, undrawn letters of credit in the aggregate amount of \$11.0 million were treated as issued and outstanding when calculating the borrowing availability under the facility. As of October 3, 2021, the Company had \$1.4 billion available for additional borrowing under the facility. Borrowings will

bear interest, payable quarterly or, if earlier, at the end of any interest period, at the Company's option at either (a) the base rate (as defined in the credit agreement), or (b) the eurocurrency rate (a publicly published rate), in each case plus a percentage spread based on the credit rating of the Company's debt. The base rate is the highest of (a) the Federal Funds Rate (as defined in the credit agreement) plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) the Eurocurrency Rate plus 1.00%. The Eurocurrency margin as of October 3, 2021 was 101.5 basis points. The weighted average Eurocurrency interest rate as of October 3, 2021 was 0.02%, resulting in a weighted average effective Eurocurrency Rate, including the margin, of 1.03%, which was the interest applicable to the borrowings outstanding as of October 3, 2021. The credit agreement for the new facility contains customary affirmative, negative and financial covenants and events of default. The financial covenants include a debt-to-capital ratio that remains applicable for so long as the Company's debt is rated as investment grade. In the event that the Company's debt is not rated as investment grade, the debt-to-capital ratio covenant is replaced with leverage ratio and interest coverage ratio covenants.

*Unsecured Term Loan Credit Facility.* The Company entered into an unsecured delayed draw term loan credit facility on August 11, 2021 that provided for \$500.0 million of term loans available through the earlier of (i) the consummation of the Company's acquisition of BioLegend (with such transaction acquiring BioLegend being the "Acquisition") and (ii) the date that is five (5) business days after October 25, 2021, and as could be extended through January 31, 2022 in the event that the outside date under the definitive agreement with respect to the Acquisition was extended. On September 16, 2021, the Company borrowed the full \$500.0 million from the term loan facility and used the proceeds to partially fund the Acquisition. The interest rates under the senior unsecured term loan credit facility are at either (a) the base rate, as described in the credit agreement, or (b) the eurocurrency rate (a publicly published rate), in each case plus a percentage spread based on the credit rating of the Company's debt. The base rate is the highest of (a) the Federal Funds Rate (as defined in the credit agreement) plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) the Eurocurrency Rate plus 1.00%. The Eurocurrency margin as of October 3, 2021 was 113.0 basis points. The weighted average Eurocurrency interest rate as of October 3, 2021 was 0.08%, resulting in a weighted average effective Eurocurrency Rate, including the margin, of 1.21%, which was the interest applicable to the borrowings outstanding as of October 3, 2021. The credit agreement for the facility contains customary affirmative, negative and financial covenants and events of defaults which are substantially similar to those contained in the senior unsecured revolving credit facility.

*0.550% Senior Unsecured Notes due in 2023.* On September 10, 2021, the Company issued \$500.0 million aggregate principal amount of senior unsecured notes due in 2023 (the "2023 Notes") in a registered public offering and received \$499.8 million of net proceeds from the issuance. The 2023 Notes were issued at 99.964% of the principal amount, which resulted in a discount of \$0.2 million. The 2023 Notes mature in September 2023 and bear interest at an annual rate of 0.550%. Interest on the 2023 Notes is payable semi-annually on March 15th and September 15th each year. The Company may not redeem the 2023 Notes prior to September 15, 2022. On or after September 15, 2022 (twelve months prior to their maturity date), the Company may redeem the 2023 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to 100% of the principal amount of the 2023 Notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the 2023 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase the 2023 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of repurchase.

*0.850% Senior Unsecured Notes due in 2024.* On September 10, 2021, the Company issued \$800.0 million aggregate principal amount of senior unsecured notes due in 2024 (the "2024 Notes") in a registered public offering and received \$799.5 million of net proceeds from the issuance. The 2024 Notes were issued at 99.938% of the principal amount, which resulted in a discount of \$0.5 million. The 2024 Notes mature in September 2024 and bear interest at an annual rate of 0.850%. Interest on the 2024 Notes is payable semi-annually on March 15th and September 15th each year. The Company may not redeem the 2024 Notes prior to September 15, 2022. On or after September 15, 2022 (twenty-four months prior to their maturity date), the Company may redeem the 2024 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the 2024 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase the 2024 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of repurchase.

*1.900% Senior Unsecured Notes due in 2028.* On September 10, 2021, the Company issued \$500.0 million aggregate principal amount of senior unsecured notes due in 2028 (the "2028 Notes") in a registered public offering and received \$499.6 million of net proceeds from the issuance. The 2028 Notes were issued at 99.928% of the principal amount, which resulted in a discount of \$0.4 million. The 2028 Notes mature in September 2028 and bear interest at an annual rate of 1.900%. Interest on the 2028 Notes is payable semi-annually on March 15th and September 15th each year. On or after July 15, 2028 (two months prior to their maturity date), the Company may redeem the 2028 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the 2028 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase

the 2028 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of repurchase.

*2.55% Senior Unsecured Notes due in 2031.* On March 8, 2021, the Company issued \$400.0 million aggregate principal amount of senior unsecured notes due in 2031 (the "March 2031 Notes") in a registered public offering and received \$399.9 million of net proceeds from the issuance. The March 2031 Notes were issued at 99.965% of the principal amount, which resulted in a discount of \$0.1 million. The March 2031 Notes mature in March 2031 and bear interest at an annual rate of 2.55%. Interest on the March 2031 Notes is payable semi-annually on March 15th and September 15th each year. Prior to December 15, 2030 (three months prior to their maturity date), the Company may redeem the March 2031 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to the greater of (1) 100% of the principal amount of the March 2031 Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued but unpaid as of the date of redemption) assuming that the March 2031 Notes matured on December 15, 2030, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined in the indenture governing the March 2031 Notes) plus 15 basis points, plus accrued and unpaid interest thereon to, but excluding, the date of redemption. At any time on or after December 15, 2030, the Company may redeem the March 2031 Notes, in whole or in part, at the Company's option, at a redemption price equal to 100% of the principal amount of the March 2031 Notes due to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the March 2031 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase the March 2031 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

*2.250% Senior Unsecured Notes due in 2031.* On September 10, 2021, the Company issued \$500.0 million aggregate principal amount of senior unsecured notes due in September 2031 (the "September 2031 Notes") in a registered public offering and received \$498.5 million of net proceeds from the issuance. The September 2031 Notes were issued at 99.697% of the principal amount, which resulted in a discount of \$1.5 million. The September 2031 Notes mature in September 2031 and bear interest at an annual rate of 2.250%. Interest on the September 2031 Notes is payable semi-annually on March 15th and September 15th each year. On or after June 15, 2031 (three months prior to their maturity date), the Company may redeem the September 2031 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to 100% of the principal amount of the September 2031 Notes to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the September 2031 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase the September 2031 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest to, but excluding, the date of repurchase.

*3.625% Senior Unsecured Notes due in 2051.* On March 8, 2021, the Company issued \$400.0 million aggregate principal amount of senior unsecured notes due in 2051 (the "2051 Notes") in a registered public offering and received \$400.00 million of net proceeds from the issuance. The 2051 Notes were issued at 99.999% of the principal amount, which resulted in a discount of \$4,000. The 2051 Notes mature in March 2051 and bear interest at an annual rate of 3.625%. Interest on the 2051 Notes is payable semi-annually on March 15th and September 15th each year. Prior to September 15, 2050 (six months prior to their maturity date), the Company may redeem the 2051 Notes in whole at any time or in part from time to time, at its option, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2051 Notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued but unpaid as of the date of redemption) assuming that the 2051 Notes matured on September 15, 2050, discounted to the date of redemption on a semi-annual basis (assuming a 360-day year of twelve 30-day months), at the Treasury Rate (as defined in the indenture governing the 2051 Notes) plus 20 basis points, plus accrued and unpaid interest thereon to, but excluding, the date of redemption. At any time on or after September 15, 2050, the Company may redeem the 2051 Notes, in whole or in part, at the Company's option, at a redemption price equal to 100% of the principal amount of the 2051 Notes due to be redeemed plus accrued and unpaid interest, if any, to, but excluding, the date of redemption. Upon a change of control repurchase event (as defined in the indenture governing the 2051 Notes) of the Company, the Company will, in certain circumstances, make an offer to repurchase the 2051 Notes at a price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to, but excluding, the date of repurchase.

#### **Note 8: Earnings Per Share**

Basic earnings per share was computed by dividing net income by the weighted-average number of common shares outstanding during the period less restricted unvested shares. Diluted earnings per share was computed by dividing net income by the weighted-average number of common shares outstanding plus all potentially dilutive common stock equivalents,

primarily shares issuable upon the exercise of stock options using the treasury stock method. The following table reconciles the number of shares utilized in the earnings per share calculations:

|  | Three Months Ended |                 | Nine Months Ended |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | October 3, 2021    | October 4, 2020 | October 3, 2021   | October 4, 2020 |
|  | (In thousands)     |                 |                   |                 |
| Number of common shares—basic  | 114,508            | 111,684         | 112,836           | 111,378         |
| Effect of dilutive securities:   |                    |                 |                   |                 |
| Stock options  | 365                | 477             | 367               | 476             |
| Restricted stock awards  | 149                | 131             | 104               | 81              |
| Number of common shares—diluted  | 115,022            | 112,292         | 113,307           | 111,935         |
| Number of potentially dilutive securities excluded from calculation due to antidilutive impact | 90                 | —               | 237               | 294             |

Antidilutive securities include outstanding stock options with exercise prices and average unrecognized compensation cost in excess of the average fair market value of common stock for the related period. Antidilutive options were excluded from the calculation of diluted net income per share and could become dilutive in the future.

#### Note 9: Segment Information

The Company discloses information about its operating segments based on the way that management organizes the segments within the Company for making operating decisions and assessing financial performance. The Company evaluates the performance of its operating segments based on revenue and operating income. Intersegment revenue and transfers are not significant. The accounting policies of the operating segments are the same as those described in Note 1 to the audited consolidated financial statements in the 2020 Form 10-K.

The principal products and services of the Company's two operating segments are:

- *Discovery & Analytical Solutions*. Provides products and services targeted towards the life sciences and applied markets.
- *Diagnostics*. Develops diagnostics, tools and applications focused on clinically-oriented customers, especially within the reproductive health, immunodiagnosics and applied genomics markets. The Diagnostics segment serves the diagnostics market.

The Company has included the expenses for its corporate headquarters, such as legal, tax, audit, human resources, information technology, and other management and compliance costs, as well as the activity related to the mark-to-market adjustment on postretirement benefit plans, as "Corporate" below. The Company has a process to allocate and recharge expenses to the reportable segments when these costs are administered or paid by the corporate headquarters based on the extent to which the segment benefited from the expenses. These amounts have been calculated in a consistent manner and are included in the Company's calculations of segment results to internally plan and assess the performance of each segment for all purposes, including determining the compensation of the business leaders for each of the Company's operating segments.

Revenue and operating income (loss) from continuing operations by operating segment are shown in the table below:

|   | Three Months Ended |                 | Nine Months Ended |                  |
|---|--------------------|-----------------|-------------------|------------------|
|   | October 3, 2021    | October 4, 2020 | October 3, 2021   | October 4, 2020  |
| (In thousands)  |                    |                 |                   |                  |
| <b>Discovery &amp; Analytical Solutions</b>           |                    |                 |                   |                  |
| Product revenue                                       | \$ 318,456         | \$ 245,556      | \$ 903,796        | \$ 686,529       |
| Service revenue                                       | 194,423            | 178,067         | 576,521           | 526,491          |
| <b>Total revenue</b>                                  | <b>512,879</b>     | <b>423,623</b>  | <b>1,480,317</b>  | <b>1,213,020</b> |
| Operating income from continuing operations           | 7,146              | 42,689          | 114,248           | 110,632          |
| <b>Diagnostics</b>                                    |                    |                 |                   |                  |
| Product revenue                                       | 467,413            | 491,290         | 1,461,384         | 1,077,352        |
| Service revenue                                       | 186,392            | 49,112          | 761,143           | 137,767          |
| <b>Total revenue</b>                                  | <b>653,805</b>     | <b>540,402</b>  | <b>2,222,527</b>  | <b>1,215,119</b> |
| Operating income from continuing operations           | 237,903            | 223,819         | 965,650           | 413,710          |
| <b>Corporate</b>                                      |                    |                 |                   |                  |
| Operating loss from continuing operations             | (23,079)           | (18,502)        | (57,664)          | (56,015)         |
| <b>Continuing Operations</b>                          |                    |                 |                   |                  |
| Product revenue                                       | 785,869            | 736,846         | 2,365,180         | 1,763,881        |
| Service revenue                                       | 380,815            | 227,179         | 1,337,664         | 664,258          |
| <b>Total revenue</b>                                  | <b>1,166,684</b>   | <b>964,025</b>  | <b>3,702,844</b>  | <b>2,428,139</b> |
| Operating income from continuing operations           | 221,970            | 248,006         | 1,022,234         | 468,327          |
| Interest and other expense, net (see Note 5)          | 60,302             | 14,249          | 54,027            | 35,054           |
| Income from continuing operations before income taxes | \$ 161,668         | \$ 233,757      | \$ 968,207        | \$ 433,273       |

**Note 10: Stockholders' Equity**

**Comprehensive Income:**

The components of accumulated other comprehensive loss consisted of the following:

|   | October 3, 2021 | January 3, 2021 |
|---|-----------------|-----------------|
| (In thousands)  |                 |                 |
| Foreign currency translation adjustments, net of income taxes | \$ (145,276)    | \$ (30,937)     |
| Unrecognized prior service costs, net of income taxes         | (747)           | (747)           |
| Unrealized net losses on securities, net of income taxes      | (173)           | (277)           |
| Accumulated other comprehensive loss                          | \$ (146,196)    | \$ (31,961)     |

**Stock Repurchases:**

On July 31, 2020, the Company's Board of Directors (the "Board") authorized the Company to repurchase shares of common stock for an aggregate amount up to \$250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program will expire on July 27, 2022 unless terminated earlier by the Board and may be suspended or discontinued at any time. During the nine months ended October 3, 2021, the Company repurchased 433,000 shares of common stock under the Repurchase Program for an aggregate cost of \$62.6 million. As of October 3, 2021, \$187.4 million remained available for aggregate repurchases of shares under the Repurchase Program.

In addition, the Board has authorized the Company to repurchase shares of common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to the Company's equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to the Company's equity incentive plans. During the three months ended October 3, 2021, the Company repurchased 512 shares of common stock for this purpose at an aggregate cost of \$0.1 million. During the nine months ended October 3, 2021, the Company repurchased 70,925 shares of common stock for this purpose at an aggregate cost of \$10.4 million. The

repurchased shares have been reflected as additional authorized but unissued shares, with the payments reflected in common stock and capital in excess of par value.

**Dividends:**

The Board declared a regular quarterly cash dividend of \$0.07 per share for each of the first three quarters of fiscal year 2021 and in each quarter of fiscal year 2020. At October 3, 2021, the Company had accrued \$8.8 million for dividends declared on July 23, 2021 for the third quarter of fiscal year 2021 that will be paid on November 12, 2021. On October 27, 2021, the Company announced that the Board had declared a quarterly dividend of \$0.07 per share for the fourth quarter of fiscal year 2021 that will be payable in February 2022. In the future, the Board may determine to reduce or eliminate the Company's common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

**Note 11: Goodwill and Intangible Assets, Net**

The Company tests goodwill and non-amortizing intangible assets at least annually for possible impairment. Accordingly, the Company completes the annual testing of impairment for goodwill and non-amortizing intangible assets on the later of January 1 or the first day of each fiscal year. In addition to its annual test, the Company regularly evaluates whether events or circumstances have occurred that may indicate a potential impairment of goodwill or non-amortizing intangible assets.

The process of testing goodwill for impairment involves the determination of the fair value of the applicable reporting units. The test consists of the comparison of the fair value to the carrying value of the reporting unit to determine if the carrying value exceeds the fair value. If the carrying value of the reporting unit exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of goodwill. The Company performed its annual impairment testing for its reporting units as of January 4, 2021, its annual impairment testing date for fiscal year 2021. The Company concluded that there was no goodwill impairment, and the fair value exceeded the carrying value by more than 20% for each reporting unit, except for the Company's Tulip reporting unit which had a fair value that was between 10% and 20% more than its carrying value. The range of the long-term terminal growth rates for the Company's reporting units was 3% to 5% for the fiscal year 2021 impairment analysis. The range for the discount rates for the reporting units was 8.0% to 12.5%. Keeping all other variables constant, a 10% change in any one of these input assumptions for the various reporting units, except for the Tulip reporting unit, would still allow the Company to conclude that there was no impairment of goodwill. As of January 4, 2021, the Company's Tulip reporting unit, which had a goodwill balance of \$77.8 million, was at increased risk of an impairment charge given its ongoing weakness due to the impact of COVID-19; however, it is currently performing according to plan.

The Company has consistently employed the income approach to estimate the current fair value when testing for impairment of goodwill. A number of significant assumptions and estimates are involved in the application of the income approach to forecast operating cash flows, including markets and market share, sales volumes and prices, costs to produce, tax rates, capital spending, discount rates and working capital changes. Cash flow forecasts are based on approved business unit operating plans for the early years' cash flows and historical relationships in later years. The income approach is sensitive to changes in long-term terminal growth rates and the discount rates. The long-term terminal growth rates are consistent with the Company's historical long-term terminal growth rates, as the current economic trends are not expected to affect the long-term terminal growth rates of the Company. The Company corroborates the income approach with a market approach.

Non-amortizing intangibles are also subject to an annual impairment test. The Company has consistently employed the relief from royalty model to estimate the current fair value when testing for impairment of non-amortizing intangible assets. The impairment test consists of a comparison of the fair value of the non-amortizing intangible asset with its carrying amount. If the carrying amount of a non-amortizing intangible asset exceeds its fair value, an impairment loss in an amount equal to that excess is recognized up to the amount of the amortizing intangible asset. In addition, the Company evaluates the remaining useful life of its non-amortizing intangible asset at least annually to determine whether events or circumstances continue to support an indefinite useful life. If events or circumstances indicate that the useful life of the Company's non-amortizing intangible asset is no longer indefinite, the asset will be tested for impairment. This intangible asset will then be amortized prospectively over its estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization. The Company performed its annual impairment testing as of January 4, 2021 and concluded that there was no impairment of its non-amortizing intangible asset. An assessment of the recoverability of amortizing intangible assets takes place when events have occurred that may give rise to an impairment. No such events occurred during the first nine months of fiscal year 2021.

The changes in the carrying amount of goodwill for the nine months ended October 3, 2021 were as follows:

|                                   | Discovery &<br>Analytical Solutions | Diagnostics         | Consolidated        |
|-----------------------------------|-------------------------------------|---------------------|---------------------|
|                                   | (In thousands)                      |                     |                     |
| Balance at January 3, 2021        | \$ 1,755,887                        | \$ 1,691,227        | \$ 3,447,114        |
| Foreign currency translation      | (35,336)                            | (34,507)            | (69,843)            |
| Acquisitions, earn-outs and other | 3,720,017                           | 322,983             | 4,043,000           |
| Balance at October 3, 2021        | <u>\$ 5,440,568</u>                 | <u>\$ 1,979,703</u> | <u>\$ 7,420,271</u> |

Identifiable intangible asset balances by category were as follows:

|                                     | October 3,<br>2021  | January 3,<br>2021  |
|-------------------------------------|---------------------|---------------------|
|                                     | (In thousands)      |                     |
| Patents                             | \$ 31,037           | \$ 30,855           |
| Less: Accumulated amortization      | (28,641)            | (28,440)            |
| Net patents                         | <u>2,396</u>        | <u>2,415</u>        |
| Trade names and trademarks          | 171,976             | 98,661              |
| Less: Accumulated amortization      | (55,853)            | (48,806)            |
| Net trade names and trademarks      | <u>116,123</u>      | <u>49,855</u>       |
| Licenses                            | 68,297              | 58,700              |
| Less: Accumulated amortization      | (54,069)            | (52,452)            |
| Net licenses                        | <u>14,228</u>       | <u>6,248</u>        |
| Core technology                     | 1,842,229           | 789,799             |
| Less: Accumulated amortization      | (458,426)           | (398,992)           |
| Net core technology                 | <u>1,383,803</u>    | <u>390,807</u>      |
| Customer relationships              | 3,184,009           | 1,357,660           |
| Less: Accumulated amortization      | (616,332)           | (522,820)           |
| Net customer relationships          | <u>2,567,677</u>    | <u>834,840</u>      |
| In-process research and development | 5,925               | 10,944              |
| Net amortizable intangible assets   | <u>4,090,152</u>    | <u>1,295,109</u>    |
| Non-amortizing intangible asset:    |                     |                     |
| Trade name                          | 70,584              | 70,584              |
| Total                               | <u>\$ 4,160,736</u> | <u>\$ 1,365,693</u> |

Total amortization expense related to definite-lived intangible assets was \$71.0 million and \$184.7 million for the three and nine months ended October 3, 2021, respectively, and \$48.9 million and \$142.9 million for the three and nine months ended October 4, 2020, respectively. Estimated amortization expense related to amortizable intangible assets for each of the next five years is \$101.1 million for the remainder of fiscal year 2021, \$414.3 million for fiscal year 2022, \$403.1 million for fiscal year 2023, \$390.9 million for fiscal year 2024, and \$363.3 million for fiscal year 2025.

## Note 12: Derivatives and Hedging Activities

The Company uses derivative instruments as part of its risk management strategy only, and includes derivatives utilized as economic hedges that are not designated as hedging instruments. By nature, all financial instruments involve market and credit risks. The Company enters into derivative instruments with major investment grade financial institutions and has policies to monitor the credit risk of those counterparties. The Company does not enter into derivative contracts for trading or other speculative purposes, nor does the Company use leveraged financial instruments. Approximately 70% of the Company's

business is conducted outside of the United States, generally in foreign currencies. As a result, fluctuations in foreign currency exchange rates can increase the costs of financing, investing and operating the business.

In the ordinary course of business, the Company enters into foreign exchange contracts for periods consistent with its committed exposures to mitigate the effect of foreign currency movements on transactions denominated in foreign currencies. The intent of these economic hedges is to offset gains and losses that occur on the underlying exposures from these currencies, with gains and losses resulting from the forward currency contracts that hedge these exposures. Transactions covered by hedge contracts include intercompany and third-party receivables and payables. The contracts are primarily in European and Asian currencies, have maturities that do not exceed 12 months, have no cash requirements until maturity, and are recorded at fair value on the Company's condensed consolidated balance sheets. The unrealized gains and losses on the Company's foreign currency contracts are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from operating activities within the Company's condensed consolidated statement of cash flows.

Principal hedged currencies include the Australian Dollar, British Pound, Euro, Indian Rupee, Singapore Dollar and Swedish Krona. The Company held forward foreign exchange contracts, designated as economic hedges, with U.S. dollar equivalent notional amounts totaling \$398.6 million, \$808.0 million and \$406.3 million at October 3, 2021, January 3, 2021 and October 4, 2020, respectively, and the fair value of these foreign currency derivative contracts was insignificant. The gains and losses realized on these foreign currency derivative contracts are not material. The duration of these contracts was generally 30 days or less during each of the nine months ended October 3, 2021 and October 4, 2020.

In addition, in connection with certain intercompany loan agreements utilized to finance its acquisitions and stock repurchase program, the Company enters into forward foreign exchange contracts intended to hedge movements in foreign exchange rates prior to settlement of such intercompany loans denominated in foreign currencies. The Company records these hedges at fair value on the Company's condensed consolidated balance sheets. The unrealized gains and losses on these hedges, as well as the gains and losses associated with the remeasurement of the intercompany loans, are recognized immediately in interest and other expense, net. The cash flows related to the settlement of these hedges are included in cash flows from financing activities within the Company's condensed consolidated statement of cash flows.

The outstanding forward exchange contracts designated as economic hedges, which were intended to hedge movements in foreign exchange rates prior to the settlement of certain intercompany loan agreements included combined U.S. Dollar notional amounts of \$548.7 million as of October 3, 2021, combined Euro notional amounts of €33.4 million and combined U.S. Dollar notional amounts of \$499.0 million as of January 3, 2021, and combined U.S. Dollar notional amounts of \$156.2 million as of October 4, 2020. The net gains and losses on these derivatives, combined with the gains and losses on the remeasurement of the hedged intercompany loans were not material for each of the three and nine months ended October 3, 2021 and October 4, 2020. The Company received \$2.9 million and paid \$2.1 million during the nine months ended October 3, 2021 and October 4, 2020, respectively, from the settlement of these hedges.

During fiscal year 2018, the Company designated a portion of the 2026 Notes to hedge its net investments in certain foreign subsidiaries. Unrealized translation adjustments from a portion of the 2026 Notes were included in the foreign currency translation component of accumulated other comprehensive income ("AOCI"), which offsets translation adjustments on the underlying net assets of foreign subsidiaries. The cumulative translation gains or losses will remain in AOCI until the foreign subsidiaries are liquidated or sold. As of October 3, 2021, the total notional amount of the 2026 Notes that was designated to hedge net investments in foreign subsidiaries was €299.7 million. The unrealized foreign exchange (gains) losses recorded in AOCI related to the net investment hedge were \$(7.5) million and \$(26.6) million for the three and nine months ended October 3, 2021, respectively, and \$23.4 million and \$24.8 million for the three and nine months ended October 4, 2020, respectively.

During fiscal year 2019, the Company entered into a cross-currency swap designated as a net investment hedge to hedge the Euro currency exposure of the Company's net investment in certain foreign subsidiaries. This agreement is a contract to exchange fixed-rate payments in one currency for fixed-rate payments in another currency. Changes in the fair value of this swap are recorded in equity as a component of AOCI in the same manner as foreign currency translation adjustments. In assessing the effectiveness of this hedge, the Company uses a method based on changes in spot rates to measure the impact of the foreign currency exchange rate fluctuations on both its foreign subsidiary net investment and the related swap. Under this method, changes in the fair value of the hedging instrument other than those due to changes in the spot rate are initially recorded in AOCI as a translation adjustment, and then are amortized into other (income) expense, net in the condensed consolidated statement of operations using a systematic and rational method over the instrument's term. Changes in the fair value associated with the effective portion (i.e. those changes due to the spot rate) are recorded in AOCI as a translation adjustment and are released and recognized in earnings only upon the sale or liquidation of the hedged net investment. The cross-currency swap has an initial notional value of €197.4 million, or \$220.0 million, and matures on November 15, 2021.

Interest on the cross-currency swap is payable semi-annually, in Euro, on May 15th and November 15th of each year based on the Euro notional value and a fixed rate of 2.47%. The Company receives interest in U.S. dollars on May 15th and November 15th of each year based on the U.S. dollar equivalent of the Euro notional value and a fixed rate of 5.00%. At October 3, 2021, the fair value of the cross-currency swap was a \$8.5 million loss, which was recorded in AOCI.

During fiscal year 2020, the Company entered into a forward foreign exchange contracts, designated as cash flow hedges, to hedge the 2021 Notes. The effective portion of the gain or loss of the cash flow hedges were reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affected earnings. During the second quarter of fiscal year 2021, the Company redeemed all of its outstanding 2021 Notes and settled the forward foreign exchange contracts that were designated as cash flow hedges. The unrealized foreign exchange losses (gains) recorded in earnings related to the cash flow hedges were \$9.5 million for the nine months ended October 3, 2021, and \$(10.5) million and \$(14.3) million for each of the three and nine months ended October 4, 2020.

During fiscal year 2021, the Company entered into forward foreign exchange contracts, designated as a cash flow hedge, to hedge a portion of the 2026 Notes. The effective portion of the gain or loss of the cash flow hedge will be reported as a component of other comprehensive income and reclassified into earnings in the same period during which the hedged transaction affects earnings. As of October 3, 2021, the total notional amount of the forward foreign exchange contracts that was designated as cash flow hedges was €197.4 million. The unrealized foreign exchange losses recorded in earnings related to the cash flow hedge were \$5.0 million and \$4.2 million for the three and nine months ended October 3, 2021.

On July 26, 2021, the Company entered into two interest rate swaption agreements (together, the “Swaptions”) with expiration dates of September 30, 2021 in anticipation of issuing notes to fund the acquisition of BioLegend. The first swaption had a term of 2 months and hedged an anticipated 10-year note offering, with a notional value of \$500.0 million. The second swaption had a term of 2 months and hedged an anticipated 7-year note offering, with a notional value of \$500.0 million. The Company designated the Swaptions as qualifying hedging instruments and accounted for these derivatives as cash flow hedges.

On September 8, 2021, the Company sold both swaptions, and as a result, recognized a loss of \$8.2 million in interest and other expense, net for the three and nine months ended October 3, 2021. The Company also recorded other comprehensive income of \$3.8 million, which will be amortized to interest and other expense (income), net over the 7 and 10 year terms, respectively of the related permanent financing.

The Company does not expect any material net pre-tax gains or losses to be reclassified from accumulated other comprehensive loss into interest and other expense, net within the next twelve months.

#### **Note 13: Fair Value Measurements**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash equivalents, derivatives, marketable securities and accounts receivable. The Company believes it had no significant concentrations of credit risk as of October 3, 2021.

The Company uses the market approach technique to value its financial instruments and there were no changes in valuation techniques during the nine months ended October 3, 2021. The Company’s financial assets and liabilities carried at fair value are primarily comprised of marketable securities, derivative contracts used to hedge the Company’s currency risk, and acquisition-related contingent consideration. The Company has not elected to measure any additional financial instruments or other items at fair value.

**Valuation Hierarchy:** The following summarizes the three levels of inputs required to measure fair value. For Level 1 inputs, the Company utilizes quoted market prices as these instruments have active markets. For Level 2 inputs, the Company utilizes quoted market prices in markets that are not active, broker or dealer quotations, or utilizes alternative pricing sources with reasonable levels of price transparency. For Level 3 inputs, the Company utilizes unobservable inputs based on the best information available, including estimates by management primarily based on information provided by third-party fund managers, independent brokerage firms and insurance companies. A financial asset’s or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The following tables show the assets and liabilities carried at fair value measured on a recurring basis as of October 3, 2021 and January 3, 2021 classified in one of the three classifications described above:

|   | Fair Value Measurements at October 3, 2021 Using: |   |   |   |
|---|---|---|---|---|
|   | Total Carrying Value at October 3, 2021           | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|   | (In thousands)                                    |   |   |   |
| Marketable securities                   | \$ 45,744   | \$ 45,744                                 | \$ —  | \$ —                                      |
| Foreign exchange derivative assets      | 808   | —   | 808   | —   |
| Foreign exchange derivative liabilities | (21,294)  | —   | (21,294)                                      | —   |
| Contingent consideration                | (37,225)  | —   | —   | (37,225)                                  |

|   | Fair Value Measurements at January 3, 2021 Using: |   |   |   |
|---|---|---|---|---|
|   | Total Carrying Value at January 3, 2021           | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|   | (In thousands)                                    |   |   |   |
| Marketable securities                   | \$ 2,154  | \$ 2,154                                  | \$ —  | \$ —                                      |
| Foreign exchange derivative assets      | 31,248  | —   | 31,248  | —   |
| Foreign exchange derivative liabilities | (21,413)  | —   | (21,413)                                      | —   |
| Contingent consideration                | (2,953)   | —   | —   | (2,953)                                   |

**Level 1 and Level 2 Valuation Techniques:** The Company's Level 1 and Level 2 assets and liabilities are comprised of investments in equity and fixed-income securities as well as derivative contracts. For financial assets and liabilities that utilize Level 1 and Level 2 inputs, the Company utilizes both direct and indirect observable price quotes, including common stock price quotes, foreign exchange forward prices and bank price quotes. Below is a summary of valuation techniques for Level 1 and Level 2 financial assets and liabilities.

**Marketable securities:** Include equity and fixed-income securities measured at fair value using the quoted market prices in active markets at the reporting date.

**Foreign exchange derivative assets and liabilities:** Include foreign exchange derivative contracts that are valued using quoted forward foreign exchange prices at the reporting date. The Company's foreign exchange derivative contracts are subject to master netting arrangements that allow the Company and its counterparties to net settle amounts owed to each other. Derivative assets and liabilities that can be net settled under these arrangements have been presented in the Company's condensed consolidated balance sheet on a net basis and are recorded in other assets. As of both October 3, 2021 and January 3, 2021, none of the master netting arrangements involved collateral.

**Level 3 Valuation Techniques:** The Company's Level 3 liabilities are comprised of contingent consideration related to acquisitions. For liabilities that utilize Level 3 inputs, the Company uses significant unobservable inputs. Below is a summary of valuation techniques for Level 3 liabilities.

**Contingent consideration:** Contingent consideration is measured at fair value at the acquisition date using projected milestone dates, discount rates, probabilities of success and projected revenues (for revenue-based considerations). Projected risk-adjusted contingent payments are discounted back to the current period using a discounted cash flow model.

The fair values of contingent consideration are calculated on a quarterly basis based on a collaborative effort of the Company's operations, finance and accounting groups, as appropriate. Potential valuation adjustments are made as additional information becomes available, including the progress towards achieving the revenue targets as compared to initial projections, with the impact of such adjustments being recorded in the Company's consolidated statements of operations.

As of October 3, 2021, the Company may have to pay contingent consideration, related to acquisitions with open contingency periods, of up to \$90.7 million. The expected maximum earnout period for the acquisitions with open contingency periods does not exceed 7.2 years from October 3, 2021, and the remaining weighted average expected earnout period at October 3, 2021 was 6.8 years.

A reconciliation of the beginning and ending Level 3 net liabilities for contingent consideration is as follows:

|   | Three Months Ended |                   | Nine Months Ended  |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | October 3, 2021    | October 4, 2020   | October 3, 2021    | October 4, 2020   |
|   | (In thousands)     |                   |                    |                   |
| Balance at beginning of period  | \$ (3,334)         | \$ (13,726)       | \$ (2,953)         | \$ (35,481)       |
| Additions   | (33,431)           | —                 | (33,431)           | —                 |
| Amounts paid and foreign currency translation                                       | 615                | (144)             | 711                | 10,165            |
| Reclassified to other current liabilities for achieved milestones                   | —                  | 13,692            | —                  | 13,692            |
| Change in fair value (included within selling, general and administrative expenses) | (1,075)            | (2,639)           | (1,552)            | 8,807             |
| Balance at end of period  | <u>\$ (37,225)</u> | <u>\$ (2,817)</u> | <u>\$ (37,225)</u> | <u>\$ (2,817)</u> |

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term maturities of these assets and liabilities. If measured at fair value, cash and cash equivalents would be classified as Level 1.

The Company's outstanding senior unsecured notes had a fair value of \$4,675.9 million and a carrying value of \$4,487.1 million as of October 3, 2021. The Company's outstanding senior unsecured notes had a fair value of \$1,984.3 million and a carrying value of \$1,811.5 million as of January 3, 2021. The fair values of the outstanding senior unsecured notes were estimated using market quotes from brokers and were based on current rates offered for similar debt, which are Level 2 measurements.

The Company's other debt facilities, including the Company's senior revolving and term loan credit facilities, had an aggregate carrying value of \$616.5 million and \$179.1 million as of October 3, 2021 and January 3, 2021, respectively. As of October 3, 2021, these included bank loans in the aggregate amount of \$9.6 million bearing fixed interest rates between 1.1% and 8.9% and a bank loan in the amount of \$0.02 million bearing a variable interest rate based on the Euribor rate plus a margin of 1.5%. The Company had no change in credit standing during the first nine months of fiscal year 2021. Consequently, the carrying value approximates fair value and were classified as Level 2.

As of October 3, 2021, there has not been any significant impact to the fair value of the Company's derivative liabilities due to credit risk. Similarly, there has not been any significant adverse impact to the Company's derivative assets based on the evaluation of its counterparties' credit risks.

#### Note 14: Contingencies

The Company is conducting a number of environmental investigations and remedial actions at current and former locations of the Company and, along with other companies, has been named a potentially responsible party ("PRP") for certain waste disposal sites. The Company accrues for environmental issues in the accounting period that the Company's responsibility is established and when the cost can be reasonably estimated. The Company has accrued \$12.2 million and \$12.9 million as of October 3, 2021 and January 3, 2021, respectively, which represents its management's estimate of the cost of the remediation of known environmental matters and does not include any potential liability for related personal injury or property damage claims. These amounts were included in accrued expenses and other current liabilities. The Company's environmental accrual is not discounted and does not reflect the recovery of any material amounts through insurance or indemnification arrangements. The cost estimates are subject to a number of variables, including the stage of the environmental investigations, the magnitude of the possible contamination, the nature of the potential remedies, possible joint and several liability, the time period over which remediation may occur, and the possible effects of changing laws and regulations. For sites where the Company has been named a PRP, management does not currently anticipate any additional liability to result from the inability of other significant named parties to contribute. The Company expects that the majority of such accrued amounts could be paid out over a period of up to ten years. As assessment and remediation activities progress at each individual site, these liabilities are reviewed and adjusted to reflect additional information as it becomes available. There have been no environmental problems to date that have had, or are expected to have, a material adverse effect on the Company's condensed consolidated financial statements. While it is possible that a loss exceeding the amounts recorded in the condensed consolidated financial statements may be incurred, the potential exposure is not expected to be materially different from those amounts recorded.

The Company is subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of its business activities. Although the Company has established accruals for potential losses that it believes are probable and reasonably estimable, in the opinion of the Company's management, based on its review of the

information available at this time, the total cost of resolving these contingencies at October 3, 2021 would not have a material adverse effect on the Company's condensed consolidated financial statements. However, each of these matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Company.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

This quarterly report on Form 10-Q, including the following management's discussion and analysis, contains forward-looking information that you should read in conjunction with the condensed consolidated financial statements and notes to the condensed consolidated financial statements that we have included elsewhere in this report. For this purpose, any statements contained in this report that are not statements of historical fact may be deemed to be forward-looking statements. Words such as "believes," "plans," "anticipates," "intends," "expects," "will" and similar expressions are intended to identify forward-looking statements. Our actual results may differ materially from the plans, intentions or expectations we disclose in the forward-looking statements we make. We have included important factors below under the heading "Risk Factors" in Part II, Item 1A. that we believe could cause actual results to differ materially from the forward-looking statements we make. We are not obligated to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Overview**

We are a leading provider of products, services and solutions for the diagnostics, life sciences and applied markets. Through our advanced technologies and differentiated solutions, we address critical issues that help to improve lives and the world around us.

The principal products and services of our two operating segments are:

- *Discovery & Analytical Solutions*. Provides products and services targeted towards the life sciences and applied markets.
- *Diagnostics*. Develops diagnostics, tools and applications focused on clinically-oriented customers, especially within the reproductive health, immunodiagnostics and applied genomics markets. The Diagnostics segment serves the diagnostics market.

### **Overview of the Third Quarter of Fiscal Year 2021**

Our fiscal year ends on the Sunday nearest December 31. We report fiscal years under a 52/53 week format and as a result, certain fiscal years will contain 53 weeks. The fiscal year ending January 2, 2022 ("fiscal year 2021") will include 52 weeks, and the fiscal year ended January 3, 2021 ("fiscal year 2020") included 53 weeks.

Our overall revenue in the third quarter of fiscal year 2021 was \$1,166.7 million and increased \$202.7 million, or 21%, as compared to the third quarter of fiscal year 2020, reflecting an increase of \$113.4 million, or 21%, in our Diagnostics segment revenue and an increase of \$89.3 million, or 21%, in our Discovery & Analytical Solutions segment revenue. The increase in our Diagnostics segment revenue for the third quarter of fiscal year 2021 was driven by growth across our core portfolio and COVID-19 product offerings. The increase in our Discovery & Analytical Solutions segment revenue for the third quarter of fiscal year 2021 was driven by an increase in our life sciences market and applied markets revenue, as well as favorable changes in foreign exchange rates. The increase in our life sciences market revenue was the result of an increase in revenue in our pharmaceutical and biotechnology markets, as well as an increase in revenue from our academia and governmental markets. The increase in our applied markets revenue was driven by increased demand from our industrial, environmental and food markets.

Our consolidated gross margins decreased 56 basis points in the third quarter of fiscal year 2021, as compared to the third quarter of fiscal year 2020, primarily due to increased amortization expense partially offset by a favorable shift in product mix and service productivity. Our consolidated operating margins decreased 670 basis points in the third quarter of fiscal year 2021, as compared to the third quarter of fiscal year 2020, primarily due to increased costs related to amortization of acquired intangible assets, and investments in new product development and growth initiatives, which were partially offset by higher sales volume leverage and increased sales of our COVID-19 products offerings. Costs are also expected to increase in the fourth quarter of fiscal year 2021 mainly as a result of expected amortization expense of \$40.7 million related to the acquisition of BioLegend.

Overall, we believe that our strategic priorities and recent portfolio transformations, coupled with our expanded range of product offerings, leading market positions, global scale and financial strength provide us with a foundation for continued growth.

### **Critical Accounting Policies and Estimates**

The preparation of condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses and related disclosure of contingent assets and liabilities. On an

ongoing basis, we evaluate our estimates, including those related to revenue recognition, accounting for business combinations and dispositions, and pensions and other postretirement benefits. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies are those policies that affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements. We believe our critical accounting policies include our policies regarding revenue recognition, business combinations, value of long-lived assets, including goodwill and other intangibles and employee compensation and benefits.

For a more detailed discussion of our critical accounting policies and estimates, refer to the Notes to our audited consolidated financial statements and Item 7. “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” in our Annual Report on Form 10-K for the fiscal year ended January 3, 2021 (our “2020 Form 10-K”), as filed with the Securities and Exchange Commission. There have been no significant changes in our critical accounting policies and estimates during the nine months ended October 3, 2021.

## **Consolidated Results of Continuing Operations**

### ***Revenue***

Revenue for the three months ended October 3, 2021 was \$1,166.7 million, as compared to \$964.0 million for the three months ended October 4, 2020, an increase of \$202.7 million, or approximately 21%, which includes an approximate 8% increase in revenue attributable to acquisitions and divestitures and a 1% increase in revenue attributable to favorable changes in foreign exchange rates. The analysis in the remainder of this paragraph compares segment revenue for the three months ended October 3, 2021 as compared to the three months ended October 4, 2020 and includes the effect of foreign exchange rate fluctuations, acquisitions and divestitures. Our Diagnostics segment revenue was \$653.8 million for the three months ended October 3, 2021, as compared to \$540.4 million for the three months ended October 4, 2020, an increase of \$113.4 million, or 21%, primarily due to growth across our core portfolio and COVID-19 product offerings. Our Discovery & Analytical Solutions segment revenue was \$512.9 million for the three months ended October 3, 2021, as compared to \$423.6 million for the three months ended October 4, 2020, an increase of \$89.3 million, or 21%, driven by an increase in our life sciences market and applied markets revenue, as well as favorable changes in foreign exchange rates. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination accounting rules, we did not recognize \$0.2 million of revenue for each of the three months ended October 3, 2021 and October 4, 2020 that otherwise would have been recorded by the acquired businesses during each of the respective periods.

Revenue for the nine months ended October 3, 2021 was \$3,702.8 million, as compared to \$2,428.1 million for the nine months ended October 4, 2020, an increase of \$1,274.7 million, or approximately 52%, which includes an approximate 7% increase in revenue attributable to acquisitions and divestitures and a 3% increase in revenue attributable to favorable changes in foreign exchange rates. The analysis in the remainder of this paragraph compares segment revenue for the nine months ended October 3, 2021 as compared to the nine months ended October 4, 2020 and includes the effect of foreign exchange rate fluctuations, acquisitions and divestitures. Our Diagnostics segment revenue was \$2,222.5 million for the nine months ended October 3, 2021, as compared to \$1,215.1 million for the nine months ended October 4, 2020, an increase of \$1,007.4 million, or 83%, primarily due to growth across our core portfolio and COVID-19 product offerings. Our Discovery & Analytical Solutions segment revenue was \$1,480.3 million for the nine months ended October 3, 2021, as compared to \$1,213.0 million for the nine months ended October 4, 2020, an increase of \$267.3 million, or 22%, driven by an increase in our life sciences market and applied markets revenue, as well as favorable changes in foreign exchange rates. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination accounting rules, we did not recognize \$2.4 million of revenue for the nine months ended October 3, 2021 and \$0.6 million of revenue for the nine months ended October 4, 2020 that otherwise would have been recorded by the acquired businesses during each of the respective periods.

### ***Cost of Revenue***

Cost of revenue for the three months ended October 3, 2021 was \$534.8 million, as compared to \$436.6 million for the three months ended October 4, 2020, an increase of \$98.3 million, or approximately 23%. As a percentage of revenue, cost of revenue increased to 45.8% for the three months ended October 3, 2021, from 45.3% for the three months ended October 4, 2020, resulting in a decrease in gross margin of 56 basis points to 54.2% for the three months ended October 3, 2021, from 54.7% for the three months ended October 4, 2020. Amortization of intangible assets increased and was \$32.1 million for the three months ended October 3, 2021, as compared to \$16.7 million for the three months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions added an incremental

expense of \$9.4 million for the three months ended October 3, 2021, as compared to \$0.3 million for the three months ended October 4, 2020. The overall decrease in gross margin was partially offset by a favorable shift in product mix and service productivity.

Cost of revenue for the nine months ended October 3, 2021 was \$1,600.7 million, as compared to \$1,145.3 million for the nine months ended October 4, 2020, an increase of \$455.3 million, or approximately 40%. As a percentage of revenue, cost of revenue decreased to 43.2% for the nine months ended October 3, 2021, from 47.2% for the nine months ended October 4, 2020, resulting in an increase in gross margin of 394 basis points to 56.8% for the nine months ended October 3, 2021, from 52.8% for the nine months ended October 4, 2020. Amortization of intangible assets increased and was \$75.1 million for the nine months ended October 3, 2021, as compared to \$48.8 million for the nine months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions added an incremental expense of \$14.7 million for the nine months ended October 3, 2021, as compared to \$1.8 million for the nine months ended October 4, 2020. The overall increase in gross margin was primarily the result of higher volume and a favorable shift in product mix and service productivity, partially offset by increased amortization expense.

#### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses for the three months ended October 3, 2021 were \$339.0 million, as compared to \$225.2 million for the three months ended October 4, 2020, an increase of \$113.8 million, or 50.5%. As a percentage of revenue, selling, general and administrative expenses increased and were 29.1% for the three months ended October 3, 2021, as compared to 23.4% for the three months ended October 4, 2020. Amortization of intangible assets increased and was \$38.9 million for the three months ended October 3, 2021, as compared to \$32.2 million for the three months ended October 4, 2020. Amortization expense is expected to continue to increase as a result of the recent business combinations. Purchase accounting adjustments added an incremental expense of \$1.2 million for the three months ended October 3, 2021, of which \$1.1 million was change in contingent consideration and \$0.1 million was increased depreciation on property, plant and equipment, as compared to \$2.6 million of change in contingent consideration for the three months ended October 4, 2020. Acquisition and divestiture-related expenses added an incremental expense of \$49.1 million for the three months ended October 3, 2021, as compared to \$0.2 million for the three months ended October 4, 2020. Asset impairment costs added an incremental expense of \$3.9 million for the three months ended October 3, 2021. In addition to the above items, the increase in selling, general and administrative expenses was primarily the result of costs related to investments in people, digital capabilities innovation, and recent acquisitions amplified by pandemic-related cost controls and disruptions in the prior year.

Selling, general and administrative expenses for the nine months ended October 3, 2021 were \$872.3 million, as compared to \$654.8 million for the nine months ended October 4, 2020, an increase of \$217.4 million, or 33.2%. As a percentage of revenue, selling, general and administrative expenses decreased and were 23.6% for the nine months ended October 3, 2021, as compared to 27.0% for the nine months ended October 4, 2020. Amortization of intangible assets increased and was \$109.6 million for the nine months ended October 3, 2021, as compared to \$94.1 million for the nine months ended October 4, 2020. Amortization expense is expected to continue to increase as a result of the recent business combinations. Purchase accounting adjustments added an incremental expense of \$1.6 million for the nine months ended October 3, 2021, of which \$1.5 million was change in contingent consideration and \$0.1 million was increased depreciation on property, plant and equipment, as compared to decreasing expenses by \$8.8 million of change in contingent consideration for the nine months ended October 4, 2020. Acquisition and divestiture-related expenses added an incremental expense of \$69.4 million for the nine months ended October 3, 2021, as compared to \$7.4 million for the nine months ended October 4, 2020. Asset impairment costs added an incremental expense of \$3.9 million for the nine months ended October 3, 2021. Legal costs for significant litigation matters and settlements added an incremental expense of \$3.6 million for the nine months ended October 4, 2020. Costs for significant environmental matters added an incremental expense of \$5.2 million for the nine months ended October 4, 2020. In addition to the above items, the increase in selling, general and administrative expenses was primarily the result of costs related to investments in people, digital capabilities innovation, and recent acquisitions amplified by pandemic-related cost controls and disruptions in the prior year.

#### ***Research and Development Expenses***

Research and development expenses for the three months ended October 3, 2021 were \$68.6 million, as compared to \$50.1 million for the three months ended October 4, 2020, an increase of \$18.5 million, or 36.9%. As a percentage of revenue, research and development expenses increased and were 5.9% for the three months ended October 3, 2021, as compared to 5.2% for the three months ended October 4, 2020. The increase in research and development expenses was driven by our investments in new product development.

Research and development expenses for the nine months ended October 3, 2021 were \$194.6 million, as compared to \$148.6 million for the nine months ended October 4, 2020, an increase of \$46.1 million, or 31.0%. As a percentage of revenue, research and development expenses decreased and were 5.3% for the nine months ended October 3, 2021, as compared to 6.1%

for the nine months ended October 4, 2020. The increase in research and development expenses was driven by our investments in new product development.

### **Restructuring and Other Costs, Net**

We implemented restructuring plans in the first, second and third quarters of fiscal year 2021 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives and integrate new acquisitions (the "Q1 2021 Plan", "Q2 2021 Plan" and "Q3 2021 Plan", respectively). We implemented a restructuring plan in the third quarter of fiscal year 2020 consisting of workforce reductions principally intended to realign resources to emphasize growth initiatives (the "Q3 2020 Plan"). We implemented a restructuring plan in the first quarter of fiscal year 2020 consisting of workforce reductions and closure of excess facilities principally intended to realign resources to emphasize growth initiatives (the "Q1 2020 Plan"). Details of the plans initiated in previous years (the "Previous Plans") are discussed more fully in Note 5 to the audited consolidated financial statements in the 2020 Form 10-K.

The following table summarizes the reductions in headcount, the initial restructuring or contract termination charges by reporting segment, and the dates by which payments were substantially completed, or the dates by which payments are expected to be substantially completed, for restructuring actions implemented during fiscal years 2021 and 2020 in continuing operations:

|              | Workforce Reductions                  |                                  |             | Closure of Excess Facility       |             |        | (Expected) Date Payments Substantially Completed by |                 |
|--------------|---------------------------------------|----------------------------------|-------------|----------------------------------|-------------|--------|---|-----------------|
|              | Headcount Reduction                   | Discovery & Analytical Solutions | Diagnostics | Discovery & Analytical Solutions | Diagnostics | Total  | Severance   | Excess Facility |
|              | (In thousands, except headcount data) |                                  |             |                                  |             |        |   |                 |
| Q3 2021 Plan | 39                                    | \$ 420                           | \$ 366      | \$ —                             | \$ —        | \$ 786 | Q2 FY2022   | —               |
| Q2 2021 Plan | 25                                    | 968                              | 564         | —                                | —           | 1,532  | Q1 FY2022   | —               |
| Q1 2021 Plan | 77                                    | 3,941                            | 1,615       | —                                | —           | 5,556  | Q4 FY2021   | —               |
| Q3 2020 Plan | 23                                    | 2,080                            | 901         | —                                | —           | 2,981  | Q2 FY2021   | —               |
| Q1 2020 Plan | 32                                    | 2,312                            | 1,134       | 92                               | 682         | 4,220  | Q4 FY2020   | Q1 FY2022       |

We terminated various contractual commitments in connection with certain disposal activities and have recorded charges for the costs of terminating these contracts before the end of their terms and the costs that will continue to be incurred for the remaining terms without economic benefit to us. We recorded net pre-tax charges of \$0.4 million in the Discovery & Analytical Solutions segment during the nine months ended October 3, 2021 as a result of these contract terminations.

We recorded pre-tax charges of \$1.3 million and \$3.7 million associated with relocating facilities during the three and nine months ended October 3, 2021, respectively, in the Discovery & Analytical Solutions segment. We recorded pre-tax charges of \$0.2 million and \$0.4 million associated with relocating facilities during the three and nine months ended October 3, 2021, respectively, in the Diagnostics segment. We expect to make payments on these relocation activities through end of fiscal year 2022.

### **Interest and Other Expense, Net**

Interest and other expense, net, consisted of the following:

|  | Three Months Ended |                 | Nine Months Ended |                 |
|--|--------------------|-----------------|-------------------|-----------------|
|  | October 3, 2021    | October 4, 2020 | October 3, 2021   | October 4, 2020 |
|  | (In thousands)     |                 |                   |                 |
| Interest income                              | \$ (544)           | \$ (205)        | \$ (1,322)        | \$ (662)        |
| Interest expense                             | 43,531             | 12,057          | 74,407            | 37,308          |
| Change in fair value of financial securities | 19,365             | —               | (8,566)           | —               |
| Other (income) expense, net                  | (2,050)            | 2,397           | (10,492)          | (1,592)         |
| Total interest and other expense, net        | \$ 60,302          | \$ 14,249       | \$ 54,027         | \$ 35,054       |

Interest and other expense, net, for the three months ended October 3, 2021 was \$60.3 million, as compared to \$14.2 million for the three months ended October 4, 2020, an increase of \$46.1 million. The increase in interest and other expense, net, for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, was primarily due to an increase of \$31.5 million in interest expense, which was the result of \$23.3 million of bridge financing and debt pre-issuance hedging costs that were recognized in expense in the quarter and an overall increase in debt, for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020 and a change in fair value of financial securities of \$19.4 million that was recognized during the three months ended October 3, 2021, partially offset by an increase in other (income) expense, net of \$4.4 million. The increase of \$4.4 million in other (income) expense, net for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, consisted primarily of higher periodic pension credit, gain on disposal and a lower foreign exchange loss related to foreign currency transactions and translation during the three months ended October 3, 2021. The other components of net periodic pension credit were \$3.8 million and \$1.6 million for the three months ended October 3, 2021 and October 4, 2020, respectively. These amounts were included in other (income) expense, net. Interest expense will continue to increase in 2022 as a result of increased debt.

Interest and other expense, net, for the nine months ended October 3, 2021 was \$54.0 million, as compared to \$35.1 million for the nine months ended October 4, 2020, an increase of \$19.0 million. The increase in interest and other expense, net, for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, was primarily due to an increase of \$37.1 million in interest expense, which was the result of \$23.3 million of bridge financing and debt pre-issuance hedging costs that were recognized in expense in the quarter and an overall increase in debt, for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, partially offset by an increase in other (income) expense, net of \$8.9 million and a change in fair value of financial securities of \$8.6 million that was recognized during the nine months ended October 3, 2021. The increase of \$8.9 million in other (income) expense, net for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, consisted primarily of higher periodic pension credit and a lower foreign exchange loss related to foreign currency transactions and translation during the nine months ended October 3, 2021. The other components of net periodic pension credit were \$11.3 million and \$4.9 million for the nine months ended October 3, 2021 and October 4, 2020, respectively. These amounts were included in other (income) expense, net. Interest expense will continue to increase in 2022 as a result of increased debt.

#### ***Provision for Income Taxes***

For the three months ended October 3, 2021, the provision for income taxes from continuing operations was \$33.9 million, as compared to \$57.0 million for the three months ended October 4, 2020. For the nine months ended October 3, 2021, the provision for income taxes from continuing operations was \$215.1 million, as compared to \$85.6 million for the nine months ended October 4, 2020.

The effective tax rate from continuing operations was 21.0% and 22.2%, for the three and nine months ended October 3, 2021, respectively, as compared to 24.4% and 19.8%, for the three and nine months ended October 4, 2020, respectively. The lower effective tax rate during the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, was due to a one-time discrete expense item recorded in the three months ended October 4, 2020, partially offset by certain higher tax rate jurisdictions projected to have higher income in fiscal year 2021 as compared to fiscal year 2020.

The net tax (benefit) expense related to discrete items was \$(0.5) million for the three months ended October 3, 2021, as compared to a \$15.2 million accrual for a foreign filing position and other discrete items of \$(2.3) million for the three months ended October 4, 2020. The higher effective tax rate during the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, was due to certain higher tax rate jurisdictions projected to have higher income in fiscal year 2021 as compared to fiscal year 2020 and a net tax expense related to discrete items of \$8.6 million for the nine months ended October 3, 2021, as compared to \$7.4 million of net tax expense for the nine months ended October 4, 2020.

During the nine months ended October 3, 2021, the Company recognized discrete tax expense of \$13.7 million due to the remeasurement of United Kingdom deferred tax liabilities on long-lived purchase accounting intangibles and a \$1.5 million tax benefit related to other net United Kingdom deferred tax assets and liabilities in connection with United Kingdom Finance Act 2021, which increased the United Kingdom corporation tax from 19% to 25%, effective April 1, 2023. The remaining discrete tax benefit for the nine months ended October 3, 2021, excluding the United Kingdom rate change, was \$3.6 million primarily related to excess tax benefits on stock compensation of \$5.0 million and \$6.4 million resulting from a transaction that was completed during the second quarter of fiscal year 2021, offset by an accrual for uncertain tax positions of \$4.2 million, and return to provision adjustments of \$3.6 million. The discrete tax benefit for the first nine months of fiscal year 2020 was \$7.4 million and consisted primarily of a \$15.2 million accrual related to a foreign filing position, as well as interest on uncertain tax positions of \$1.5 million and \$1.2 million related to foreign tax rate changes, partially offset by recognition of excess tax benefits on stock compensation of \$7.6 million and a valuation allowance release of \$3.8 million.

## Reporting Segment Results of Continuing Operations

### *Discovery & Analytical Solutions*

Revenue for the three months ended October 3, 2021 was \$512.9 million, as compared to \$423.6 million for the three months ended October 4, 2020, an increase of \$89.3 million, or 21%, which includes an approximate 10% increase in revenue attributable to acquisitions and divestitures and a 1% increase in revenue attributable to favorable changes in foreign exchange rates. The life sciences market revenue accounted for \$68.1 million of the increase while the applied markets revenue was \$21.1 million of the increase. The analysis in the remainder of this paragraph compares selected revenue by end market for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, and includes the effect of foreign exchange fluctuations, acquisitions and divestitures. The increase in our life sciences market revenue was driven by increased demand from our pharmaceutical, biotechnology, academia and governmental markets. The increase in our applied markets revenue was driven by increased demand from our industrial, environmental and food markets.

Revenue for the nine months ended October 3, 2021 was \$1,480.3 million, as compared to \$1,213.0 million for the nine months ended October 4, 2020, an increase of \$267.3 million, or 22%, which includes an approximate 7% increase in revenue attributable to acquisitions and divestitures and a 3% increase in revenue attributable to favorable changes in foreign exchange rates. The life sciences market revenue accounted for \$171.2 million of the increase while the applied markets revenue was \$96.1 million of the increase. The analysis in the remainder of this paragraph compares selected revenue by end market for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, and includes the effect of foreign exchange fluctuations, acquisitions and divestitures. The increase in our life sciences market revenue was driven by increased demand from our pharmaceutical, biotechnology, academia and governmental markets. The increase in our applied markets revenue was driven by increased demand from our industrial, environmental and food markets.

Operating income from continuing operations for the three months ended October 3, 2021 was \$7.1 million, as compared to \$42.7 million for the three months ended October 4, 2020, a decrease of \$35.5 million, or 83%. Amortization of intangible assets was \$33.4 million for the three months ended October 3, 2021, as compared to \$17.6 million for the three months ended October 4, 2020. Restructuring and other charges, net, were \$1.6 million for the three months ended October 3, 2021, as compared to \$2.0 million for the three months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions was \$5.5 million for the three months ended October 3, 2021, as compared to zero for the three months ended October 4, 2020. Acquisition and divestiture-related expenses, contingent consideration and other costs added an incremental expense of \$47.2 million for the three months ended October 3, 2021, as compared to \$0.2 million for the three months ended October 4, 2020. Excluding the factors noted above, operating income increased for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, primarily as a result of higher sales volume and favorable product mix, partially offset by increased investments in new product development and growth initiatives.

Operating income from continuing operations for the nine months ended October 3, 2021 was \$114.2 million, as compared to \$110.6 million for the nine months ended October 4, 2020, an increase of \$3.6 million, or 3%. Amortization of intangible assets was \$76.9 million for the nine months ended October 3, 2021, as compared to \$58.8 million for the nine months ended October 4, 2020. Restructuring and other charges, net, were \$9.4 million for the nine months ended October 3, 2021, as compared to \$6.7 million for the nine months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions was \$7.2 million for the nine months ended October 3, 2021, as compared to \$1.0 million for the nine months ended October 4, 2020. Acquisition and divestiture-related expenses, contingent consideration and other costs added an incremental expense of \$63.7 million for the nine months ended October 3, 2021, as compared to decreasing expenses by \$5.3 million for the nine months ended October 4, 2020. Legal costs for significant litigation matters and settlements was \$2.4 million for the nine months ended October 4, 2020. Excluding the factors noted above, operating income increased for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, primarily as a result of higher sales volume and favorable product mix, partially offset by increased investments in new product development and growth initiatives.

### *Diagnostics*

Revenue for the three months ended October 3, 2021 was \$653.8 million, as compared to \$540.4 million for the three months ended October 4, 2020, an increase of \$113.4 million, or 21%, which includes an approximate 7% increase in revenue attributable to acquisitions and divestitures and a 2% increase in revenue attributable to favorable changes in foreign exchange rates. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination accounting rules, we did not recognize \$0.2 million of revenue in our Diagnostics segment for each of the three months ended October 3, 2021 and October 4, 2020 that otherwise would have been recorded by the acquired businesses during each of the respective

periods. The increase in our Diagnostics segment revenue for the three months ended October 3, 2021 was driven by growth across our core portfolio and COVID-19 product offerings.

Revenue for the nine months ended October 3, 2021 was \$2,222.5 million, as compared to \$1,215.1 million for the nine months ended October 4, 2020, an increase of \$1,007.4 million, or 83%, which includes an approximate 6% increase in revenue attributable to acquisitions and divestitures and 3% increase in revenue attributable to favorable changes in foreign exchange rates. As a result of adjustments to deferred revenue related to certain acquisitions required by business combination accounting rules, we did not recognize \$0.6 million of revenue in our Diagnostics segment for each of the nine months ended October 3, 2021 and October 4, 2020 that otherwise would have been recorded by the acquired businesses during each of the respective periods. The increase in our Diagnostics segment revenue for the nine months ended October 3, 2021 was driven by growth across our core and COVID-19 portfolio.

Operating income from continuing operations for the three months ended October 3, 2021 was \$237.9 million, as compared to \$223.8 million for the three months ended October 4, 2020, an increase of \$14.1 million, or 6%. Amortization of intangible assets increased and was \$37.5 million for the three months ended October 3, 2021, as compared to \$31.3 million for the three months ended October 4, 2020. Restructuring and other charges, net, were \$0.6 million for the three months ended October 3, 2021, as compared to \$2.1 million for the three months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions was \$3.9 million for the three months ended October 3, 2021, as compared to \$0.3 million for the three months ended October 4, 2020. Acquisition and divestiture-related expenses, contingent consideration and other costs added an incremental expense of \$3.2 million for the three months ended October 3, 2021, as compared to \$2.9 million for the three months ended October 4, 2020. Excluding the factors noted above, operating income increased for the three months ended October 3, 2021, as compared to the three months ended October 4, 2020, primarily as a result of higher sales volume and favorable product mix, partially offset by increased investments in new product development and growth initiatives.

Operating income from continuing operations for the nine months ended October 3, 2021 was \$965.7 million, as compared to \$413.7 million for the nine months ended October 4, 2020, an increase of \$551.9 million, or 133%. Amortization of intangible assets increased and was \$107.7 million for the nine months ended October 3, 2021, as compared to \$84.0 million for the nine months ended October 4, 2020. Restructuring and other charges, net, were \$3.7 million for the nine months ended October 3, 2021, as compared to \$4.3 million for the nine months ended October 4, 2020. The amortization of purchase accounting adjustments to record the inventory from certain acquisitions was \$7.6 million for the nine months ended October 3, 2021, as compared to \$0.8 million for the nine months ended October 4, 2020. Acquisition and divestiture-related expenses, contingent consideration and other costs added an incremental expense of \$9.8 million for the nine months ended October 3, 2021, as compared to \$4.4 million for the nine months ended October 4, 2020. Legal costs for significant litigation matters and settlements was \$1.2 million for the nine months ended October 4, 2020. Excluding the factors noted above, operating income increased for the nine months ended October 3, 2021, as compared to the nine months ended October 4, 2020, primarily as a result of higher sales volume and favorable product mix, partially offset by increased investments in new product development and growth initiatives.

## Liquidity and Capital Resources

We require cash to pay our operating expenses, make capital expenditures, make strategic acquisitions, service our debt and other long-term liabilities, repurchase shares of our common stock and pay dividends on our common stock. Our principal sources of funds are from our operations and the capital markets, particularly the debt markets. We anticipate that our internal operations will generate sufficient cash to fund our operating expenses, capital expenditures, smaller acquisitions, interest payments on our debt and dividends on our common stock. However, we expect to use external sources to satisfy the balance of our debt when due and fund any larger acquisitions and other long-term liabilities, such as contributions to our postretirement benefit plans.

Principal factors that could affect the availability of our internally generated funds include:

- changes in sales due to weakness in markets in which we sell our products and services, and
- changes in our working capital requirements and capital expenditures.

Principal factors that could affect our ability to obtain cash from external sources include:

- financial covenants contained in the financial instruments controlling our borrowings that limit our total borrowing capacity,
- increases in interest rates applicable to our outstanding variable rate debt,

- a ratings downgrade that could limit the amount we can borrow under our senior unsecured revolving credit facility and our overall access to the corporate debt market,
- increases in interest rates or credit spreads, as well as limitations on the availability of credit, that affect our ability to borrow under future potential facilities on a secured or unsecured basis,
- a decrease in the market price for our common stock, and
- volatility in the public debt and equity markets, including as a result of the COVID-19 pandemic.

At October 3, 2021, we had cash and cash equivalents of \$487.4 million, of which \$413.0 million was held by our non-U.S. subsidiaries, and we had \$1,377.1 million of additional borrowing capacity available under our senior unsecured revolving credit facility. We had no other liquid investments at October 3, 2021.

We utilize a variety of tax planning and financing strategies to ensure that our worldwide cash is available in the locations in which it is needed. We use our non-U.S. cash for needs outside of the U.S. including foreign operations, capital investments, acquisitions and repayment of debt. In addition, we transfer cash to the U.S. using nontaxable returns of capital, distribution of previously taxed income, as well as dividends, where the related income tax cost is managed efficiently. We have accrued tax expense on the unremitted earnings of foreign subsidiaries as required by the Tax Cuts and Jobs Act of 2017 (the "Tax Act") and where the foreign earnings are not considered permanently reinvested. In accordance with the Tax Act, we are making scheduled annual cash payments on our accrued transition tax. The tax cost and related tax payments are not expected to be material to the execution of our business, investment and acquisition strategies.

On July 31, 2020, our Board of Directors (the "Board") authorized us to repurchase shares of common stock for an aggregate amount up to \$250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program will expire on July 27, 2022 unless terminated earlier by the Board and may be suspended or discontinued at any time. During the nine months ended October 3, 2021, we repurchased 433,000 shares of common stock under the Repurchase Program for an aggregate cost of \$62.6 million. As of October 3, 2021, \$187.4 million remained available for aggregate repurchases of shares under the Repurchase Program.

Distressed global financial markets could adversely impact general economic conditions by reducing liquidity and credit availability, creating increased volatility in security prices, widening credit spreads and decreasing valuations of certain investments. The widening of credit spreads may create a less favorable environment for certain of our businesses and may affect the fair value of financial instruments that we issue or hold. Increases in credit spreads, as well as limitations on the availability of credit at rates we consider to be reasonable, could affect our ability to borrow under future potential facilities on a secured or unsecured basis, which may adversely affect our liquidity and results of operations. In difficult global financial markets, we may be forced to fund our operations at a higher cost, or we may be unable to raise as much funding as we need to support our business activities.

During the nine months ended October 3, 2021 and October 4, 2020, we contributed \$5.5 million and \$5.2 million, respectively, in the aggregate, to pension plans outside of the United States. During the nine months ended October 3, 2021, we contributed \$20.0 million to our defined benefit pension plan in the United States for the plan year 2019. We expect to contribute an additional \$1.7 million by the end of fiscal year 2021 to pension plans outside of the United States. We could potentially have to make additional contributions in future periods for all pension plans. We expect to use existing cash and external sources to satisfy future contributions to our pension plans.

Our pension plans have not experienced a material impact on liquidity or counterparty exposure due to the volatility and uncertainty in the credit markets. We recognize actuarial gains and losses in operating results in the fourth quarter of the year in which the gains and losses occur, unless there is an interim remeasurement required for one of our plans. It is difficult to reliably predict the magnitude of such adjustments for gains and losses in fiscal year 2021. These adjustments are primarily driven by events and circumstances beyond our control, including changes in interest rates, the performance of the financial markets and mortality assumptions. To the extent the discount rates decrease or the value of our pension and postretirement investments decrease, a loss to operations will be recorded in fiscal year 2021. Conversely, to the extent the discount rates increase or the value of our pension and postretirement investments increase more than expected, a gain will be recorded in fiscal year 2021.

### **Cash Flows**

*Operating Activities.* Net cash provided by operating activities was \$1,075.2 million for the nine months ended October 3, 2021, as compared to \$410.1 million for the nine months ended October 4, 2020, an increase of \$665.1 million. The cash provided by operating activities for the nine months ended October 3, 2021 was principally a result of income from continuing operations of \$753.1 million, and adjustments for non-cash charges aggregating to \$277.7 million, including depreciation and

amortization of \$232.9 million, partially offset by a net cash usage in working capital of \$44.3 million. During the nine months ended October 3, 2021, we contributed \$5.5 million, in the aggregate, to pension plans outside of the United States and \$20.0 million to our defined benefit pension plan in the United States for the plan year 2019.

*Investing Activities.* Net cash used in investing activities was \$4,052.8 million for the nine months ended October 3, 2021, as compared to \$68.1 million for the nine months ended October 4, 2020, an increase of \$3,984.7 million. For the nine months ended October 3, 2021, the net cash used in investing activities was a result of cash used for acquisitions of \$3,967.7 million, capital expenditures of \$67.5 million and purchases of investments of \$19.1 million, which were partially offset by \$1.5 million of proceeds from disposition of businesses and assets. Cash used for acquisitions and capital expenditures for the nine months ended October 4, 2020 was \$3.7 million and \$57.4 million, respectively. The capital expenditures in each period were primarily for manufacturing, software and other capital equipment purchases. During the nine months ended October 4, 2020, we used \$9.6 million for purchases of investments, which was partially offset by \$2.4 million of proceeds from disposition of businesses and assets and \$0.1 million of proceeds from surrender of life insurance policies.

*Financing Activities.* Net cash provided by financing activities was \$3,080.7 million for the nine months ended October 3, 2021, as compared to net cash used in financing activities of \$276.3 million for the nine months ended October 4, 2020, an increase in cash provided by financing activities of \$3,357.0 million. The cash provided by financing activities during the nine months ended October 3, 2021 was a result of proceeds from the sale of unsecured senior notes, proceeds from borrowings, proceeds from a term loan and proceeds from the issuance of common stock under stock plans. During the nine months ended October 3, 2021, proceeds from the sale of unsecured senior notes were \$3,086.1 million, proceeds from term loan were \$500.0 million and our debt borrowings totaled \$1,144.3 million. These were partially offset by payments on borrowings of \$1,191.1 million, payments of senior unsecured notes of \$339.6 million and debt issuance costs of \$31.0 million during the nine months ended October 3, 2021. This compares to debt borrowings of \$257.0 million, which were more than offset by debt payments of \$515.2 million during the nine months ended October 4, 2020. Proceeds from the issuance of common stock under our stock plans were \$22.8 million during the nine months ended October 3, 2021, as compared to \$27.5 million for the nine months ended October 4, 2020. This cash provided by financing activities during the nine months ended October 3, 2021 was partially offset by repurchases of our common stock, payments of dividends, net payments on other credit facilities and settlement of cash flow hedges. During the nine months ended October 3, 2021, we repurchased 433,000 shares of common stock under the Repurchase Program and 70,925 shares of our common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to our equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to our equity incentive plans, for a total cost of \$73.0 million. This compares to repurchases of 71,350 shares of our common stock pursuant to our equity incentive plans for the nine months ended October 4, 2020, for a total cost of \$6.8 million. During the nine months ended October 3, 2021, we paid \$23.5 million in dividends as compared to \$23.4 million for the nine months ended October 4, 2020. During the nine months ended October 3, 2021, we had net payments on other credit facilities of \$12.7 million as compared to \$8.1 million for the nine months ended October 4, 2020. We paid \$1.5 million in settlement of hedges during the nine months ended October 3, 2021, as compared to \$2.1 million in cash paid for settlement of hedges for the nine months ended October 4, 2020. We paid acquisition-related contingent consideration of \$5.2 million during the nine months ended October 4, 2020.

#### ***Borrowing Arrangements***

See Note 7, *Debt*, in the Notes to Condensed Consolidated Financial Statements for a detailed discussion of our borrowing arrangements.

#### **Dividends**

Our Board declared a regular quarterly cash dividend of \$0.07 per share for each of the first three quarters of fiscal year 2021 and in each quarter of fiscal year 2020. At October 3, 2021, we had accrued \$8.8 million for dividends declared on July 23, 2021 for the third quarter of fiscal year 2021 that will be paid on November 12, 2021. On October 27, 2021, we announced that our Board had declared a quarterly dividend of \$0.07 per share for the fourth quarter of fiscal year 2021 that will be payable in February 2022. In the future, our Board may determine to reduce or eliminate our common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

## Contractual Obligations

Except as discussed in Note 7, *Debt*, and Note 12, *Derivatives and Hedging Activities*, in the Notes to Condensed Consolidated Financial Statements, our contractual obligations, as described in Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2020 Form 10-K have not changed materially.

## Effects of Recently Adopted and Issued Accounting Pronouncements

See Note 1, *Basis of Presentation*, in the Notes to Condensed Consolidated Financial Statements for a summary of recently adopted and issued accounting pronouncements.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

*Market Risk.* We are exposed to market risk, including changes in interest rates and currency exchange rates. To manage the volatility relating to these exposures, we enter into various derivative transactions pursuant to our policies to hedge against known or forecasted market exposures. We briefly describe several of the market risks we face below. Our market risks are not materially different from the disclosure provided under the heading, Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” in our 2020 Form 10-K.

*Foreign Currency Exchange Risk—Value-at-Risk Disclosure.* We continue to measure foreign currency risk using the Value-at-Risk model described in Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” in our 2020 Form 10-K. The measures for our Value-at-Risk analysis have not changed materially.

*Interest Rate Risk.* As described above, our debt portfolio includes variable rate instruments. Fluctuations in interest rates can therefore have a direct impact on both our short-term cash flows, as they relate to interest, and our earnings. To manage the volatility relating to these exposures, we periodically enter into various derivative transactions pursuant to our policies to hedge against known or forecasted interest rate exposures.

*Interest Rate Risk—Sensitivity.* Our 2020 Form 10-K presents sensitivity measures for our interest rate risk. The measures for our sensitivity analysis have not changed materially. More information is available in Item 7A. “Quantitative and Qualitative Disclosures About Market Risk,” in our 2020 Form 10-K for our sensitivity disclosure.

### Item 4. Controls and Procedures

*Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of our fiscal quarter ended October 3, 2021. The term “disclosure controls and procedures” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of the end of our fiscal quarter ended October 3, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

*Changes in Internal Control Over Financial Reporting.* There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended October 3, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the effect of the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

## PART II. OTHER INFORMATION

### Item 1. *Legal Proceedings*

We are subject to various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of our business activities. Although we have established accruals for potential losses that we believe are probable and reasonably estimable, in the opinion of our management, based on its review of the information available at this time, the total cost of resolving these contingencies at October 3, 2021 should not have a material adverse effect on our condensed consolidated financial statements. However, each of these matters is subject to uncertainties, and it is possible that some of these matters may be resolved unfavorably to us.

### Item 1A. *Risk Factors*

The following important factors affect our business and operations generally or affect multiple segments of our business and operations:

#### **Risks Related to our Business Operations and Industry**

***If the markets into which we sell our products decline or do not grow as anticipated due to a decline in general economic conditions, or there are uncertainties surrounding the approval of government or industrial funding proposals, or there are unfavorable changes in government regulations, we may see an adverse effect on the results of our business operations.***

Our customers include pharmaceutical and biotechnology companies, laboratories, academic and research institutions, public health authorities, private healthcare organizations, doctors and government agencies. Our quarterly revenue and results of operations are highly dependent on the volume and timing of orders received during the quarter. In addition, our revenues and earnings forecasts for future quarters are often based on the expected trends in our markets. However, the markets we serve do not always experience the trends that we may expect. Negative fluctuations in our customers' markets, the inability of our customers to secure credit or funding, restrictions in capital expenditures, general economic conditions, cuts in government funding or unfavorable changes in government regulations would likely result in a reduction in demand for our products and services. In addition, government funding is subject to economic conditions and the political process, which is inherently fluid and unpredictable. Our revenues may be adversely affected if our customers delay or reduce purchases as a result of uncertainties surrounding the approval of government or industrial funding proposals. Such declines could harm our consolidated financial position, results of operations, cash flows and trading price of our common stock, and could limit our ability to sustain profitability.

***The pandemic caused by coronavirus disease 2019 ("COVID-19") is having, and may continue to have, a negative effect on the demand for certain of our products and our global operations including our manufacturing capabilities, logistics and supply chain that may materially and adversely impact our business, financial conditions, results of operations and cash flows.***

We face risks related to public health crises and pandemics, including the COVID-19 pandemic that was first reported in December 2019 and has since spread to all geographic regions where our products are produced and sold. The global impact of COVID-19 has resulted in an adverse impact on our operations, supply chains and distribution systems, as significant global mitigation measures, including government-directed quarantines, social distancing and shelter-in-place mandates, travel restrictions and/or bans, have been implemented, and in some areas relaxed, and then implemented again. Continued uncertainty with respect to the severity and duration of the COVID-19 pandemic has contributed to the volatility of financial markets. The COVID-19 pandemic has caused extended global economic disruption, and a global recession is possible.

We have experienced significant reductions in demand for certain of our products due to the COVID-19 pandemic and although the severity and duration of the COVID-19 pandemic cannot be reasonably estimated at this time, additional impacts that we may experience include, but are not limited to: fluctuations in our stock price due to market volatility; further decreases in demand for certain of our products; reduced profitability; large-scale supply chain disruptions impeding our ability to ship and/or receive product; potential interruptions of, or limitations on manufacturing operations imposed by local, state or federal governments; shortages of key raw materials or components; workforce absenteeism and distraction; labor shortages including those resulting from unwillingness to comply with vaccination or other requirements; customer credit concerns; cybersecurity risks and data accessibility disruptions due to remote working arrangements; reduced sources of liquidity; increased borrowing costs; fluctuations in foreign currency markets; potential impairment in the carrying value of goodwill; other asset impairment charges; increased obligations related to our pension and other postretirement benefit plans; and deferred tax valuation allowances.

The rapid and continually evolving development of the COVID-19 situation, and the extent to which ongoing mitigation measures will be effective, precludes any prediction as to its ultimate impact. However, we currently anticipate that business disruptions and market volatility resulting from the COVID-19 pandemic will continue to have a material adverse impact on the growth rate of certain of our businesses, and may also have a material adverse impact on our overall financial condition, results of operations and cash flows.

Our Diagnostics segment has experienced an increase in revenue resulting from increased demand for our immunodiagnosics and applied genomics COVID-19 product offerings as well as from the COVID-19 testing laboratory facilities we have developed with the State of California and the United Kingdom. Significant demand for these products is expected to continue into the fourth quarter of our fiscal year 2021, but the overall sustainability of the increase in associated revenue and valuation of our inventory remains largely contingent upon consumer demand for COVID-19 testing as well as our ability to develop and produce COVID-19 products and successfully staff and manage the laboratories.

***Our growth is subject to global economic and political conditions, and operational disruptions at our facilities.***

Our business is affected by global economic and political conditions as well as the state of the financial markets, particularly as the United States and other countries balance concerns around debt, inflation, growth and budget allocations in their policy initiatives. There can be no assurance that global economic conditions and financial markets will not worsen and that we will not experience any adverse effects that may be material to our consolidated cash flows, results of operations, financial position or our ability to access capital, such as the adverse effects resulting from a prolonged shutdown in government operations both in the United States and internationally. Our business is also affected by local economic environments, including inflation, recession, financial liquidity and currency volatility or devaluation. Political changes, some of which may be disruptive, could interfere with our supply chain, our customers and all of our activities in a particular location.

While we take precautions to prevent production or service interruptions at our global facilities, a major earthquake, fire, flood, power loss or other catastrophic event that results in the destruction or delay of any of our critical business operations could result in our incurring significant liability to customers or other third parties, cause significant reputational damage or have a material adverse effect on our business, operating results or financial condition.

Certain of these risks can be hedged to a limited degree using financial instruments, or other measures, and some of these risks are insurable, but any such mitigation efforts are costly and may not always be fully successful. Our ability to engage in such mitigation efforts has decreased or become even more costly as a result of recent market developments.

***If we do not introduce new products in a timely manner, we may lose market share and be unable to achieve revenue growth targets.***

We sell many of our products in industries characterized by rapid technological change, frequent new product and service introductions, and evolving customer needs and industry standards. Many of the businesses competing with us in these industries have significant financial and other resources to invest in new technologies, substantial intellectual property portfolios, substantial experience in new product development, regulatory expertise, manufacturing capabilities, and established distribution channels to deliver products to customers. Our products could become technologically obsolete over time, or we may invest in technology that does not lead to revenue growth or continue to sell products for which the demand from our customers is declining, in which case we may lose market share or not achieve our revenue growth targets. The success of our new product offerings will depend upon several factors, including our ability to:

- accurately anticipate customer needs,
- innovate and develop new reliable technologies and applications,
- receive regulatory approvals in a timely manner,
- successfully commercialize new technologies in a timely manner,
- price our products competitively, and manufacture and deliver our products in sufficient volumes and on time, and
- differentiate our offerings from our competitors' offerings.

Many of our products are used by our customers to develop, test and manufacture their products. We must anticipate industry trends and consistently develop new products to meet our customers' expectations. In developing new products, we may be required to make significant investments before we can determine the commercial viability of the new product. If we fail to accurately foresee our customers' needs and future activities, we may invest heavily in research and development of products that do not lead to significant revenue. We may also suffer a loss in market share and potential revenue if we are unable to commercialize our technology in a timely and efficient manner.

In addition, some of our licensed technology is subject to contractual restrictions, which may limit our ability to develop or commercialize products for some applications.

***We may not be able to successfully execute acquisitions or divestitures, license technologies, integrate acquired businesses or licensed technologies into our existing businesses, or make acquired businesses or licensed technologies profitable.***

We have in the past supplemented, and may in the future supplement, our internal growth by acquiring businesses and licensing technologies that complement or augment our existing product lines, such as our recent acquisition of BioLegend, Inc. However, we may be unable to identify or complete promising acquisitions or license transactions for many reasons, such as:

- competition among buyers and licensees,
- the high valuations of businesses and technologies,
- the need for regulatory and other approval, and
- our inability to raise capital to fund these acquisitions.

Some of the businesses we acquire may be unprofitable or marginally profitable, or may increase the variability of our revenue recognition. If, for example, we are unable to successfully commercialize products and services related to significant in-process research and development that we have capitalized, we may have to impair the value of such assets. Accordingly, the earnings or losses of acquired businesses may dilute our earnings. For these acquired businesses to achieve acceptable levels of profitability, we would have to improve their management, operations, products and market penetration. We may not be successful in this regard and may encounter other difficulties in integrating acquired businesses into our existing operations, such as incompatible management, information or other systems, cultural differences, loss of key personnel, unforeseen regulatory requirements, previously undisclosed liabilities or difficulties in predicting financial results. Additionally, if we are not successful in selling businesses we seek to divest, the activity of such businesses may dilute our earnings and we may not be able to achieve the expected benefits of such divestitures. As a result, our financial results may differ from our forecasts or the expectations of the investment community in a given quarter or over the long term.

To finance our acquisitions, we may have to raise additional funds, either through public or private financings. We may be unable to obtain such funds or may be able to do so only on terms unacceptable to us. We may also incur expenses related to completing acquisitions or licensing technologies, or in evaluating potential acquisitions or technologies, which may adversely impact our profitability.

***If we do not compete effectively, our business will be harmed.***

We encounter aggressive competition from numerous competitors in many areas of our business. We may not be able to compete effectively with all of these competitors. To remain competitive, we must develop new products and periodically enhance our existing products. We anticipate that we may also have to adjust the prices of many of our products to stay competitive. In addition, new competitors, technologies or market trends may emerge to threaten or reduce the value of entire product lines.

***Our quarterly operating results could be subject to significant fluctuation, and we may not be able to adjust our operations to effectively address changes we do not anticipate, which could increase the volatility of our stock price and potentially cause losses to our shareholders.***

Given the nature of the markets in which we participate, we cannot reliably predict future revenue and profitability. Changes in competitive, market and economic conditions may require us to adjust our operations, and we may not be able to make those adjustments or make them quickly enough to adapt to changing conditions. A high proportion of our costs are fixed in the short term, due in part to our research and development and manufacturing costs. As a result, small declines in sales could disproportionately affect our operating results in a quarter. Factors that may affect our quarterly operating results include:

- demand for and market acceptance of our products,
- competitive pressures resulting in lower selling prices,
- changes in the level of economic activity in regions in which we do business, including as a result of COVID-19 and other global health crises or pandemics,
- changes in general economic conditions or government funding,
- settlements of income tax audits,

- expenses incurred in connection with claims related to environmental conditions at locations where we conduct or formerly conducted operations,
- contract termination and litigation costs,
- differing tax laws and changes in those laws, or changes in the countries in which we are subject to taxation,
- changes in our effective tax rate,
- changes in industries, such as pharmaceutical and biomedical,
- changes in the portions of our revenue represented by our various products and customers,
- our ability to introduce new products,
- our competitors' announcement or introduction of new products, services or technological innovations,
- costs of raw materials, labor, energy or supplies,
- changes in healthcare or other reimbursement rates paid by government agencies and other third parties for certain of our products and services,
- our ability to realize the benefit of ongoing productivity initiatives,
- changes in the volume or timing of product orders,
- fluctuation in the expense related to the mark-to-market adjustment on postretirement benefit plans,
- changes in our assumptions underlying future funding of pension obligations,
- changes in assumptions used to determine contingent consideration in acquisitions, and
- changes in foreign currency exchange rates.

***A significant disruption in third-party package delivery and import/export services, or significant increases in prices for those services, could interfere with our ability to ship products, increase our costs and lower our profitability.***

We ship a significant portion of our products to our customers through independent package delivery and import/export companies, including UPS and Federal Express in the United States; TNT, UPS and DHL in Europe; and UPS in Asia. We also ship our products through other carriers, including commercial airlines, freight carriers, national trucking firms, overnight carrier services and the United States Postal Service. If one or more of the package delivery or import/export providers experiences a significant disruption in services or institutes a significant price increase, including a service disruption as a result of the COVID-19 pandemic, we may have to seek alternative providers and the delivery of our products could be prevented or delayed. Such events could cause us to incur increased shipping costs that could not be passed on to our customers, negatively impacting our profitability and our relationships with certain of our customers.

***Disruptions in the supply of raw materials, certain key components and other goods from our limited or single source suppliers could have an adverse effect on the results of our business operations, and could damage our relationships with customers.***

The production of our products requires a wide variety of raw materials, key components and other goods that are generally available from alternate sources of supply. However, certain critical raw materials, key components and other goods required for the production and sale of some of our principal products are available from limited or single sources of supply. We generally have multi-year contracts with no minimum purchase requirements with these suppliers, but those contracts may not fully protect us from a failure by certain suppliers to supply critical materials or from the delays inherent in being required to change suppliers and, in some cases, validate new raw materials. Such raw materials, key components and other goods can usually be obtained from alternative sources with the potential for an increase in price, decline in quality or delay in delivery. A prolonged inability to obtain certain raw materials, key components or other goods is possible and could have an adverse effect on our business operations, and could damage our relationships with customers. In addition, a global health crisis or pandemic such as the COVID-19 pandemic could have a significant adverse effect on our supply chain.

We are subject to the rules of the Securities and Exchange Commission requiring disclosure as to whether certain materials known as conflict minerals (tantalum, tin, gold, tungsten and their derivatives) that may be contained in our products are mined from the Democratic Republic of the Congo and adjoining countries. As a result of these rules, we may incur additional costs in complying with the disclosure requirements and in satisfying those customers who require that the components used in our products be certified as conflict-free, and the potential lack of availability of these materials at competitive prices could increase our production costs.

***If we do not retain our key personnel, our ability to execute our business strategy will be limited.***

Our success depends to a significant extent upon the continued service of our executive officers and key management and technical personnel, particularly our experienced engineers and scientists, and on our ability to continue to attract, retain, and motivate qualified personnel. The competition for these employees is intense. The loss of the services of key personnel could have a material adverse effect on our operating results. In addition, there could be a material adverse effect on us should the turnover rates for key personnel increase significantly or if we are unable to continue to attract qualified personnel. We do not maintain any key person life insurance policies on any of our officers or employees.

Our success also depends on our ability to execute leadership succession plans. The inability to successfully transition key management roles could have a material adverse effect on our operating results.

***If we experience a significant disruption in, or breach in security of, our information technology systems or those of our customers, suppliers or other third parties, or cybercrime, resulting in inappropriate access to or inadvertent transfer of information or assets, or if we fail to implement new systems, software and technologies successfully, our business could be adversely affected.***

We rely on several centralized information technology systems throughout our company to develop, manufacture and provide products and services, keep financial records, process orders, manage inventory, process shipments to customers and operate other critical functions. Our and our third-party service providers' information technology systems may be susceptible to damage, disruptions or shutdowns due to power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors, catastrophes or other unforeseen events. If we were to experience a prolonged system disruption in the information technology systems that involve our interactions with customers, suppliers or other third parties, it could result in the loss of sales and customers and significant incremental costs, which could adversely affect our business. In addition, security breaches of our information technology systems or cybercrime, resulting in inappropriate access to or inadvertent transfer of information or assets, could result in losses or misappropriation of assets or unauthorized disclosure of confidential information belonging to us or to our employees, partners, customers or suppliers, which could result in our suffering significant financial or reputational damage.

***Our results of operations will be adversely affected if we fail to realize the full value of our intangible assets.***

As of October 3, 2021, our total assets included \$11.6 billion of net intangible assets. Net intangible assets consist principally of goodwill associated with acquisitions and costs associated with securing patent rights, trademark rights, customer relationships, core technology and technology licenses and in-process research and development, net of accumulated amortization. We test certain of these items—specifically all of those that are considered “non-amortizing”—at least annually for potential impairment by comparing the carrying value to the fair market value of the reporting unit to which they are assigned. All of our amortizing intangible assets are also evaluated for impairment should events occur that call into question the value of the intangible assets.

Adverse changes in our business, adverse changes in the assumptions used to determine the fair value of our reporting units, or the failure to grow our Discovery & Analytical Solutions and Diagnostics segments may result in impairment of our intangible assets, which could adversely affect our results of operations.

## **Risks Related to our Intellectual Property**

***We may not be successful in adequately protecting our intellectual property.***

Patent and trade secret protection is important to us because developing new products, processes and technologies gives us a competitive advantage, although it is time-consuming and expensive. We own many United States and foreign patents and intend to apply for additional patents. Patent applications we file, however, may not result in issued patents or, if they do, the claims allowed in the patents may be narrower than what is needed to protect fully our products, processes and technologies. The expiration of our previously issued patents may cause us to lose a competitive advantage in certain of the products and services we provide. Similarly, applications to register our trademarks may not be granted in all countries in which they are filed. For our intellectual property that is protected by keeping it secret, such as trade secrets and know-how, we may not use adequate measures to protect this intellectual property.

Third parties have in the past and may in the future also challenge the validity of our issued patents, may circumvent or “design around” our patents and patent applications, or claim that our products, processes or technologies infringe their patents. In addition, third parties may assert that our product names infringe their trademarks. We may incur significant expense in legal proceedings to protect our intellectual property against infringement by third parties or to defend against claims of infringement by third parties. Claims by third parties in pending or future lawsuits could result in awards of substantial damages against us or

court orders that could effectively prevent us from manufacturing, using, importing or selling our products in the United States or other countries.

***If we are unable to renew our licenses or otherwise lose our licensed rights, we may have to stop selling products or we may lose competitive advantage.***

We may not be able to renew our existing licenses, or licenses we may obtain in the future, on terms acceptable to us, or at all. If we lose the rights to a patented or other proprietary technology, we may need to stop selling products incorporating that technology and possibly other products, redesign our products or lose a competitive advantage. Potential competitors could in-license technologies that we fail to license and potentially erode our market share.

Our licenses typically subject us to various economic and commercialization obligations. If we fail to comply with these obligations, we could lose important rights under a license, such as the right to exclusivity in a market, or incur losses for failing to comply with our contractual obligations. In some cases, we could lose all rights under the license. In addition, rights granted under the license could be lost for reasons out of our control. For example, the licensor could lose patent protection for a number of reasons, including invalidity of the licensed patent, or a third-party could obtain a patent that curtails our freedom to operate under one or more licenses.

## **Risks Related to Legal, Government and Regulatory Matters**

***The manufacture and sale of products and services may expose us to product and other liability claims for which we could have substantial liability.***

We face an inherent business risk of exposure to product and other liability claims if our products, services or product candidates are alleged or found to have caused injury, damage or loss. We may be unable to obtain insurance with adequate levels of coverage for potential liability on acceptable terms or claims of this nature may be excluded from coverage under the terms of any insurance policy that we obtain. If we are unable to obtain such insurance or the amounts of any claims successfully brought against us substantially exceed our coverage, then our business could be adversely impacted.

***If we fail to maintain satisfactory compliance with the regulations of the United States Food and Drug Administration and other governmental agencies in the United States and abroad, we may be forced to recall products and cease their manufacture and distribution, and we could be subject to civil, criminal or monetary penalties.***

Our operations are subject to regulation by different state and federal government agencies in the United States and other countries, as well as to the standards established by international standards bodies. If we fail to comply with those regulations or standards, we could be subject to fines, penalties, criminal prosecution or other sanctions. Some of our products are subject to regulation by the United States Food and Drug Administration and similar foreign and domestic agencies. These regulations govern a wide variety of product activities, from design and development to labeling, manufacturing, promotion, sales and distribution. If we fail to comply with those regulations or standards, we may have to recall products, cease their manufacture and distribution, and may be subject to fines or criminal prosecution.

We are also subject to a variety of laws, regulations and standards that govern, among other things, the importation and exportation of products, the handling, transportation and manufacture of toxic or hazardous substances, the collection, storage, transfer, use, disclosure, retention and other processing of personal data, and our business practices in the United States and abroad such as anti-bribery, anti-corruption and competition laws. This requires that we devote substantial resources to maintaining our compliance with those laws, regulations and standards. A failure to do so could result in the imposition of civil, criminal or monetary penalties having a material adverse effect on our operations.

***Changes in governmental regulations may reduce demand for our products or increase our expenses.***

We compete in markets in which we or our customers must comply with federal, state, local and foreign regulations, such as environmental, health and safety, data privacy and food and drug regulations. We develop, configure and market our products to meet customer needs created by these regulations. Any significant change in these regulations could reduce demand for our products or increase our costs of producing these products.

***The healthcare industry is highly regulated and if we fail to comply with its extensive system of laws and regulations, we could suffer fines and penalties or be required to make significant changes to our operations which could have a significant adverse effect on the results of our business operations.***

The healthcare industry, including the genetic screening market, is subject to extensive and frequently changing international and United States federal, state and local laws and regulations. In addition, legislative provisions relating to

healthcare fraud and abuse, patient privacy violations and misconduct involving government insurance programs provide federal enforcement personnel with substantial powers and remedies to pursue suspected violations. We believe that our business will continue to be subject to increasing regulation as the federal government continues to strengthen its position on healthcare matters, the scope and effect of which we cannot predict. If we fail to comply with applicable laws and regulations, we could suffer civil and criminal damages, fines and penalties, exclusion from participation in governmental healthcare programs, and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur liabilities from third-party claims, all of which could have a significant adverse effect on our business.

## **Risks Related to our Foreign Operations**

### ***Economic, political and other risks associated with foreign operations could adversely affect our international sales and profitability.***

Because we sell our products worldwide, our businesses are subject to risks associated with doing business internationally. Our sales originating outside the United States represented the majority of our total revenue in fiscal year 2020. We anticipate that sales from international operations will continue to represent a substantial portion of our total revenue. In addition, many of our manufacturing facilities, employees and suppliers are located outside the United States. Accordingly, our future results of operations could be harmed by a variety of factors, including:

- changes in actual, or from projected, foreign currency exchange rates,
- a global health crisis of unknown duration, such as the COVID-19 pandemic,
- changes in a country's or region's political or economic conditions, particularly in developing or emerging markets,
- longer payment cycles of foreign customers and timing of collections in foreign jurisdictions,
- trade protection measures including embargoes and tariffs, such as the tariffs recently implemented by the U.S. government on certain imports from China and by the Chinese government on certain imports from the U.S., the extent and impact of which have yet to be fully determined,
- import or export licensing requirements and the associated potential for delays or restrictions in the shipment of our products or the receipt of products from our suppliers,
- policies in foreign countries benefiting domestic manufacturers or other policies detrimental to companies headquartered in the United States,
- differing tax laws and changes in those laws, or changes in the countries in which we are subject to tax,
- adverse income tax audit settlements or loss of previously negotiated tax incentives,
- differing business practices associated with foreign operations,
- difficulty in transferring cash between international operations and the United States,
- difficulty in staffing and managing widespread operations,
- differing labor laws and changes in those laws,
- differing protection of intellectual property and changes in that protection,
- expanded enforcement of laws related to data protection and personal privacy,
- increasing global enforcement of anti-bribery and anti-corruption laws, and
- differing regulatory requirements and changes in those requirements.

### ***The United Kingdom's withdrawal from the European Union could adversely impact our results of operations.***

Nearly 10% of our net sales from continuing operations in fiscal year 2020 came from the United Kingdom. Following the referendum vote in the United Kingdom in June 2016 in favor of leaving the European Union, on January 31, 2020, the country formally withdrew from the European Union (commonly referred to as "Brexit") and, on December 24, 2020, the United Kingdom and the European Union entered into a Trade and Cooperation Agreement to govern the relationship between the United Kingdom and the European Union following Brexit. The potential effects of Brexit remain uncertain. Brexit has caused, and may continue to create, volatility in global stock markets and regional and global economic uncertainty particularly in the United Kingdom financial and banking markets. Weakening of economic conditions or economic uncertainties tend to harm our

business, and if such conditions worsen in the United Kingdom or in the rest of Europe, it may have a material adverse effect on our operations and sales.

Any significant weakening of the Great Britain Pound to the U.S. dollar will have an adverse impact on our European revenues due to the importance of our sales in the United Kingdom. Currency exchange rates in the pound sterling and the euro with respect to each other and the U.S. dollar have already been adversely affected by Brexit and that may continue to be the case.

## **Risks Related to our Debt**

***We have a substantial amount of outstanding debt, which could impact our ability to obtain future financing and limit our ability to make other expenditures in the conduct of our business.***

We have a substantial amount of debt and other financial obligations. Our debt level and related debt service obligations could have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes, such as acquisitions and stock repurchases;
- reducing our flexibility in planning for or reacting to changes in our business and market conditions;
- exposing us to interest rate risk as a portion of our debt obligations are at variable rates;
- increasing our foreign currency risk as a portion of our debt obligations are in denominations other than the US dollar; and
- increasing the chances of a downgrade of our debt ratings due to the amount or intended purpose of our debt obligations.

We may incur additional indebtedness in the future to meet future financing needs. If we add new debt, the risks described above could increase. In addition, the market for both public and private debt offerings could experience liquidity concerns and increased volatility as a result of the COVID-19 pandemic, which could ultimately increase our borrowing costs and limit our ability to obtain future financing.

***Restrictions in our senior unsecured revolving credit facility and other debt instruments may limit our activities.***

Our senior unsecured revolving credit facility, unsecured term loan credit facility, senior unsecured notes due in 2023 ("2023 Notes"), senior unsecured notes due in 2024 ("2024 Notes"), senior unsecured notes due in 2026 ("2026 Notes"), senior unsecured notes due in 2028 ("2028 Notes"), senior unsecured notes due in 2029 ("2029 Notes"), senior unsecured notes due in 2031 ("March 2031 Notes"), senior unsecured notes due in 2031 ("September 2031 Notes") and senior unsecured notes due in 2051 ("2051 Notes") include restrictive covenants that limit our ability to engage in activities that could otherwise benefit our company. These include restrictions on our ability and the ability of our subsidiaries to:

- pay dividends on, redeem or repurchase our capital stock,
- sell assets,
- incur obligations that restrict our subsidiaries' ability to make dividend or other payments to us,
- guarantee or secure indebtedness,
- enter into transactions with affiliates, and
- consolidate, merge or transfer all, or substantially all, of our assets and the assets of our subsidiaries on a consolidated basis.

We are also required to meet specified financial ratios under the terms of certain of our existing debt instruments. Our ability to comply with these financial restrictions and covenants is dependent on our future performance, which is subject to prevailing economic conditions and other factors, including factors that are beyond our control, such as foreign exchange rates, interest rates, changes in technology and changes in the level of competition. In addition, if we are unable to maintain our investment grade credit rating, our borrowing costs would increase and we would be subject to different and potentially more restrictive financial covenants under some of our existing debt instruments.

Any future indebtedness that we incur may include similar or more restrictive covenants. Our failure to comply with any of the restrictions in our senior unsecured revolving credit facility, unsecured term loan credit facility, the 2023 Notes, the 2024 Notes, the 2026 Notes, the 2028 Notes, the 2029 Notes, the March 2031 Notes, the September 2031 Notes, the 2051 Notes or

any future indebtedness may result in an event of default under those debt instruments, which could permit acceleration of the debt under those debt instruments, and require us to prepay that debt before its scheduled due date under certain circumstances.

***Discontinuation, reform, or replacement of LIBOR may adversely affect our variable rate debt.***

Our indebtedness under our senior unsecured revolving credit facility and unsecured term loan credit facility bear interest at fluctuating interest rates, primarily based on the London Interbank Offered Rate (“LIBOR”) for deposits of U.S. dollars. In July 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The discontinuation date for submission and publication of rates for certain tenors of U.S. dollar LIBOR (1-month, 3-month, 6-month, and 12-month) was subsequently extended by the ICE Benchmark Administration (the administrator of LIBOR) until June 30, 2023. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2023. The Alternative Reference Rates Committee in the United States has proposed that the Secured Overnight Financing Rate (“SOFR”), calculated using short-term repurchase agreements backed by U.S. Treasury securities, is the rate that represents best practice as the alternative to U.S. dollar LIBOR for use in derivatives and other financial contracts that are currently indexed to LIBOR. If LIBOR is discontinued, reformed or replaced, we expect that our indebtedness under our senior unsecured revolving credit facility and unsecured term loan credit facility will be indexed to a replacement benchmark based on SOFR. Any such change could cause the effective interest rate under our senior unsecured revolving credit facility and unsecured term loan credit facility and our overall interest expense to increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

**Risks Related to Ownership of our Common Stock**

***Our share price will fluctuate.***

Over the last several years, stock markets in general and our common stock in particular have experienced significant price and volume volatility. Both the market price and the daily trading volume of our common stock may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our operations and business prospects. In addition to the risk factors discussed above, the price and volume volatility of our common stock may be affected by:

- operating results that vary from our financial guidance or the expectations of securities analysts and investors,
- the financial performance of the major end markets that we target,
- the operating and securities price performance of companies that investors consider to be comparable to us,
- announcements of strategic developments, acquisitions and other material events by us or our competitors,
- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates, commodity and equity prices and the value of financial assets, and
- changes to economic conditions arising from global health crises such as the COVID-19 pandemic.

***Dividends on our common stock could be reduced or eliminated in the future.***

On July 23, 2021, we announced that our Board of Directors (our "Board") had declared a quarterly dividend of \$0.07 per share for the third quarter of fiscal year 2021 that will be paid on November 12, 2021. On October 27, 2021, we announced that our Board had declared a quarterly dividend of \$0.07 per share for the fourth quarter of fiscal year 2021 that will be payable in February 2022. In the future, our Board may determine to reduce or eliminate our common stock dividend in order to fund investments for growth, repurchase shares or conserve capital resources.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

**Stock Repurchases**

The following table provides information with respect to the shares of common stock repurchased by us for the periods indicated.

| Period                                     | Issuer Repurchases of Equity Securities         |                              |   |   |
|--|---|------------------------------|---|---|
|  | Total Number of Shares Purchased <sup>(1)</sup> | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup> | Maximum Number (or Approximate Dollar Value) Shares that May Yet Be Purchased Under the Plans or Programs |
| July 5, 2021—August 1, 2021                | 175   | \$ 152.59                    | —   | \$ 187,415,787  |
| August 2, 2021—August 29, 2021             | 52  | 184.61                       | —   | 187,415,787   |
| August 30, 2021—October 3, 2021            | 285   | 185.87                       | —   | 187,415,787   |
| Activity for quarter ended October 3, 2021 | 512   | \$ 174.37                    | —   | \$ 187,415,787  |

- (1) Our Board of Directors (our "Board") has authorized us to repurchase shares of common stock to satisfy minimum statutory tax withholding obligations in connection with the vesting of restricted stock awards and restricted stock unit awards granted pursuant to our equity incentive plans and to satisfy obligations related to the exercise of stock options made pursuant to our equity incentive plans. During the three months ended October 3, 2021, we repurchased 512 shares of common stock for this purpose at an aggregate cost of \$0.1 million. During the nine months ended October 3, 2021, we repurchased 70,925 shares of common stock for this purpose at an aggregate cost of \$10.4 million.
- (2) On July 31, 2020, our Board authorized us to repurchase shares of common stock for an aggregate amount up to \$250.0 million under a stock repurchase program (the "Repurchase Program"). The Repurchase Program will expire on July 27, 2022 unless terminated earlier by the Board and may be suspended or discontinued at any time. During the nine months ended October 3, 2021, we repurchased 433,000 shares of common stock under the Repurchase Program for an aggregate cost of \$62.6 million. As of October 3, 2021, \$187.4 million remained available for aggregate repurchases of shares under the Repurchase Program.

**Item 6. Exhibits**

| <b>Exhibit Number</b> | <b>Exhibit Name</b>   |
|-----------------------|---|
| 2.1 <sup>(1)</sup>    | <a href="#">Agreement and Plan of Merger, dated as of July 25, 2021, by and among PerkinElmer, Inc., Burton Acquisition I, Inc., Burton Acquisition II, Inc., BioLegend, Inc. and Gene Lay, solely in his capacity as the Stockholder Representative, filed with the Commission on July 27, 2021 as Exhibit 2.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference.</a>  |
| 4.1                   | <a href="#">Seventh Supplemental Indenture, dated as of September 10, 2021, by and between the Company and U.S. Bank National Association, as trustee (including the form of note contained therein), filed with the Commission on September 10, 2021 as Exhibit 4.2 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference.</a>   |
| 10.1                  | <a href="#">Term Loan Credit Agreement, dated as of August 11, 2021, among PerkinElmer, Inc., Bank of America, N.A. as Administrative Agent and the Lenders party thereto, filed with the Commission on August 12, 2021 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference.</a>  |
| 10.2                  | <a href="#">Credit Agreement, dated as of August 24, 2021, among PerkinElmer, Inc., PerkinElmer Health Sciences, Inc., PerkinElmer Life Sciences International Holdings, PerkinElmer Global Holdings S.à r.l. and PerkinElmer Health Sciences B.V. as Borrowers, Bank of America, N.A. as Administrative Agent, Swing Line Lender and an L/C Issuer, the Lenders party thereto and the other L/C Issuers party thereto, filed with the Commission on August 25, 2021 as Exhibit 99.1 to our current report on Form 8-K (File No. 001-05075) and herein incorporated by reference.</a> |
| 31.1                  | <a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |
| 31.2                  | <a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>  |
| 32.1                  | <a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 101.INS               | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.  |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema Document.   |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase Document.   |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase Document.  |
| 101.LAB               | Inline XBRL Taxonomy Extension Labels Linkbase Document.  |
| 101.PRE               | Inline XBRL Taxonomy Extension Presentation Linkbase Document.  |
| 104                   | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).   |

<sup>(1)</sup> The exhibits and schedules to this agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish copies of any of such exhibits or schedules to the SEC upon request.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language):

(i) Cover Page, Form 10-Q, Quarterly Report for the quarterly period ended October 3, 2021 (ii) Condensed Consolidated Statements of Operations for the three and nine months ended October 3, 2021 and October 4, 2020, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended October 3, 2021 and October 4, 2020, (iv) Condensed Consolidated Balance Sheets at October 3, 2021 and January 3, 2021, (v) Condensed Consolidated Statements of Stockholders' Equity for the nine months ended October 3, 2021 and October 4, 2020, (vi) Condensed Consolidated Statements of Cash Flows for the nine months ended October 3, 2021 and October 4, 2020, and (vii) Notes to Condensed Consolidated Financial Statements.

**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.

PERKINELMER, INC.

November 9, 2021

By: \_\_\_\_\_ /s/ JAMES M. MOCK  
**James M. Mock**  
**Senior Vice President and**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

PERKINELMER, INC.

November 9, 2021

By: \_\_\_\_\_ /s/ ANDREW OKUN  
**Andrew Okun**  
**Vice President, Chief Accounting Officer and Treasurer**  
**(Principal Accounting Officer)**

## CERTIFICATION

I, Prahlad Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PerkinElmer, Inc.;
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: November 9, 2021

/s/ PRAHLAD SINGH, PhD

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Prahlad Singh, PhD  
President and Chief Executive Officer

## CERTIFICATION

I, James M. Mock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PerkinElmer, Inc.;
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: November 9, 2021

/s/ JAMES M. MOCK

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James M. Mock  
Senior Vice President and  
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of PerkinElmer, Inc. (the "Company") for the period ended October 3, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Prahlad Singh, President and Chief Executive Officer of the Company, and James M. Mock, Senior Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Based on my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) Based on my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2021

/s/ PRAHLAD SINGH, PhD

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**Prahlad Singh, PhD  
President and Chief Executive Officer**

Dated: November 9, 2021

/s/ JAMES M. MOCK

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**James M. Mock  
Senior Vice President and  
Chief Financial Officer**