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

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# FORM 6-K

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**Report of Foreign Private Issuer**
**Pursuant to Rule 13a-16 or 15d-16 under**
**the Securities Exchange Act of 1934**

**For the quarterly period ended June 30, 2024**

**Commission File Number 001-38332**

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# QIAGEN N.V.
**(Translation of registrant's name into English)**

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**Hulsterweg 82**
**5912 PL Venlo**
**The Netherlands**

**(Address of principal executive office)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

**QIAGEN N.V.**

Form 6-K

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## OTHER INFORMATION

For the three and six months ended June 30, 2024, QIAGEN N.V. prepared its quarterly report under United States generally accepted accounting principles (U.S. GAAP). This quarterly report is furnished herewith as Exhibit 99.1 and incorporated by reference herein.

## 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.

QIAGEN N.V.

By: /s/ Roland Sackers

Roland Sackers

Chief Financial Officer

Date: August 1, 2024

**EXHIBIT INDEX**

| Exhibit No. | Exhibit |
|---|---|
| 99.1 | U.S. GAAP Quarterly Report for the Period Ended June 30, 2024 |

# QIAGEN N.V. and Subsidiaries

## U.S. GAAP Quarterly Report for the Period Ended June 30, 2024

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# Condensed Consolidated Financial Statements

## QIAGEN N.V. and Subsidiaries Condensed Consolidated Balance Sheets

| (in thousands) | Notes | June 30, 2024 | December 31, 2023 |
|---|---|---|---|
| | | (unaudited) | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | | $533,644 | $668,084 |
| Short-term investments | | 356,596 | 389,698 |
| Accounts receivable, net of allowance for credit losses of $19,827 and $17,296, respectively | | 355,300 | 381,877 |
| Inventories, net | (5) | 321,750 | 398,385 |
| Prepaid expenses and other current assets | (9) | 262,489 | 309,516 |
| Total current assets | | 1,829,779 | 2,147,560 |
| Long-term assets: | | | |
| Property, plant and equipment, net of accumulated depreciation of $530,862 and $516,765, respectively | | 717,765 | 765,037 |
| Goodwill | (6) | 2,449,413 | 2,475,732 |
| Intangible assets, net of accumulated amortization of $738,771 and $748,590, respectively | (6) | 345,456 | 526,821 |
| Fair value of derivative instruments - long-term | (9) | 8,846 | 3,083 |
| Other long-term assets | (7) | 233,381 | 196,957 |
| Total long-term assets | | 3,754,861 | 3,967,630 |
| **Total assets** | | **$5,584,640** | **$6,115,190** |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Balance Sheets

| (in thousands, except par value) | Notes | June 30, 2024 | December 31, 2023 |
|---|---|---|---|
| | | (unaudited) | |
| Liabilities and equity | | | |
| Current liabilities: | | | |
| Current portion of long-term debt | (8) | $492,699 | $587,970 |
| Accrued and other current liabilities | (3, 4, 9, 10) | 466,152 | 407,168 |
| Accounts payable | | 76,061 | 84,155 |
| Total current liabilities | | 1,034,912 | 1,079,293 |
| Long-term liabilities: | | | |
| Long-term debt, net of current portion | (8) | 908,920 | 921,824 |
| Fair value of derivative instruments - long-term | (9) | — | 98,908 |
| Other long-term liabilities | | 235,545 | 207,401 |
| Total long-term liabilities | | 1,144,465 | 1,228,133 |
| Commitments and contingencies | (15) | | |
| Equity: | | | |
| Preference shares, 0.01 EUR par value, authorized—450,000 shares, no shares issued and outstanding | | — | — |
| Financing preference shares, 0.01 EUR par value, authorized—40,000 shares, no shares issued and outstanding | | — | — |
| Common shares, 0.01 EUR par value, authorized—410,000 shares, issued—223,904 and 230,829 shares, respectively | (13) | 2,601 | 2,702 |
| Additional paid-in capital | (13) | 1,646,189 | 1,915,115 |
| Retained earnings | | 2,265,463 | 2,456,800 |
| Accumulated other comprehensive loss | (13) | (431,546) | (433,830) |
| Less treasury shares, at cost—1,660 and 2,627 shares, respectively | | (77,444) | (133,023) |
| Total equity | | 3,405,263 | 3,807,764 |
| **Total liabilities and equity** | | **$5,584,640** | **$6,115,190** |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of (Loss) Income (Unaudited)

| (in thousands, except per share data) | Notes | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|---|
| Net sales | (4) | $496,347 | $494,857 | $955,143 | $980,255 |
| Cost of sales: | | | | | |
| Cost of sales | (3) | 446,371 | 166,637 | 598,105 | 328,543 |
| Acquisition-related intangible amortization | | 15,212 | 16,068 | 31,285 | 32,084 |
| Total cost of sales | | 461,583 | 182,705 | 629,390 | 360,627 |
| Gross profit | | 34,764 | 312,152 | 325,753 | 619,628 |
| Operating expenses: | | | | | |
| Sales and marketing | | 114,686 | 116,331 | 225,807 | 230,972 |
| Research and development | | 49,103 | 49,893 | 100,436 | 104,611 |
| General and administrative | | 28,618 | 29,192 | 56,186 | 62,131 |
| Acquisition-related intangible amortization | | 2,714 | 2,702 | 5,436 | 5,359 |
| Restructuring, acquisition, integration and other, net | (3) | 68,080 | 8,602 | 71,378 | 14,413 |
| Total operating expenses | | 263,201 | 206,720 | 459,243 | 417,486 |
| (Loss) income from operations | | (228,437) | 105,432 | (133,490) | 202,142 |
| Other income (expense): | | | | | |
| Interest income | | 16,912 | 21,343 | 34,670 | 39,351 |
| Interest expense | | (10,922) | (13,497) | (21,214) | (27,951) |
| Other expense, net | | (1,004) | (10,962) | (1,127) | (2,439) |
| Total other income (expense), net | | 4,986 | (3,116) | 12,329 | 8,961 |
| (Loss) income before income tax (benefit) expense | | (223,451) | 102,316 | (121,161) | 211,103 |
| Income tax (benefit) expense | (11) | (39,991) | 21,530 | (18,374) | 45,282 |
| **Net (loss) income** | | **($183,460)** | **$80,786** | **($102,787)** | **$165,821** |
| Basic (loss) earnings per common share | | ($0.83) | $0.35 | ($0.46) | $0.73 |
| Diluted (loss) earnings per common share | | ($0.83) | $0.35 | ($0.46) | $0.72 |
| | | | | | |
| Weighted-average common shares outstanding: | | | | | |
| Basic | | 221,989 | 228,160 | 222,912 | 228,027 |
| Diluted | | 221,989 | 230,517 | 222,912 | 230,560 |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of Comprehensive (Loss) Income (Unaudited)

| (in thousands) | Notes | Three Months Ended June 30, 2024 | 2023 |
|---|---|---|---|
| Net (loss) income | | ($183,460) | $80,786 |
| Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods: | | | |
| Losses on cash flow hedges, net of tax benefit of $11 and $5,128, respectively | (9) | (33) | (14,747) |
| Reclassification adjustments on cash flow hedges, net of tax expense of $91 and $2,636, respectively | (9) | 261 | 7,580 |
| Cash flow hedges, net of tax | | 228 | (7,167) |
| Net investment hedge | (9) | 949 | 432 |
| Foreign currency translation adjustments, net of $0 tax and $0 tax, respectively | | (8,568) | (14,906) |
| Other comprehensive loss | | (7,391) | (21,641) |
| **Comprehensive (loss) income** | | **($190,851)** | **$59,145** |

| (in thousands) | Notes | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|---|
| Net (loss) income | | ($102,787) | $165,821 |
| Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods: | | | |
| Gains (losses) on cash flow hedges, net of $12,201 tax expense and $5,639 tax benefit, respectively | (9) | 35,089 | (16,217) |
| Reclassification adjustments on cash flow hedges, net of $13,087 tax benefit and $4,699 tax expense, respectively | (9) | (37,636) | 13,513 |
| Cash flow hedges, net of tax | | (2,547) | (2,704) |
| Net investment hedge | (9) | 12,407 | (9,583) |
| Foreign currency translation adjustments, net of $0 tax and $0 tax, respectively | | (7,576) | (1,524) |
| Other comprehensive income (loss) | | 2,284 | (13,811) |
| **Comprehensive (loss) income** | | **($100,503)** | **$152,010** |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of Changes in Equity (Unaudited)

| (in thousands) | Notes | Common shares Shares | Common shares Amount | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Treasury shares Shares | Treasury shares Amount | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance at March 31, 2024 | | 223,904 | $2,601 | $1,636,154 | $2,486,139 | ($424,155) | (2,057) | ($101,109) | $3,599,630 |
| Capital repayment | (13) | — | — | (77) | — | — | — | — | (77) |
| Net loss | | — | — | — | (183,460) | — | — | — | (183,460) |
| Unrealized gain, net on hedging contracts | (9) | — | — | — | — | 916 | — | — | 916 |
| Realized loss, net on hedging contracts | (9) | — | — | — | — | 261 | — | — | 261 |
| Translation adjustment, net | (13) | — | — | — | — | (8,568) | — | — | (8,568) |
| Issuance of common shares in connection with stock plan | | — | — | — | (37,216) | — | 718 | 37,216 | — |
| Tax withholding related to vesting of stock awards | (12) | — | — | — | — | — | (321) | (13,551) | (13,551) |
| Share-based compensation | (12) | — | — | 10,112 | — | — | — | — | 10,112 |
| **Balance at June 30, 2024** | | **223,904** | **$2,601** | **$1,646,189** | **$2,265,463** | **($431,546)** | **(1,660)** | **($77,444)** | **$3,405,263** |
| | | | | | | | | | |
| Balance at March 31, 2023 | | 230,829 | $2,702 | $1,882,163 | $2,215,427 | ($396,261) | (2,794) | ($142,855) | $3,561,176 |
| Net income | | — | — | — | 80,786 | — | — | — | 80,786 |
| Unrealized loss, net on hedging contracts | (9) | — | — | — | — | (14,315) | — | — | (14,315) |
| Realized loss, net on hedging contracts | (9) | — | — | — | — | 7,580 | — | — | 7,580 |
| Translation adjustment, net | (13) | — | — | — | — | (14,906) | — | — | (14,906) |
| Issuance of common shares in connection with stock plan | | — | — | — | (13,151) | — | 250 | 13,238 | 87 |
| Tax withholding related to vesting of stock awards | (12) | — | — | — | — | — | (103) | (4,660) | (4,660) |
| Share-based compensation | (12) | — | — | 7,860 | — | — | — | — | 7,860 |
| **Balance at June 30, 2023** | | **230,829** | **$2,702** | **$1,890,023** | **$2,283,062** | **($417,902)** | **(2,647)** | **($134,277)** | **$3,623,608** |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of Changes in Equity (Unaudited)

| (in thousands) | Notes | Common shares Shares | Common shares Amount | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Treasury shares Shares | Treasury shares Amount | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2023 | | 230,829 | $2,702 | $1,915,115 | $2,456,800 | ($433,830) | (2,627) | ($133,023) | $3,807,764 |
| Capital repayment | (13) | (6,925) | (101) | (292,869) | — | — | 79 | — | (292,970) |
| Net loss | | — | — | — | (102,787) | — | — | — | (102,787) |
| Unrealized gain, net on hedging contracts | (9) | — | — | — | — | 47,496 | — | — | 47,496 |
| Realized gain, net on hedging contracts | (9) | — | — | — | — | (37,636) | — | — | (37,636) |
| Translation adjustment, net | (13) | — | — | — | — | (7,576) | — | — | (7,576) |
| Issuance of common shares in connection with stock plan | | — | — | — | (88,550) | — | 1,659 | 88,550 | — |
| Tax withholding related to vesting of stock awards | (12) | — | — | — | — | — | (771) | (32,971) | (32,971) |
| Share-based compensation | (12) | — | — | 23,943 | — | — | — | — | 23,943 |
| **Balance at June 30, 2024** | | **223,904** | **$2,601** | **$1,646,189** | **$2,265,463** | **($431,546)** | **(1,660)** | **($77,444)** | **$3,405,263** |
| | | | | | | | | | |
| Balance at December 31, 2022 | | 230,829 | $2,702 | $1,868,015 | $2,160,173 | ($404,091) | (3,113) | ($160,188) | $3,466,611 |
| Net income | | — | — | — | 165,821 | — | — | — | 165,821 |
| Unrealized loss, net on hedging contracts | (9) | — | — | — | — | (25,800) | — | — | (25,800) |
| Realized loss, net on hedging contracts | (9) | — | — | — | — | 13,513 | — | — | 13,513 |
| Translation adjustment, net | (13) | — | — | — | — | (1,524) | — | — | (1,524) |
| Issuance of common shares in connection with stock plan | | — | — | — | (42,932) | — | 840 | 43,095 | 163 |
| Tax withholding related to vesting of stock awards | (12) | — | — | — | — | — | (374) | (17,184) | (17,184) |
| Share-based compensation | (12) | — | — | 22,008 | — | — | — | — | 22,008 |
| **Balance at June 30, 2023** | | **230,829** | **$2,702** | **$1,890,023** | **$2,283,062** | **($417,902)** | **(2,647)** | **($134,277)** | **$3,623,608** |

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

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of Cash Flows (Unaudited)

| | | Six Months Ended June 30, | |
|---|---|---|---|
| (in thousands) | Notes | 2024 | 2023 |
| Cash flows from operating activities: | | | |
| Net (loss) income | | ($102,787) | $165,821 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of effects of businesses acquired: | | | |
| Depreciation and amortization | | 107,723 | 103,197 |
| Non-cash impairments | (3, 7) | 194,011 | — |
| Amortization of debt discount and issuance costs | (8) | 10,172 | 17,161 |
| Share-based compensation expense | (12) | 23,943 | 22,008 |
| Deferred tax benefit | | (24,643) | (7,171) |
| Loss on marketable securities | (7) | 497 | — |
| Other items, net including fair value changes in derivatives | | 3,462 | 40 |
| Net changes in operating assets and liabilities: | | | |
| Accounts receivable | | 12,545 | 7,655 |
| Inventories | | 54,988 | (41,014) |
| Prepaid expenses and other current assets | | (9,955) | (14,740) |
| Other long-term assets | | (961) | 819 |
| Accounts payable | | 2,712 | (16,465) |
| Accrued and other current liabilities | | 31,796 | (48,132) |
| Income taxes | | (6,694) | (4,975) |
| Other long-term liabilities | | 2,886 | (801) |
| Net cash provided by operating activities | | 299,695 | 183,403 |

# QIAGEN N.V. and Subsidiaries Condensed Consolidated Statements of Cash Flows (Unaudited)

| (in thousands) | Notes | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|---|
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | | (74,774) | (62,319) |
| Purchases of intangible assets | (6) | (2,496) | (7,218) |
| Purchases of short-term investments | | (257,148) | (714,149) |
| Proceeds from redemptions of short-term investments | | 287,852 | 678,978 |
| Cash paid for acquisitions, net of cash acquired | | — | (149,532) |
| Cash received (paid) for collateral asset | (9) | 36,692 | (21,866) |
| Purchases of investments, net | (7) | (1,532) | (1,464) |
| Net cash used in investing activities | | (11,406) | (277,570) |
| Cash flows from financing activities: | | | |
| Capital repayment | (13) | (292,099) | — |
| Repayment of long-term debt | (8) | (101,536) | — |
| Proceeds from issuance of common shares | | — | 163 |
| Tax withholding related to vesting of stock awards | (12) | (27,014) | (12,524) |
| Cash received (paid) for collateral liability | (9) | 2,050 | (12,939) |
| Other financing activities | | (871) | — |
| Net cash used in financing activities | | (419,470) | (25,300) |
| Effect of exchange rate changes on cash and cash equivalents | | (3,259) | (1,653) |
| Net decrease in cash and cash equivalents | | (134,440) | (121,120) |
| Cash and cash equivalents, beginning of period | | 668,084 | 730,669 |
| **Cash and cash equivalents, end of period** | | **$533,644** | **$609,549** |

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

# Notes to the Condensed Consolidated Financial Statements (unaudited)

## June 30, 2024

## 1. Corporate Information

QIAGEN N.V. (QIAGEN) is a public limited liability company (naamloze vennootschap) under Dutch law with a registered office at Hulsterweg 82, 5912 PL Venlo, The Netherlands. QIAGEN N.V., a Netherlands holding company, and subsidiaries (we, our or the Company) is a leading global provider of Sample to Insight solutions that enable customers to gain valuable molecular insights from any biological sample. Our sample technologies isolate and process deoxyribonucleic acid (DNA), ribonucleic acid (RNA) and proteins – the building blocks of life – from blood, tissue and other materials. Assay technologies make these biomolecules visible and ready for analysis using a range of technologies. Bioinformatics software and knowledge bases are used to interpret complex genomic data sets to provide relevant, actionable insights. Instruments and automation solutions are used to tie together these products into seamless and cost-effective workflows. We provide solutions to more than 500,000 customers around the world in Molecular Diagnostics (human healthcare) and Life Sciences (academic research, pharma and biotech companies, and applied applications such as human identification/forensics and food safety). As of June 30, 2024, we employed more than 5,900 people in over 35 locations worldwide.

## 2. Basis of Presentation and Accounting Policies

**Basis of Presentation**

The condensed consolidated financial statements include the accounts of QIAGEN and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. All amounts are presented in U.S. dollars, unless otherwise indicated. Investments in either common stock or in-substance common stock of companies where we exercise significant influence over the operations but do not have control, and where we are not the primary beneficiary, are accounted for using the equity method. All other investments are accounted for at our initial cost, minus any impairment, plus or minus changes from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and generally in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the Securities and Exchange Commission (SEC) rules and regulations. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary for a fair presentation have been included.

On January 3, 2023, we acquired Verogen, Inc., a leader in the use of next-generation sequencing (NGS) technologies to drive the future of human identification (HID) and forensic investigation. Verogen, a privately held company founded in 2017 and based in San Diego, California, supports the global human identification community with NGS tools and professional services to help resolve criminal and missing-persons cases. The acquisition is not significant to the overall condensed consolidated financial statements.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. While changing conditions in our global environment present additional uncertainty, we continue to use the best information available to form our estimates. Actual results could differ from those estimates.

We operate as one operating segment in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 280, Segment Reporting. We have a common basis of organization and our products and services are offered globally. Our chief operating decision maker (CODM) makes decisions based on the Company as a whole. Accordingly, we operate and make decisions as one reporting unit.

The results of operations for an interim period are not necessarily indicative of results that may be expected for any other interim period or for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 20-F for the year ended December 31, 2023.

### Summary of Significant Accounting Policies

The interim condensed consolidated financial statements were prepared based on the same accounting policies as those applied and described in the consolidated financial statements as of December 31, 2023.

### Adoption of New Accounting Standards in 2024

As of June 30, 2024, there has been no adoption of new accounting standards in 2024.

### New Accounting Standards Not Yet Adopted

As of June 30, 2024, the following recently issued but not yet adopted accounting pronouncements are expected to impact our consolidated financial statements:

ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures was issued in response to stakeholder requests for more decision-useful information about reportable segments. The amendments in ASU 2023-07 improve reportable segment disclosure requirements through enhanced disclosures. This ASU does not change how a public entity identifies its operating segments, aggregates those operating segments or applies the quantitative thresholds to determine reportable segments. This ASU is effective for fiscal years beginning after December 15, 2023, and early adoption is permitted. We will adopt the new disclosures retrospectively to all prior periods presented in the financial statements beginning with the annual reporting for the year ended December 31, 2024.

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures enhances annual income tax disclosures to address investor requests for more information about the tax risks and opportunities present in an entity's worldwide operations. The two primary enhancements disaggregate existing income tax disclosures related to the effective tax rate reconciliation and income taxes paid. This ASU is effective for annual periods beginning after December 15, 2024, and early adoption is permitted. We will adopt the new disclosures prospectively beginning with the annual reporting for the year ended December 31, 2025.

# 3. Restructuring and Impairments

Restructuring and other costs include impairments, employee-related costs (principally termination benefits) as well as contract and other costs, primarily contract termination costs. Termination benefits are accounted for in accordance with FASB ASC Topic 712, Compensation - Nonretirement Postemployment Benefits, and are recorded when it is probable that employees will be entitled to benefits and the amounts can be reasonably estimated. Estimates of termination benefits are based on the frequency of past termination benefits, the similarity of benefits under the current plan and prior plans, and the existence of statutory required minimum benefits. Contract and other costs are accounted for in accordance with FASB ASC Topic 420, Exit or Disposal Cost Obligations and are recorded when the liability is incurred. Additionally, expenses incurred may also include costs that are an integral component of, and are directly attributable to, restructuring activities which do not qualify as exit and disposal costs, such as intangible asset impairments and other asset related write-offs. The specific restructuring measures and associated estimated costs are based on management's best business judgment under the existing circumstances at the time the estimates are made. If future events require changes to these estimates, such adjustments will be reflected in the period of the revised estimate.

**2024 Restructuring**

In the second quarter of 2024, the Supervisory Board approved the decision to discontinue our NeuMoDx clinical PCR system in light of the market development trends for these products following the COVID-19 pandemic and changing customer needs for integrated PCR-based clinical molecular testing systems. Following this decision, we intend to refocus resources and efforts on developing and commercializing other innovative solutions within our portfolio. Additionally, we started initiatives that aim to improve the overall efficiency and profitability of the company. Together, these initiatives include activities to close our facility in Ann Arbor, Michigan and improve global efficiency through targeted measures to reduce hierarchies and drive increased digitalization and automation for improved resource allocation and profitable growth. The costs for the 2024 restructuring program largely included non-cash charges for impairment of long-lived assets and, to a lesser extent, cash-settled charges for employee-related costs and facility exit and other costs, including contract termination costs. In the second quarter of 2024, we incurred costs of $349.5 million, of which $278.9 million are non-cash charges, and anticipate total program costs of approximately $400 million upon the completion of the program in 2025, including $40 million to $50 million of costs to be incurred primarily for employee-related and other exit costs.

**Cash-settled charges**

Employee-related costs primarily consist of termination benefits provided to employees who have been involuntarily terminated and retention bonuses incurred during transition periods. Facility exit and other costs primarily consist of contract termination costs, project consulting fees, and other professional service fees to support the program. Total cash payments under the program are expected to be approximately $100 million through 2025.

**Non-cash charges**

Intangible asset impairments include the impairment of developed technology related to the discontinued NeuMoDx system, the termination of licenses which were used exclusively in connection with this system and in-process research and development acquired from NeuMoDx in 2020. These assets have no alternative use and were fully impaired.

As a result of an impairment test at the level of the NeuMoDx business in accordance with ASC 360 Property, Plant and Equipment, impairments to property, plant and equipment were recorded for assets under construction, machinery and equipment and computer software. These long-lived assets were fully impaired following the decision to discontinue the NeuMoDx system and close the Ann Arbor, Michigan facility as the estimated future cash flows of the asset group were negative, these assets had no alternative use following the discontinuation and there is no estimable value recoverable in a market disposal.

We conducted an impairment review of inventory and other assets. NeuMoDx related inventory was written-off following the decision to discontinue, and the inventory charges were recorded in cost of sales. Other asset write-downs included the right-of-use assets related to the facility closure and allowances against accounts receivable to reflect the expected impact of non-payment of the outstanding receivables related to the NeuMoDx business.

The following is a summary of the charges related to the 2024 restructuring program recorded in the condensed consolidated statements of (loss) income during the three and six months ended June 30, 2024.

| Classification and Type of Charge (in thousands) | Three and Six Months Ended June 30, 2024 |
|---|---|
| **Cost of sales** | |
| Charges settled or to be settled in cash: | |
| Exit costs, including supplier contract termination costs | $45,784 |
| Employee-related costs | 5,743 |
| Non-cash items: | |
| Intangible asset impairments | 133,738 |
| Inventories | 82,508 |
| Property, plant and equipment impairments | 15,392 |
| **Total restructuring and other costs in cost of sales** | $283,165 |
| | |
| **Restructuring, acquisition, integration and other, net** | |
| Charges settled or to be settled in cash: | |
| Exit costs | $10,038 |
| Employee-related costs | 9,021 |
| Non-cash items: | |
| Property, plant and equipment impairments | 42,870 |
| Other asset write-downs | 4,389 |
| **Total restructuring and other costs in restructuring, acquisition, integration and other, net** | $66,318 |
| **Total restructuring and other costs** | **$349,483** |

Of the total $70.6 million cash-settled costs incurred, $69.7 million remains accrued as of June 30, 2024 in accrued and other current liabilities in the accompanying condensed consolidated balance sheet as summarized in the following table:

| (in thousands) | Employee-related costs | Exit costs | Total |
|---|---|---|---|
| Costs incurred in 2024 | $14,764 | $55,822 | $70,586 |
| Payments | (168) | (518) | (686) |
| Foreign currency translation adjustment | (49) | (105) | (154) |
| **Liability at June 30, 2024** | **$14,547** | **$55,199** | **$69,746** |

# 4. Revenue

### Contract Estimates

The majority of our revenue is derived from contracts (i) with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount in which we have the right to invoice as product is delivered. We have elected, as a practical expedient, not to disclose the value of remaining performance obligations associated with these types of contracts.

However, we have certain companion diagnostic co-development contracts to provide research and development activities in which our performance obligations extend over multiple years. As of June 30, 2024, we had $59.7 million of remaining performance obligations for which the transaction price is not constrained related to these contracts which we expect to recognize over the next 12 to 18 months.

Revenue expected to be recognized in any future year related to remaining performance obligations, excluding revenue pertaining to contracts that have an original expected duration of one year or less, contracts where revenue is recognized as invoiced and contracts with variable consideration related to undelivered performance obligations, is not material.

### Contract Balances

The timing of revenue recognition, billings and cash collections can result in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the condensed consolidated balance sheet.

Contract assets as of June 30, 2024 and December 31, 2023 totaled $13.8 million and $15.0 million, respectively, and are included in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets and relate to the companion diagnostic co-development contracts discussed above.

Contract liabilities primarily relate to non-cancellable advances or deposits received from customers before revenue is recognized and is primarily related to instrument service and Software as a Service (SaaS) arrangements. As of June 30, 2024 and December 31, 2023, contract liabilities totaled $83.3 million and $82.1 million, respectively, of which $70.1 million and $66.4 million, respectively, are included in accrued and other current liabilities and $13.2 million and $15.7 million, respectively, are included in other long-term liabilities. During the three and six months ended June 30, 2024, we satisfied the associated performance obligations and recognized revenue of $23.0 million and $49.3 million, respectively, related to advance customer payments previously received. During the three and six months ended June 30, 2023, we satisfied the associated performance obligations and recognized revenue of $18.5 million and $45.0 million, respectively, related to advance customer payments previously received.

### Disaggregation of Revenue

We disaggregate our revenue based on product type and customer class, product category and geography as shown in the tables below for the three- and six-month periods ended June 30, 2024 and 2023:

| (in thousands) | Three Months Ended June 30, 2024 | 2023 | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|---|---|
| Consumables and related revenues | $248,170 | $237,972 | $473,177 | $469,196 |
| Instruments | 18,106 | 21,760 | 36,752 | 40,864 |
| Molecular Diagnostics | 266,276 | 259,732 | 509,929 | 510,060 |
| | | | | |
| Consumables and related revenues | 194,251 | 196,514 | 378,518 | 395,925 |
| Instruments | 35,820 | 38,611 | 66,696 | 74,270 |
| Life Sciences | 230,071 | 235,125 | 445,214 | 470,195 |
| **Total net sales** | **$496,347** | **$494,857** | **$955,143** | **$980,255** |

| (in thousands) | Three Months Ended June 30, 2024 | 2023 | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|---|---|
| Sample technologies | $163,726 | $164,842 | $318,360 | $338,084 |
| Diagnostic solutions | 184,681 | 176,621 | 355,067 | 339,325 |
| PCR / Nucleic acid amplification | 76,071 | 74,469 | 143,669 | 151,327 |
| Genomics / NGS | 58,258 | 64,032 | 113,129 | 119,214 |
| Other | 13,611 | 14,893 | 24,918 | 32,305 |
| **Total net sales** | **$496,347** | **$494,857** | **$955,143** | **$980,255** |

| (in thousands) | Three Months Ended June 30, 2024 | 2023 | Six Months Ended June 30, 2024 | 2023 |
|---|---|---|---|---|
| Americas | $261,770 | $262,966 | $495,525 | $509,645 |
| Europe, Middle East and Africa | 158,885 | 150,641 | 311,679 | 306,059 |
| Asia Pacific, Japan and Rest of World | 75,692 | 81,250 | 147,939 | 164,551 |
| **Total net sales** | **$496,347** | **$494,857** | **$955,143** | **$980,255** |

## 5. Inventories

The components of inventories consist of the following as of June 30, 2024 and December 31, 2023:

| (in thousands) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Raw materials | $64,367 | $91,204 |
| Work in process | 82,412 | 94,736 |
| Finished goods | 174,971 | 212,445 |
| **Total inventories, net** | **$321,750** | **$398,385** |

The decrease in inventories as of June 30, 2024 as compared to December 31, 2023 is primarily the result of the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments."

## 6. Intangible Assets

The following table sets forth the intangible assets by major asset class as of June 30, 2024 and December 31, 2023:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| (in thousands) | Gross carrying amount | Accumulated amortization | Gross carrying amount | Accumulated amortization |
| Amortized intangible assets: | | | | |
| Patent and license rights | $178,711 | ($126,404) | $202,785 | ($127,163) |
| Developed technology | 697,086 | (436,755) | 798,571 | (447,989) |
| Customer base, non-compete agreements and trademarks | 208,430 | (175,612) | 212,285 | (173,438) |
| **Total amortized intangible assets** | **$1,084,227** | **($738,771)** | **$1,213,641** | **($748,590)** |
| Unamortized intangible assets: | | | | |
| In-process research and development | $— | | $61,770 | |
| Goodwill | 2,449,413 | | 2,475,732 | |
| **Total unamortized intangible assets** | **$2,449,413** | | **$2,537,502** | |

During the three months ended June 30, 2024, the in-process research and development asset from the 2020 acquisition of NeuMoDx was written off in connection with the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments." The remaining in-process research and development asset from the 2018 STAT-Dx acquisition was completed during the second quarter of 2024 and was transferred to developed technology to be amortized over its estimated useful life.

The changes in intangible assets in 2024 are summarized as follows:

| (in thousands) | Goodwill | Intangibles |
|---|---|---|
| Balance at December 31, 2023 | $2,475,732 | $526,821 |
| Additions | — | 2,009 |
| Amortization | — | (45,688) |
| Impairments | — | (133,738) |
| Foreign currency translation adjustments | (26,319) | (3,948) |
| **Balance at June 30, 2024** | **$2,449,413** | **$345,456** |

The change in the carrying amount of goodwill for the six months ended June 30, 2024 resulted from foreign currency translation adjustments.

During the three and six months ended June 30, 2024, we recorded an impairment charge of $133.7 million related to the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments."

Cash paid for purchases of intangible assets in the accompanying condensed consolidated statement of cash flows during the six months ended June 30, 2024 totaled $2.5 million, of which $2.0 million is related to current period cash payments for intangible assets, $0.4 million is related to current year payments for assets that were accrued as of December 31, 2023 and $0.1 million is for prepayments recorded in other long-term assets in the accompanying condensed consolidated balance sheet.

For the three- and six-month periods ended June 30, 2024, amortization expense on intangible assets decreased to $22.3 million and $45.7 million, respectively, as compared to amortization expense of $23.5 million and $46.8 million, respectively, in the same period of 2023. Amortization of intangibles for each of the next five years is expected to be approximately:

| Year ending December 31, (in millions) | Annual amortization |
|---|---|
| 2025 | $67.7 |
| 2026 | $60.3 |
| 2027 | $54.6 |
| 2028 | $47.4 |
| 2029 | $17.8 |

# 7. Investments

The following discusses our non-marketable investments and the realized and unrealized gains and losses on these investments.

**Non-Marketable Investments**

We have made strategic investments in certain privately-held companies without readily determinable market values.

**Non-Marketable Investments Accounted for Under the Equity Method**

As of June 30, 2024 and December 31, 2023, we had total non-marketable investments that were accounted for as equity method investments of $18.9 million and $16.2 million, respectively, included in other long-term assets in the accompanying condensed consolidated balance sheets.

Some of our equity method investments are variable interest entities. We are not considered the primary beneficiary of these investments as we do not hold the power to direct the activities that most significantly impact the economic performance of these entities, and therefore, these investments are not consolidated. As of June 30, 2024, these investments had a total net carrying value of $11.0 million, of which $11.2 million, representing our maximum exposure to loss, is included in other long-term assets and $0.2 million, where we are committed to fund losses, is included in other long-term liabilities in the accompanying condensed consolidated balance sheet. As of December 31, 2023, these investments totaled a net $9.9 million, of which $10.2 million is included in other long-term assets and $0.3 million is included in other long-term liabilities in the accompanying condensed consolidated balance sheet.

One of our investments, TVM Life Science Ventures III (TVM), is a limited partnership, and we account for our 3.1% investment under the equity method as we have the ability to exercise significant influence over the limited partnership. This investment is valued at net asset value (NAV) reported by the counterparty. During 2024 and 2023, we made additional cash payments of $1.4 million and $2.4 million, respectively, to TVM. As of June 30, 2024, we have $5.5 million of unfunded commitments through 2029 related to this investment. We do not have the right to redeem these funds under the normal course of operations of this partnership.

**Non-Marketable Investments Not Accounted for Under the Equity Method**

At June 30, 2024 and December 31, 2023, we had investments in non-publicly traded companies that do not have readily determinable fair values with carrying amounts that totaled $4.2 million and $4.4 million, respectively, which are included in other long-term assets in the accompanying condensed consolidated balance sheets. These investments are measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Changes resulting from impairment and observable price changes are recognized in the condensed consolidated statements of (loss) income during the period the change is identified.

The changes in non-marketable investments not accounted for under the equity method during the six months ended June 30, 2024 and 2023 are as follows:

| (in thousands) | 2024 | 2023 |
|---|---|---|
| Balance at beginning of year | $4,435 | $5,329 |
| Cash investments in equity securities, net | 169 | 283 |
| Shares received in exchange for services performed | — | 1,285 |
| Impairments | (250) | — |
| Foreign currency translation adjustments | (120) | 192 |
| **Balance at end of period** | **$4,234** | **$7,089** |

During the three- and six-month periods ended June 30, 2024, following a decline in the observable price of the investment, we recorded an impairment of $0.3 million in other expense, net in the accompanying condensed consolidated statements of loss.

## 8. Debt

At June 30, 2024 and December 31, 2023, total long-term debt, net of debt issuance costs, consists of the following:

| (in thousands) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| 1.000% Senior Unsecured Cash Convertible Notes due 2024 | $492,699 | $483,019 |
| 0.000% Senior Unsecured Convertible Notes due 2027 | 498,135 | 497,869 |
| German Private Placement (2017 Schuldschein) | 15,507 | 120,956 |
| German Private Placement (2022 Schuldschein) | 395,277 | 407,950 |
| **Total long-term debt** | **1,401,618** | **1,509,794** |
| Less: Current portion | 492,699 | 587,970 |
| **Long-term portion** | **$908,919** | **$921,824** |

The notes are all unsecured obligations that rank pari passu. No Contingent Conversion Conditions were triggered as of June 30, 2024.

The principal amount, carrying amount and fair values of long-term debt instruments are summarized below:

| | | | | As of June 30, 2024 | |
|---|---|---|---|---|---|
| | | | | Fair Value | |
| (in thousands) | Principal amount | Unamortized debt discount and issuance costs | Carrying amount | Amount | Leveling |
| Cash Convertible Notes due 2024 | $500,000 | ($7,301) | $492,699 | $496,320 | Level 1 |
| Convertible Notes due 2027 | 500,000 | (1,865) | 498,135 | 462,230 | Level 1 |
| German Private Placement (2017 Schuldschein) | 15,526 | (19) | 15,507 | 14,545 | Level 2 |
| German Private Placement (2022 Schuldschein) | 396,081 | (804) | 395,277 | 385,437 | Level 2 |
| | **$1,411,607** | **($9,989)** | **$1,401,618** | **$1,358,532** | |

| | | | | As of December 31, 2023 | |
|---|---|---|---|---|---|
| | | | | Fair value | |
| (in thousands) | Principal amount | Unamortized debt discount and issuance costs | Carrying amount | Amount | Leveling |
| Cash Convertible Notes due 2024 | $500,000 | ($16,981) | $483,019 | $513,500 | Level 1 |
| Convertible Notes due 2027 | 500,000 | (2,131) | 497,869 | 453,185 | Level 1 |
| German Private Placement (2017 Schuldschein) | 121,009 | (53) | 120,956 | 118,978 | Level 2 |
| German Private Placement (2022 Schuldschein) | 408,846 | (896) | 407,950 | 401,684 | Level 2 |
| | **$1,529,855** | **($20,061)** | **$1,509,794** | **$1,487,347** | |

Interest expense related to the convertible notes for the three and six months ended June 30, 2024 and 2023 was comprised of the following:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2024 | 2023 | 2024 | 2023 |
| Coupon interest | $1,250 | $1,750 | $2,500 | $3,500 |
| Amortization of original issuance discount | 4,609 | 7,840 | 9,162 | 15,594 |
| Amortization of debt issuance costs | 393 | 665 | 784 | 1,329 |
| **Total interest expense related to the convertible notes** | **$6,252** | **$10,255** | **$12,446** | **$20,423** |

## Convertible Notes due 2027

On December 17, 2020, we issued zero coupon convertible notes in an aggregate principal amount of $500.0 million with a maturity date of December 17, 2027 (2027 Notes). The 2027 Notes carry no coupon interest. The net proceeds of the 2027 Notes totaled $497.6 million, after payment of debt issuance costs of $3.7 million.

The effective interest rate of the 2027 Notes is 1.65%, which is imputed based on the amortization of the fair value of the embedded conversion option over the remaining term of the 2027 Notes.

The 2027 Notes are convertible into common shares based on a conversion rate, subject to adjustment, of 2,475.26 shares per $200,000 principal amount of notes (which represents a conversion price of $80.7996 per share, or 6.2 million underlying shares). At conversion, we will settle the 2027 Notes by repaying the principal portion in cash and any excess of the conversion value over the principal amount in common shares.

The 2027 Notes may be redeemed at the option of each noteholder at their principal amount on December 17, 2025 or in connection with a change of control or delisting event (as further described in the 2027 Notes).

The 2027 Notes are convertible in whole, but not in part, at the option of the noteholders on a net share settlement basis, at the prevailing conversion price, in the following circumstances beginning after January 27, 2021 through June 16, 2027:

- if the last reported sale price of our common shares for at least 20-consecutive trading days during a period of 30-consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; or
- if we undergo certain fundamental changes, including a change of control, as defined in the agreement; or

- if parity event or trading price unavailability event, as the case may be, occurs during the period of 10 days, including the first business day following the relevant trading price notification date; or
- if we distribute assets or property to all or substantially all of the holders of our common shares and those assets or other property have a value of more than 25% of the average daily volume-weighted average trading price of our common shares for the prior 20 consecutive trading days; or
- in case of early redemption in respect of the outstanding notes at our option, where the conversion date falls in the period from (and including) the date on which the call notice is published to (and including) the 45th business day prior to the redemption date; or
- if we experience certain customary events of default, including defaults under certain other indebtedness, until such event of default has been cured or waived.

The noteholders may convert their notes at any time, without condition, on or after June 17, 2027 until the 45th business day prior to December 17, 2027.

No Contingent Conversion Conditions were triggered for the 2027 Notes as of June 30, 2024 or December 31, 2023.

### Cash Convertible Notes due 2024

On November 13, 2018, we issued $500.0 million aggregate principal amount of Cash Convertible Senior Notes due in 2024 (2024 Notes). The net proceeds of the 2024 Notes were $468.9 million, after payment of transaction costs and the net cost of the Call Spread Overlay described below.

We refer to the 2024 Notes as the "Cash Convertible Notes."

Interest on the Cash Convertible Notes is payable semi-annually in arrears and will mature on the respective maturity dates unless repurchased or converted with their terms prior to such dates. The interest rate and corresponding maturity of each Cash Convertible Note are summarized in the table below. The Cash Convertible Notes are solely convertible into cash in whole, but not in part, at the option of noteholders under the circumstances described below and during the contingent conversion period as shown in the table below.

| Cash convertible notes | Annual interest rate | Date of interest payments | Maturity date | Contingent conversion period | Conversion rate per $200,000 principal amount |
|---|---|---|---|---|---|
| 2024 Notes | 1.000 % | May 13 and November 13 | November 13, 2024 | December 24, 2018 to August 2, 2024 | 4,356.8531 |

Additionally, conversion may occur at any time following a Contingent Conversion Period through the fifth business day immediately preceding the applicable maturity date.

Upon conversion, noteholders will receive an amount in cash equal to the Cash Settlement Amount, calculated as described below. The Cash Convertible Notes are not convertible into shares of our common stock or any other securities.

Noteholders may convert the Cash Convertible Notes into cash at their option at any time during the Contingent Conversion Period described above only under the following circumstances (Contingent Conversion Conditions):

- if the last reported sale price of our common shares for at least 20-consecutive trading days during a period of 30-consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; or
- if we undergo certain fundamental changes, including a change of control, as defined in the agreement; or

- if parity event or trading price unavailability event, as the case may be, occurs during the period of 10 days, including the first business day following the relevant trading price notification date; or
- if we elect to distribute assets or property to all or substantially all the holders of our common shares and those assets or other property have a value of more than 25% of the average daily volume-weighted average trading price of our common shares for the prior 20-consecutive trading days; or
- if we elect to redeem the Cash Convertible Notes; or
- if we experience certain customary events of default, including defaults under certain other indebtedness until such event has been cured or waived or the payment of the Cash Convertible Notes have been accelerated.

No Contingent Conversion Conditions were triggered for the 2024 Notes as of June 30, 2024 or December 31, 2023.

The Contingent Conversion Conditions in the 2024 Notes noted above have been analyzed under ASC 815, Derivatives and Hedging, and, based on our analysis, we determined that each of the embedded features listed above are clearly and closely related to the 2024 Notes (i.e., the host contracts). As a result, pursuant to the accounting provisions of ASC 815, Derivatives and Hedging, these features noted above are not required to be bifurcated as separate instruments.

Upon conversion, holders are entitled to a cash payment (Cash Settlement Amount) equal to the average of the conversion rate multiplied by the daily volume-weighted average trading price for our common shares over a 50-day period. The conversion rate is subject to adjustment in certain instances but will not be adjusted for any accrued and unpaid interest. In addition, following the occurrence of certain corporate events that may occur prior to the applicable maturity date, we may be required to pay a cash make-whole premium by increasing the conversion rate for any holder who elects to convert Cash Convertible Notes in connection with the occurrence of such a corporate event.

We may redeem the Cash Convertible Notes in their entirety at a price equal to 100% of the principal amount of the applicable Cash Convertible Notes plus accrued interest at any time when 20% or less of the aggregate principal amount of the applicable Cash Convertible Notes originally issued remain outstanding.

Because the Cash Convertible Notes contain an embedded cash conversion option, we have determined that the embedded cash conversion option is a derivative financial instrument, which is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our condensed consolidated statements of (loss) income until the cash conversion option transaction settles or expires. The initial fair value liability of the embedded cash conversion options was $98.5 million for the 2024 Notes, which simultaneously reduced the carrying value of the Cash Convertible Notes (effectively serving as an original issuance discount). For further discussion of the derivative financial instruments relating to the Cash Convertible Notes, refer to Note 9 "Derivatives and Hedging."

As noted above, the reduced carrying value on the Cash Convertible Notes resulted in a debt discount that is amortized to the principal amount through the recognition of non-cash interest expense using the effective interest method over the expected life of the debt of six years for the 2024 Notes. This resulted in our recognition of interest expense on the Cash Convertible Notes at an effective rate approximating what we would have incurred had nonconvertible debt with otherwise similar terms been issued. The effective interest rate is 4.782% for the 2024 Notes, which is imputed based on the amortization of the fair value of the embedded cash conversion option over the remaining term of the Cash Convertible Notes.

We incurred approximately $5.7 million of transaction costs in connection with the issuance of the 2024 Notes. Such costs have been allocated to the Cash Convertible Notes and deferred and are being amortized to interest expense over the terms of the Cash Convertible Notes using the effective interest method.

**Cash Convertible Notes Call Spread Overlay**

Concurrent with the issuance of the Cash Convertible Notes, we entered into privately negotiated hedge transactions (Call Options) with, and issued warrants to purchase shares of our common stock (Warrants) to, certain financial institutions. We refer to the Call Options and Warrants collectively as the “Call Spread Overlay.” The Call Options are intended to offset any cash payments payable by us in excess of the principal amount due upon any conversion of the Cash Convertible Notes. The Call Options are derivative financial instruments and are discussed further in Note 9 "Derivatives and Hedging." The Warrants are equity instruments and are further discussed in Note 13 "Equity."

Aside from the initial payment of a premium, we will not be required to make any cash payments under the Call Options, and will be entitled to receive an amount of cash, generally equal to the amount by which the market price per common share exceeds the exercise price of the Call Options during the relevant valuation period. The exercise price under the Call Options is initially equal to the conversion price of the Cash Convertible Notes.

The Warrants that were issued with our Cash Convertible Notes could have a dilutive effect to the extent that the price of our common shares exceeds the applicable strike price of the Warrants. For each Warrant that is exercised, we will deliver to the holder a number of common shares equal to the amount by which the settlement price exceeds the exercise price, plus cash in lieu of any fractional shares. We will not receive any proceeds if the Warrants are exercised.

**German Private Placement (2017 Schuldschein)**

In 2017, we completed a German private placement bond (2017 Schuldschein) which was issued in several tranches totaling $331.1 million due in various periods through 2027. The 2017 Schuldschein consisted of one U.S. dollar and several euro-denominated tranches. In June 2024, we repaid a total of $101.5 million at maturity of two tranches as shown in the table below. The euro tranches are designated as a foreign currency non-derivative hedging instrument that qualifies as a net investment hedge as described in Note 9 "Derivatives and Hedging." Based on the spot rate method, the change in the carrying value of the euro-denominated tranches attributed to the net investment hedge as of June 30, 2024 totaled $0.6 million of unrealized gain and is recorded in equity. We paid $1.2 million in debt issuance costs which are being amortized through interest expense using the effective interest method over the lifetime of the notes.

A summary of the tranches as of June 30, 2024 and December 31, 2023 is as follows:

| | | | | Carrying value (in thousands) as of | |
|---|---|---|---|---|---|
| Currency | Notional amount | Interest rate | Maturity | June 30, 2024 | December 31, 2023 |
| EUR | €64.0 million | Fixed 1.09% | June 2024 | $— | $70,704 |
| EUR | €31.0 million | Floating EURIBOR + 0.7% | June 2024 | — | 34,247 |
| EUR | €14.5 million | Fixed 1.61% | June 2027 | 15,507 | 16,005 |
| | | | | **$15,507** | **$120,956** |

**German Private Placement (2022 Schuldschein)**

In July and August 2022, we completed another German private placement bond (2022 Schuldschein) which was issued in several tranches totaling €370.0 million due in various periods through 2035. The 2022 Schuldschein consists of only euro-denominated tranches which have either a fixed or floating rate. All tranches except for the €70.0 million fixed 3.04% tranche due August 2035 are ESG-linked wherein the interest rate is subject to adjustment of +/- 0.025% if our ESG rating changes. The euro tranches are designated as a foreign currency non-derivative hedging instrument that qualifies as a net investment hedge as described in Note 9 "Derivatives and Hedging." Based on the spot rate method, the change in the carrying value of the euro-denominated tranches attributed to the net investment hedge as of June 30, 2024 totaled $23.4 million of unrealized loss and is recorded in equity. We paid $1.2 million in debt issuance costs which are being amortized through interest expense using the effective interest method over the lifetime of the notes.

A summary of the tranches issued is as follows:

| | | | | Carrying value (in thousands) as of | |
|---|---|---|---|---|---|
| Currency | Notional Amount | Interest Rate | Maturity | June 30, 2024 | December 31, 2023 |
| EUR | €51.5 million | Floating 6M EURIBOR + 0.55% | July 2025 | $55,083 | $56,836 |
| EUR | €62.0 million | Fixed 2.741% | July 2027 | 66,266 | 68,388 |
| EUR | €29.5 million | Floating 6M EURIBOR + 0.70% | July 2027 | 31,530 | 32,539 |
| EUR | €37.0 million | Fixed 3.044% | July 2029 | 39,534 | 40,803 |
| EUR | €103.0 million | Floating 6M EURIBOR + 0.85% | July 2029 | 110,053 | 113,586 |
| EUR | €9.5 million | Fixed 3.386% | July 2032 | 10,148 | 10,475 |
| EUR | €7.5 million | Floating 6M EURIBOR + 1.0% | July 2032 | 8,012 | 8,269 |
| EUR | €70.0 million | Fixed 3.04% | August 2035 | 74,651 | 77,054 |
| | | | | **$395,277** | **$407,950** |

**Revolving Credit Facility**

Our credit facilities available and undrawn at June 30, 2024 total €413.0 million (approximately $442.1 million). This includes a €400.0 million syndicated ESG-linked revolving credit facility expiring December 2025 and two other lines of credit amounting to €13.0 million with no expiration date. The €400.0 million facility can be utilized in euro and bears interest of 0.550% to 1.500% above EURIBOR and is offered with interest periods of one, three or six months. The commitment fee is calculated based on 35% of the applicable margin. The revolving facility agreement contains certain financial and non-financial covenants, including but not limited to, restrictions on the encumbrance of assets and the maintenance of certain financial ratios. We were in compliance with these covenants at June 30, 2024. The credit facilities are for general corporate purposes and no amounts were utilized at June 30, 2024.

## 9. Derivatives and Hedging

**Objective and Strategy**

In the ordinary course of business, we use derivative instruments, including swaps, forwards and/or options, to manage potential losses from foreign currency exposures and interest-bearing assets or liabilities. The principal objective of such derivative instruments is to minimize the risks and/or costs associated with our global financial and operating activities. We do not utilize derivative or other financial instruments for trading or other speculative purposes. We recognize all derivatives as either assets or liabilities on the balance sheet on a gross basis, measure those instruments at fair value and recognize the change in fair value in earnings in the period of change, unless the derivative qualifies as an effective hedge that offsets certain exposures. We have agreed with almost all of our counterparties with whom we had entered into cross-currency swaps, interest rate swaps or foreign exchange contracts, to enter into bilateral collateralization contracts under which we will receive or provide cash collateral, as the case may be, for the net position with each of these counterparties. As of June 30, 2024, cash collateral positions consisted of $7.5 million recorded in accrued and other current liabilities and $51.0 million recorded in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheet. As of December 31, 2023, we had cash collateral positions consisting of $5.4 million recorded in accrued and other current liabilities and $87.7 million recorded in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheet.

## Non-Derivative Hedging Instrument

### Net Investment Hedge

We are party to a foreign currency non-derivative hedging instrument that is designated and qualifies as a net investment hedge. The objective of the hedge is to protect part of the net investment in foreign operations against adverse changes in the exchange rate between the euro and the U.S. dollar. The non-derivative hedging instrument is the German private corporate bond (2017 Schuldschein) which was issued in 2017 in the total amount of $331.1 million as described in Note 8 "Debt." Of the $331.1 million, which is held in both U.S. dollars and euros, €255.0 million was designated as the hedging instrument against a portion of our euro net investments in our foreign operations. As further described in Note 8 "Debt," two tranches of the 2017 Schuldschein matured and were paid in June 2024, four tranches of the 2017 Schuldschein matured and were paid in October 2022 and two tranches of the 2017 Schuldschein matured and were paid during 2021. As a result, €14.5 million remained designated as a hedging instrument as of June 30, 2024. In July 2022, we issued an additional €370.0 million German private corporate bond (2022 Schuldschein) as described in Note 8 "Debt" and it is designated in its entirety as the hedging instrument against a portion of our euro net investments in our foreign operations. The relative changes in both the hedged item and hedging instrument are calculated by applying the change in spot rate between two assessment dates against the respective notional amount. The effective portion of the hedge is recorded in the cumulative translation adjustment account within accumulated other comprehensive loss. Based on the spot rate method, the unrealized loss recorded in equity as of June 30, 2024 and December 31, 2023 is $22.8 million and $35.2 million, respectively. Since we are using the debt as the hedging instrument, which is also remeasured based on the spot rate method, there is no hedge ineffectiveness related to the net investment hedge as of June 30, 2024 and December 31, 2023.

## Derivatives Designated as Hedging Instruments

### Cash Flow Hedges

As of June 30, 2024 and December 31, 2023, we held derivative instruments that are designated and qualify as cash flow hedges, where the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. To date, we have not recorded any hedge ineffectiveness related to any cash flow hedges in earnings. Based on their valuation as of June 30, 2024, we expect approximately $4.7 million of derivative gains included in accumulated other comprehensive loss will be reclassified into income during the next 12 months. The cash flows derived from derivatives are classified in the condensed consolidated statements of cash flows in the same category as the hedged item.

We use interest rate derivative contracts to align our portfolio of interest-bearing assets and liabilities with our risk management objectives. Since 2015, we have been a party to five cross-currency interest rate swaps through 2025 for a total notional amount of €180.0 million which qualify for hedge accounting as cash flow hedges. In September 2022, we entered into five new cross-currency interest rate swaps through 2025 for a total notional amount of CHF 542.0 million which qualify for hedge accounting as cash flow hedges. We determined that no ineffectiveness exists related to these swaps. As of June 30, 2024 and December 31, 2023, interest receivables of $8.7 million and $8.4 million, respectively, are recorded in prepaid expenses and other current assets in the accompanying condensed consolidated balance sheets.

## Derivatives Not Designated as Hedging Instruments

### Call Options

We entered into Call Options which, along with the sale of the Warrants, represent the Call Spread Overlay entered into in connection with the Cash Convertible Notes and which are more fully described in Note 8 "Debt." In these transactions, the Call Options are intended to address the equity price risk inherent in the cash conversion feature of each instrument by offsetting cash payments in excess of the principal amount due upon any conversion of the Cash Convertible Notes. Accordingly, the derivative is presented as either current or long-term based upon the classification of the related debt.

Aside from the initial payment of premiums for the Call Options, we will not be required to make any cash payments under the Call Options. We will, however, be entitled to receive under the terms of the Call Options, an amount of cash generally equal to the amount by which the market price per common share exceeds the exercise price of the Call Options during the relevant valuation period. The exercise price under the Call Options is equal to the conversion price of the Cash Convertible Notes.

The Call Options, for which our common shares are the underlying security, are derivative assets that require mark-to-market accounting treatment. The Call Options are measured and reported at fair value on a recurring basis within Level 2 of the fair value hierarchy. The change in fair value is recognized immediately in our condensed consolidated statements of (loss) income in other expense, net.

**Cash Convertible Notes Embedded Cash Conversion Option**

The embedded cash conversion option within the Cash Convertible Notes discussed in Note 8 "Debt" is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our condensed consolidated statements of (loss) income in other expense, net until the cash conversion option settles or expires. The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy.

Because the terms of the Cash Convertible Notes' embedded cash conversion option are substantially similar to those of the Call Options, discussed above, we expect the effect on earnings from these two derivative instruments to mostly offset each other.

**Foreign Exchange Contracts**

As a globally active enterprise, we are subject to risks associated with fluctuations in foreign currencies in our ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions including intercompany items. We manage balance sheet exposure on a group-wide basis using foreign exchange forward contracts, foreign exchange options and cross-currency swaps.

We are party to various foreign exchange forward, option and swap arrangements which had an aggregate notional value of $415.8 million at June 30, 2024, which expire at various dates through January 2025. At December 31, 2023, these arrangements had an aggregate notional value of $590.9 million, which expired at various dates through September 2024. The transactions have been entered into to offset the effects from short-term balance sheet exposure to foreign currency exchange risk. Changes in the fair value of these arrangements have been recognized in other expense, net.

## Fair Values of Derivative Instruments

The following table summarizes the fair value amounts of derivative instruments as of June 30, 2024 and December 31, 2023. The current assets are included in prepaid expenses and other current assets and the current liabilities are included in accrued and other current liabilities in the accompanying condensed consolidated balance sheets.

| | As of June 30, 2024 | | As of December 31, 2023 | |
|---|---|---|---|---|
| (in thousands) | Current asset | Long-term asset | Current asset | Long-term asset |
| Assets: | | | | |
| Derivative instruments designated as hedges | | | | |
| Interest rate contracts - cash flow hedge[1] | $— | $8,846 | $— | $3,083 |
| Total derivative instruments designated as hedges | $— | $8,846 | $— | $3,083 |
| | | | | |
| Undesignated derivative instruments | | | | |
| Equity options | $14,938 | $— | $39,759 | $— |
| Foreign exchange forwards and options | 3,018 | — | 3,471 | — |
| Total undesignated derivative instruments | $17,956 | $— | $43,230 | $— |
| **Total derivative assets** | **$17,956** | **$8,846** | **$43,230** | **$3,083** |

| (in thousands) | As of June 30, 2024 Current liability | As of June 30, 2024 Long-term liability | As of December 31, 2023 Current liability | As of December 31, 2023 Long-term liability |
|---|---|---|---|---|
| Liabilities: | | | | |
| Derivative instruments designated as hedges | | | | |
| Interest rate contracts - cash flow hedge[1] | ($57,381) | $— | $— | ($98,908) |
| Total derivative instruments designated as hedges | ($57,381) | $— | $— | ($98,908) |
| | | | | |
| Undesignated derivative instruments | | | | |
| Cash convertible notes embedded conversion option | ($14,948) | $— | ($39,830) | $— |
| Foreign exchange forwards and options | (4,115) | — | (9,944) | — |
| Total undesignated derivative instruments | ($19,063) | $— | ($49,774) | $— |
| **Total derivative liabilities** | **($76,444)** | **$—** | **($49,774)** | **($98,908)** |

[1] The fair value amounts for the interest rate contracts do not include accrued interest.

## Gains and Losses on Derivative Instruments

The following tables summarize the gains and losses on derivative instruments for the three- and six-month periods ended June 30, 2024 and 2023:

| (in thousands) | Three Months Ended June 30, 2024 Other expense, net | Three Months Ended June 30, 2023 Other expense, net | Six Months Ended June 30, 2024 Other expense, net | Six Months Ended June 30, 2023 Other expense, net |
|---|---|---|---|---|
| Total amounts presented in the Condensed Consolidated Statements of (Loss) Income in which the effects of cash flow and fair value hedges are recorded | ($1,004) | ($10,962) | ($1,127) | ($2,439) |
| | | | | |
| Gains (Losses) on Derivatives in Cash Flow Hedges | | | | |
| Interest rate contracts | | | | |
| Amount of gain (loss) reclassified from accumulated other comprehensive loss | $352 | $10,216 | ($50,723) | $18,212 |
| Amounts excluded from effectiveness testing | — | — | — | — |
| | | | | |
| Gains (Losses) Derivatives Not Designated as Hedging Instruments | | | | |
| Equity options | (23,444) | (5,735) | (24,821) | (83,418) |
| Cash convertible notes embedded cash conversion option | 23,476 | 5,887 | 24,882 | 83,913 |
| Foreign exchange forwards and options | (65) | (9,075) | 3,131 | (5,730) |
| | | | | |
| **Total gains (losses)** | **$319** | **$1,293** | **($47,531)** | **$12,977** |

## 10. Financial Instruments and Fair Value Measurements

Assets and liabilities are measured at fair value according to a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- *Level 1.* Observable inputs, such as quoted prices in active markets;
- *Level 2.* Inputs, other than the quoted price in active markets, that are observable either directly or indirectly; and
- *Level 3.* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table presents our fair value hierarchy for our financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023.

| | | | | As of June 30, 2024 | | | | As of December 31, 2023 |
|---|---|---|---|---|---|---|---|---|
| (in thousands) | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| Assets: | | | | | | | | |
| Cash equivalents | $363,306 | $— | $— | $363,306 | $481,360 | $9,982 | $— | $491,342 |
| Short-term investments | — | 73,071 | — | 73,071 | — | 81,023 | — | 81,023 |
| Non-marketable equity securities | — | — | 4,234 | 4,234 | — | — | 4,435 | 4,435 |
| Equity options | — | 14,938 | — | 14,938 | — | 39,759 | — | 39,759 |
| Foreign exchange forwards and options | — | 3,018 | — | 3,018 | — | 3,471 | — | 3,471 |
| Interest rate contracts - cash flow hedge | — | 8,846 | — | 8,846 | — | 3,083 | — | 3,083 |
| **Total financial assets** | **$363,306** | **$99,873** | **$4,234** | **$467,413** | **$481,360** | **$137,318** | **$4,435** | **$623,113** |
| Liabilities: | | | | | | | | |
| Cash convertible notes embedded cash conversion option | $— | ($14,948) | $— | ($14,948) | $— | ($39,830) | $— | ($39,830) |
| Foreign exchange forwards and options | — | (4,115) | — | (4,115) | — | (9,944) | — | (9,944) |
| Interest rate contracts - cash flow hedge | — | (57,381) | — | (57,381) | — | (98,908) | — | (98,908) |
| Contingent consideration | — | — | (18,216) | (18,216) | — | — | (18,359) | (18,359) |
| **Total financial liabilities** | **$—** | **($76,444)** | **($18,216)** | **($94,660)** | **$—** | **($148,682)** | **($18,359)** | **($167,041)** |

The carrying values of financial instruments, including accounts receivable, accounts payable and other accrued liabilities, approximate their fair values due to their short-term maturities.

Our assets and liabilities measured at fair value on a recurring basis consist of cash equivalents and short-term investments, which are classified in Level 1 and Level 2 of the fair value hierarchy; derivative contracts used to hedge currency and interest rate risk and derivative financial instruments entered into in connection with the Cash Convertible Notes discussed in Note 8 "Debt," which are classified in Level 2 of the fair value hierarchy; contingent consideration accruals, which are classified in Level 3 of the fair value hierarchy; and non-marketable equity securities remeasured as of June 30, 2024 and December 31, 2023 within Level 3 in the fair value hierarchy. There were no transfers between levels during the three and six months ended June 30, 2024.

In determining fair value for Level 2 instruments, we apply a market approach, using quoted active market prices relevant to the particular instrument under valuation, giving consideration to the credit risk of both the respective counterparty to the contract and the Company. To determine our credit risk, we estimated our credit rating by benchmarking the price of outstanding debt to publicly-available comparable data from rated companies. Using the estimated rating, our credit risk was quantified by reference to publicly-traded debt with a corresponding rating. The Level 2 derivative financial instruments include the Call Options asset and the embedded cash conversion option liability. See Note 8 "Debt" and Note 9 "Derivatives and Hedging" for further information. The derivatives are not actively traded and are valued based on an option pricing model that uses observable market data for inputs. Significant market data inputs used to determine fair values included our common share price, the risk-free interest rate, and the implied volatility of our common shares. The Call Options asset and the embedded cash conversion option liability were designed with the intent that changes in their fair values would substantially offset, with limited net impact to our earnings. Therefore, the sensitivity of changes in the unobservable inputs to the option pricing model for such instruments is substantially mitigated.

Our Level 3 instruments include non-marketable equity security investments. Under the measurement alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer. Adjustments are determined primarily based on a market approach as of the transaction date.

Our Level 3 instruments also include contingent consideration liabilities. We value contingent consideration liabilities using unobservable inputs, applying the income approach, such as the discounted cash flow technique, or the probability-weighted scenario method. Contingent consideration arrangements obligate us to pay the sellers of an acquired entity if specified future events occur or conditions are met such as the achievement of technological or revenue milestones. We use various key assumptions, such as the probability of achievement of the milestones (0% to 100%) and the discount rate (between 6.5% and 6.6%), to represent the non-performing risk factors and time value when applying the income approach. We regularly review the fair value of the contingent consideration, and reflect any change in the accrual in the condensed consolidated statements of (loss) income in the line items commensurate with the underlying nature of milestone arrangements.

Refer to Note 7 "Investments" for the change in non-marketable equity securities with Level 3 inputs during the six-month periods ended June 30, 2024 and 2023. For contingent consideration liabilities with Level 3 inputs, the following table summarizes the activity for the six-month periods ended June 30, 2024 and 2023, all of which is related to the 2018 acquisition of STAT-Dx:

| (in thousands) | 2024 | 2023 |
|---|---|---|
| Balance at beginning of year | ($18,359) | ($18,088) |
| Changes in fair value | 143 | 9 |
| **Balance at end of period** | **($18,216)** | **($18,079)** |

As of June 30, 2024, $18.2 million was accrued for contingent consideration, of which $8.4 million is included in accrued and other current liabilities and $9.8 million is included in other long-term liabilities in the accompanying condensed consolidated balance sheet.

The estimated fair value of long-term debt as disclosed in Note 8 "Debt" was based on current interest rates for similar types of borrowings. The estimated fair values may not represent actual values of the financial instruments that could be realized as of the balance sheet date or that will be realized in the future.

The fair values of the financial instruments are presented in Note 8 "Debt" and were determined as follows:

Cash Convertible Notes and Convertible Notes: Fair value is based on an estimation using available over-the-counter market information on the Cash Convertible Notes due in 2024 as well as the Convertible Notes due in 2027.

German Private Placements: Fair value is based on an estimation using changes in the euro swap rates.

There were no adjustments in the three- and six-month periods ended June 30, 2024 and 2023 for nonfinancial assets or liabilities required to be measured at fair value on a nonrecurring basis.

## 11. Income Taxes

The quarterly provision for income taxes is based upon the estimated annual effective tax rate for the year, applied to the current period ordinary income before tax plus the tax effect of any discrete items. Our operating subsidiaries are exposed to statutory tax rates ranging from zero to 35%. Fluctuations in the distribution of pre-tax loss or income among our operating subsidiaries can lead to fluctuations of the effective tax rate in the condensed consolidated financial statements.

In the second quarters of 2024 and 2023, our effective tax rates were 17.9% and 21.0%, respectively. In the six months ended June 30, 2024 and 2023, our effective tax rates were 15.2% and 21.5%, respectively. Our effective tax rates in 2024 are lower compared to 2023 primarily as a result of restructuring charges recorded in June 2024 as part of the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments." We record partial tax exemptions on foreign income primarily derived from operations in Germany. These foreign tax benefits are due to a combination of favorable tax laws and exemptions in these jurisdictions, including intercompany foreign royalty income in Germany which is statutorily exempt from trade tax. Further, we have intercompany financing arrangements in which the intercompany interest income is nontaxable in Poland, beginning the first quarter of 2024, and in Dubai.

We assess uncertain tax positions in accordance with ASC 740 (ASC 740-10 Accounting for Uncertainties in Tax). At June 30, 2024, our gross unrecognized tax benefits totaled approximately $97.5 million which, if recognized, would favorably impact our effective tax rate in the periods in which they are recognized. We estimate that approximately $25.5 million of the unrecognized tax benefits may be released during the next 12 months due to lapse of statutes of limitations or settlements with taxing authorities. However, various events could cause our current expectations to change in the future. While we believe our income tax contingencies are adequate, the final resolution of these issues, if unfavorable, could have a material impact on the consolidated financial statements. We cannot reasonably estimate the range of the potential outcomes of these matters.

We conduct business globally and, as a result, file numerous consolidated and separate income tax returns in the Netherlands, Germany, and the U.S. federal jurisdiction, as well as in various other state and foreign jurisdictions. In the normal course of business, we are subject to examination by taxing authorities throughout the world. Tax years in the Netherlands are potentially open back to 2011 for income tax examinations by taxing authorities. Our subsidiaries, with few exceptions, are no longer open to income tax examinations by taxing authorities for years before 2019. Since 2022, the German group has been under audit for the 2017-2019 tax years and beginning in late 2023, the U.S. group is under audit for the 2014-2020 tax years.

As of June 30, 2024, residual Netherlands income taxes have not been provided on the undistributed earnings of the majority of our foreign subsidiaries as these earnings are considered to be either permanently reinvested or can be repatriated tax free under the Dutch participation exemption.

## 12. Share-Based Compensation

### Stock Units

Stock units represent rights to receive our common shares at a future date and include restricted stock units which are subject to time-based vesting only and performance stock units which include performance conditions in addition to time-based vesting. Shares are issued on the vesting dates net of the applicable statutory tax withholding to be paid by us on behalf of our employees. As a result, fewer shares are issued than the number of stock units outstanding. We record a liability for the tax withholding to be paid by us as a reduction to treasury shares.

At June 30, 2024, there was $74.1 million remaining in unrecognized compensation expense, less estimated forfeitures, related to stock awards which will be recognized over a weighted-average period of 1.78 years.

### Share-Based Compensation Expense

For the three- and six-month periods ended June 30, 2024 and 2023, share-based compensation expense was as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands) | 2024 | 2023 | 2024 | 2023 |
| Cost of sales | $905 | $589 | $1,947 | $1,456 |
| Research and development | 1,901 | 1,302 | 4,618 | 3,308 |
| Sales and marketing | 2,530 | 2,533 | 5,978 | 6,344 |
| General and administrative | 4,776 | 3,436 | 11,400 | 10,900 |
| Share-based compensation expense before taxes | 10,112 | 7,860 | 23,943 | 22,008 |
| Less: Income tax benefit | 2,352 | 1,726 | 5,521 | 4,885 |
| **Share-based compensation expense, after tax** | **$7,760** | **$6,134** | **$18,422** | **$17,123** |

## 13. Equity

### Issuance and Conversion of Warrants

In connection with the issuance of the Cash Convertible Notes as described in Note 8 "Debt," we issued Warrants as summarized in the table below. The number of warrants and exercise prices are subject to customary adjustments under certain circumstances. The proceeds, net of issuance costs, from the sale of the Warrants are included as additional paid-in capital in the accompanying condensed consolidated balance sheets.

The Warrants are exercisable only upon expiration. For each Warrant that is exercised, we will deliver to the holder a number of common shares equal to the amount by which the settlement price exceeds the exercise price, divided by the settlement price, plus cash in lieu of any fractional shares. The Warrants could separately have a dilutive effect on common shares to the extent that the market value per common share exceeds the applicable exercise price of the Warrants (as measured under the terms of the Warrants).

| Cash convertible notes | Issued on | Number of share warrants issued (in millions) | Weighted Average Exercise price per share | Proceeds from issuance of warrants, net of issuance costs (in millions) | Warrants expire over a period of 50 trading days beginning on |
|---|---|---|---|---|---|
| 2023 | September 13, 2017 | 9.7 | $ 49.9775 | $ 45.3 | June 26, 2023 |
| 2024 | November 13, 2018 | 10.9 | $ 50.3346 | $ 72.4 | August 27, 2024 |

All Warrants related to the 2023 Notes that matured in September 2023 expired unexercised.

### Synthetic Share Repurchase Program

In January 2024, we completed a capital repayment program through a synthetic share repurchase that combined a direct capital repayment with a reverse stock split. The synthetic share repurchase was implemented through a series of amendments to our Articles of Association which were approved by our shareholders. The first amendment involved an increase in share capital by an increase in the nominal value per common share from EUR 0.01 to EUR 1.18 and a corresponding reduction in additional paid in capital. The second amendment involved a reduction in common shares whereby 25 existing common shares with a nominal value of EUR 1.18 each were consolidated into 24.25 new common shares with a nominal value of EUR 1.22 each. The third amendment was a reduction of the nominal value per common share from EUR 1.22 to EUR 0.01.

As a result of these amendments, which in substance constitute a synthetic share buyback, $292.1 million was repaid to our shareholders and the outstanding number of common shares was reduced by 6.8 million, or 3%. Total expenses incurred related to the capital repayment and share consolidation amounted to $0.9 million and were charged to equity through the six months ended June 30, 2024.

### Accumulated Other Comprehensive Loss

The following table is a summary of the components of accumulated other comprehensive loss as of June 30, 2024 and December 31, 2023:

| (in thousands) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Net unrealized loss on hedging contracts, net of tax | ($27,513) | ($37,372) |
| Net unrealized gain on pension, net of tax | 812 | 812 |
| Foreign currency effects from intercompany long-term investment transactions, net of tax benefits of $13.2 million in 2023 and 2022 | (33,719) | (33,648) |
| Foreign currency translation adjustments | (371,126) | (363,622) |
| **Accumulated other comprehensive loss** | **($431,546)** | **($433,830)** |

## 14. Earnings Per Common Share

We present basic and diluted earnings per common share. Basic earnings per common share is calculated by dividing the net (loss) income by the weighted average number of common shares outstanding. Diluted earnings per common share reflect the potential dilution of earnings that would occur if all "in the money" securities to issue common shares were exercised. Due to the net loss for the three- and six-month periods ended June 30, 2024, restricted stock units representing approximately 2.0 million and 2.4 million weighted-average number of common shares, respectively, were excluded from the computation of diluted net loss because the impact would have been antidilutive.

The following table for the three- and six-month periods ended June 30, 2024 and 2023 summarizes the information used to compute (loss) earnings per common share:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (in thousands, except per share data) | 2024 | 2023 | 2024 | 2023 |
| Net (loss) income | ($183,460) | $80,786 | ($102,787) | $165,821 |
| | | | | |
| Weighted average number of common shares used to compute basic earnings per common share | 221,989 | 228,160 | 222,912 | 228,027 |
| Dilutive effect of outstanding stock options and restricted stock units | — | 2,357 | — | 2,533 |
| **Weighted average number of common shares used to compute diluted earnings per common share** | **221,989** | **230,517** | **222,912** | **230,560** |
| | | | | |
| Outstanding stock awards having no dilutive effect, not included in above calculation | 2,133 | — | 2,435 | — |
| Outstanding warrants having no dilutive effect, not included in above calculation | 10,892 | 20,560 | 10,892 | 20,560 |
| | | | | |
| Basic (loss) earnings per common share | ($0.83) | $0.35 | ($0.46) | $0.73 |
| Diluted (loss) earnings per common share | ($0.83) | $0.35 | ($0.46) | $0.72 |

For purposes of considering the 2027 Notes, as discussed further in Note 8 "Debt," in determining diluted earnings per common share, only an excess of the conversion value over the principal amount would have a dilutive impact using the treasury stock method. Since the 2027 Notes were out of the money and anti-dilutive during the period from January 1, 2023 through June 30, 2024, they were excluded from the diluted earnings per common share calculations in 2023 and 2024.

## 15. Commitments and Contingencies

### Contingent Consideration Commitments

Pursuant to the purchase agreements for certain acquisitions, we could be required to make additional contingent cash payments for a previous business combination based on the achievement of certain FDA approval milestones. Potential milestone payments total $20.7 million, of which $8.9 million may be triggered by the end of 2024 and $11.8 million by the end of 2025. Based on the current estimate of potential milestone payments, $8.4 million is included in accrued and other current liabilities and $9.8 million is included in other long-term liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2024.

### Contingencies

In the ordinary course of business, we provide a warranty to customers that our products are free of defects and will conform to published specifications. Generally, the applicable product warranty period is one year from the date of delivery of the product to the customer or of site acceptance, if required. Additionally, we typically provide limited warranties with respect to our services. We provide for estimated warranty costs at the time of the product sale. At the time product revenue is recognized, a provision for estimated future warranty costs is recorded in cost of sales based on historical experience. We periodically review the provision and adjust, if necessary, based on actual experience and estimated costs to be incurred. We believe our warranty reserves, which totaled $3.9 million as of June 30, 2024 and December 31, 2023, appropriately reflect the estimated cost of such warranty obligations.

### Litigation

From time to time, we may be party to legal proceedings incidental to our business which may arise in the ordinary course and conduct of business as well as through acquisition. As of June 30, 2024, certain claims, lawsuits or legal proceedings arising out of the normal course of business have been filed or were pending against QIAGEN or our subsidiaries. Although it is not possible to predict the outcome of such litigation, we assess the degree of probability and evaluate the reasonably possible losses that we could incur as a result of these matters. We accrue for any estimated loss when it is probable that a liability has been incurred and the amount of probable loss can be estimated. We are not party to any material legal proceeding as of the date of this report except for the matters listed below.

#### Patent Litigation

##### ArcherDX

In 2018, ArcherDX (a company which spun out as an independent company in conjunction with QIAGEN's acquisition of Enzymatics in 2015 and was later acquired by Invitae in 2021) and Massachusetts General Hospital (MGH) sued QIAGEN for patent infringement. In August 2021, a federal jury ruled that QIAGEN infringed two patents owned by ArcherDX and awarded damages of $4.7 million which were accrued in 2021 and remain accrued as of June 30, 2024 in other long-term liabilities in the accompanying condensed consolidated balance sheet. We filed an appeal in August 2023 after the verdict was entered.

#### Other litigation matters

For all other matters, management's best estimate of the potential liability amounts to $0.8 million and $4.8 million as accrued as of June 30, 2024 and December 31, 2023, respectively, in accrued and other current liabilities. The estimated range of possible losses for these other matters as of June 30, 2024 is between zero and $6.0 million.

Based on the facts known to QIAGEN and after consultation with legal counsel, management believes that such litigation will not have a material adverse effect on our financial position or results of operations above the amounts accrued. However, the outcome of these matters is ultimately uncertain. Any settlements or judgments against us in excess of management's expectations could have a material adverse effect on our financial position, results of operations or cash flows.

# Operating and Financial Review and Prospects

This section contains a number of forward-looking statements. These statements are based on current management expectations, and actual results may differ materially. Among the factors that could cause actual results to differ from management's expectations are those described in "Risk Factors" and "Forward-looking and Cautionary Statements" below.

## Forward-looking and Cautionary Statements

This report contains forward-looking statements that are subject to risks and uncertainties. These statements can be identified by the use of forward-looking terminology, such as "believe," "hope," "plan," "intend," "seek," "may," "will," "could," "should," "would," "expect," "anticipate," "estimate," "continue" or other similar words. Forward-looking statements include but are not limited to, statements that relate to our future revenue, margins, costs, operating expenses, tax expenses, earnings, profitability, demand, levels of research and development, growth and expansion, the success of our marketing and sales efforts, the expected benefits and other statements relating to acquisitions and business combinations, the expected benefits and other statements relating to the 2024 restructuring program, including the expected size, make-up and timing of the restructuring charge, costs associated with licensing, information technology and cyber security, the timing and costs associated with marketing and regulatory approvals for our products, market performance of our stock, our adoption of newly issued accounting guidance, and the sufficiency of financial resources to fund planned operations and expansion. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. We caution investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the following: risks associated with our dependence on the development and success of new products; management of growth and expansion of operations (including the effects of currency fluctuations, tax laws, regulatory processes and dependence on suppliers and logistics services); variability of operating results; integration of acquired businesses; changing relationships with customers, suppliers and strategic partners; competition; rapid or unexpected changes in technologies; fluctuations in demand for QIAGEN's products (including fluctuations due to general economic conditions, the level and timing of customers' funding, budgets and other factors, including delays or limits in the amount of reimbursement approvals or public health funding); our ability to obtain regulatory approval of our products; difficulties in successfully adapting QIAGEN's products to integrated solutions and producing such products; the ability of QIAGEN to identify and develop new products and to differentiate and protect our products from competitors' products; market acceptance of new products and the integration of acquired technologies and businesses; actions of governments, global or regional economic developments, including inflation and rising interest rates, weather or transportation delays, natural disasters, cyber security breaches, political or public health crises, and its impact on the demand for our products and other aspects of our business, or other force majeure events; litigation risk, including patent litigation and product liability; debt service obligations; volatility in the public trading price of our common shares; as well as the possibility that expected benefits related to recent or pending acquisitions may not materialize as expected; and the other factors discussed under the heading "Risk Factors" in our most recent Annual Report on Form 20-F. For further information, refer to the more specific risks and uncertainties discussed under "Risks and Risk Management" in our Annual Report on Form 20-F for the year ended December 31, 2023 and under the heading "Risk Factors" below.

## Results of Operations

### Selected Operating Performance

- Total net sales were stable in the second quarter of 2024 at $496.3 million compared to $494.9 million in the year-ago period, with net sales in the six months ended June 30, 2024 totaling $955.1 million compared to $980.3 million in 2023. Total net sales were adversely impacted by unfavorable currency movements against the U.S. dollar by one percentage point in the three months ended June 30, 2024 and two percentage points in the six months ended June 30, 2024.
- The operating margin of -46% for the second quarter of 2024 and -14.0% for the six months ended June 30, 2024 reflects a total of $349.5 million of restructuring charges related to the 2024 restructuring program which commenced in the second quarter of 2024, as fully discussed in Note 3 "Restructuring and Impairments."
- Net cash provided by operating activities increased 63% to $299.7 million in the first half of 2024 from $183.4 million in the year-ago period. Cash flow results for the first half of 2024 reflected a decrease in working capital requirements, particularly higher collections of accounts receivables.

## Three- and Six-Month Periods Ended June 30, 2024 compared to Three- and Six-Month Periods Ended June 30, 2023

### Net Sales

In the tables presented below, results may not sum and percentages may not recalculate due to rounding.

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| (in millions) | 2024 | 2023 | % change | 2024 | 2023 | % change |
| Product type | | | | | | |
| Consumables and related revenues | $442.4 | $434.5 | +2 % | $851.7 | $865.1 | -2 % |
| Instruments | 53.9 | 60.4 | -11 % | 103.4 | 115.1 | -10 % |
| **Net sales** | **$496.3** | **$494.9** | **—%** | **$955.1** | **$980.3** | **-3%** |
| | | | | | | |
| Customer class | | | | | | |
| Molecular Diagnostics | $266.3 | $259.7 | +3 % | $509.9 | $510.1 | — % |
| Life Sciences | 230.1 | 235.1 | -2 % | 445.2 | 470.2 | -5 % |
| **Net sales** | **$496.3** | **$494.9** | **—%** | **$955.1** | **$980.3** | **-3%** |

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| Product group (in millions) | 2024 | 2023 | % change | 2024 | 2023 | % change |
| Sample technologies | $163.7 | $164.8 | -1 % | $318.4 | $338.1 | -6 % |
| Diagnostic solutions | 184.7 | 176.6 | +5 % | 355.1 | 339.3 | +5 % |
| PCR / Nucleic acid amplification | 76.1 | 74.5 | +2 % | 143.7 | 151.3 | -5 % |
| Genomics / NGS | 58.3 | 64.0 | -9 % | 113.1 | 119.2 | -5 % |
| Other | 13.6 | 14.9 | -9 % | 24.9 | 32.3 | -23 % |
| **Net sales** | **$496.3** | **$494.9** | **—%** | **$955.1** | **$980.3** | **-3%** |

**Sample technologies** involve the sale of consumable kits and instruments for use in obtaining DNA, RNA and proteins from biological samples. While this product group showed higher consumable sales for automated kits used in QIAsymphony, QIAcube Connect, EZ2 and other instruments, overall sales declined 1% and 6% during the three and six months ended June 30, 2024, respectively, compared to the year-ago periods, primarily due to cautious capital investments among customers into new instruments. Sales of sample technologies were adversely impacted by unfavorable currency movements against the U.S. dollar by two percentage points in the three months ended June 30, 2024 and one percentage point in the six months ended June 30, 2024.

**Diagnostic solutions** involve the sale of regulated consumable kits and instruments for use in clinical healthcare, as well as revenues from our Precision Diagnostics portfolio and companion diagnostic co-development projects with pharmaceutical companies. Sales in this product group grew 5% both for the three and six months ended June 30, 2024 compared to the year-ago periods, driven by the solid growth in consumables. QuantiFERON TB test sales rose 10% and 11% in the three and six months ended June 30, 2024, respectively, and registered another consecutive quarter of sales above $100 million, supported by solid demand trends in all regions from conversion gains against the tuberculin skin test. QIAstat-Dx system sales advanced 11% and 15% in the second quarter and first half of 2024, respectively, on sales growth in consumables and ongoing solid instrument placement pace. NeuMoDx results reflected the decision in the second quarter of 2024 to discontinue and support customers during the transition.

**PCR / Nucleic acid amplification** involves consumable kits used in non-regulated applications. Sales in this product group rose 2%, including one percentage point of adverse currency movements, in the three months ended June 30, 2024 due mainly to growth in consumables and fell 5% in the six months ended June 30, 2024 due mainly to lower instrument sales compared to the respective year-ago periods.

**Genomics / NGS** involves our portfolio of universal solutions as well as the full QIAGEN Digital Insights portfolio. Sales in Genomics / NGS fell 9% and 5% in the three and six months ended June 30, 2024, respectively, and included an unfavorable currency impact of one percentage point in the second quarter and first half of 2024.

| | | Three Months Ended June 30, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| Geographic region (in millions) | 2024 | 2023 | % change | 2024 | 2023 | % change |
| Americas | $261.8 | $263.0 | — % | $495.5 | $509.6 | -3 % |
| Europe, Middle East and Africa | 158.9 | 150.6 | +5 % | 311.7 | 306.1 | +2 % |
| Asia Pacific, Japan and Rest of World | 75.7 | 81.3 | -7 % | 147.9 | 164.6 | -10 % |
| **Net sales** | **$496.3** | **$494.9** | **—%** | **$955.1** | **$980.3** | **-3%** |

Net sales in the **Americas** region was largely unchanged during the second quarter but declined 3% in the first half of 2024, which reflected lower sales of instruments and consumables. Results benefited from improving demand for QuantiFERON, QIAstat-Dx and QIAcuity consumables in the region.

Net sales in the **Europe, Middle East and Africa (EMEA)** region in the three and six months ended June 30, 2024 were 5% and 2% higher compared to respective year-ago periods. Among the top countries were South Africa, Turkey, Belgium and the United Kingdom.

Net sales in the **Asia Pacific, Japan and Rest of World** region declined 7% and 10% in the three and six months ended June 30, 2024, respectively, compared to the year-ago periods, reflecting challenging macro demand trends in China over the year-ago period. Sales in this region were adversely impacted by four percentage points from unfavorable currency movements against the U.S. dollar in the three and six months ended June 30, 2024.

## Gross Profit

| | | Three Months Ended June 30, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|
| (in millions) | 2024 | 2023 | % change | 2024 | 2023 | % change |
| Gross profit | $34.8 | $312.2 | -89% | $325.8 | $619.6 | -47% |
| Gross margin | 7.0 % | 63.1 % | | 34.1 % | 63.2 % | |

The gross margin in the three and six months ended June 30, 2024 primarily reflects changes in individual product sales and mix. Generally, our consumables and related products have a higher gross margin than our instrumentation products and service arrangements. Fluctuations in the sales levels between periods can cause changes in gross profit between periods. In the three and six months ended June 30, 2024, gross margin was impacted by inventory write offs and impairments recorded in connection with the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments."

### Sales and Marketing

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| Sales and marketing | $114.7 | $116.3 | -1% | $225.8 | $231.0 | -2% |
| % of net sales | 23.1 % | 23.5 % | | 23.6 % | 23.6 % | |

Sales and marketing expenses decreased by 1% and 2% during the three and six months ended June 30, 2024, respectively, compared to the prior year periods. The overall decrease in sales and marketing expenses primarily reflects lower freight and other supply chain costs while including favorable currency exchange impact of $2.0 million and $2.3 million in the three and six months ended June 30, 2024, respectively. Sales and marketing expenses are primarily associated with personnel, commissions, advertising, trade shows, publications, freight and logistics expenses, and other promotional expenses. The increased use of digital customer engagement continues to build on the new habits of customers and enhance customer engagement with a focus on greater efficiency and effectiveness.

### Research and Development

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| Research and development | $49.1 | $49.9 | -2% | $100.4 | $104.6 | -4% |
| % of net sales | 9.9 % | 10.1 % | | 10.5 % | 10.7 % | |

Research and development expense decreased by 2% and 4% during the three and six months ended June 30, 2024, respectively, compared to the prior year periods. The overall change in research and development expense in the three and six months ended June 30, 2024 includes favorable currency exchange impact of $0.1 million and unfavorable currency exchange impact of $0.6 million, respectively. Research and development expense reflects our continued focus on investments targeted to drive sustainable growth. As we continue to discover, develop and acquire new products and technologies, we expect to incur additional expenses related to facilities, licenses and employees engaged in research and development. Overall, research and development costs are expected to increase as a result of seeking regulatory approvals, including U.S. FDA Pre-Market Approval (PMA), U.S. FDA 510(k) clearance and EU CE approval of certain assays or instruments. Further, business combinations, along with the acquisition of new technologies, may increase our research and development costs in the future. We have a strong commitment to innovation and expect to continue to make investments in our research and development efforts.

### General and Administrative

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| General and administrative | $28.6 | $29.2 | -2% | $56.2 | $62.1 | -10% |
| % of net sales | 5.8 % | 5.9 % | | 5.9 % | 6.3 % | |

General and administrative expenses decreased by 2% and 10% during the three and six months ended June 30, 2024, respectively, compared to the prior year periods. These results reflect efficiency gains across many administrative functions as well as investments into our information technology systems (including an upgrade of the SAP enterprise resource planning system) and into cyber security measures. General and administrative costs include favorable currency impacts of $0.3 million and $0.1 million in the three and six months ended June 30, 2024, respectively. In the future, we expect to incur higher costs due to higher licensing and information technology costs as well as increased cyber security costs.

## Acquisition-Related Intangible Amortization

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| Acquisition-related intangible amortization | $2.7 | $2.7 | —% | $5.4 | $5.4 | +1% |
| % of net sales | 0.5 % | 0.5 % | | 0.6 % | 0.5 % | |

Amortization expenses related to acquisition-related intangibles were largely unchanged during the three months ended June 30, 2024 and increased by 1% during the six months ended June 30, 2024 compared to the respective prior year periods. Amortization expense related to developed technology and patent and license rights acquired in business combinations are included in cost of sales. Amortization of trademarks and customer base acquired in business combinations are recorded in operating expense under the caption "acquisition-related intangible amortization." Amortization expenses of intangible assets not acquired in business combinations are recorded within cost of sales, research and development, or sales and marketing line items based on the use of the asset. Our acquisition-related intangible amortization recorded in operating expenses may increase in the event of future acquisitions.

## Restructuring, Acquisition, Integration and Other, net

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| Restructuring, acquisition, integration and other, net | $68.1 | $8.6 | +691% | $71.4 | $14.4 | +395% |
| % of net sales | 13.7 % | 1.7 % | | 7.5 % | 1.5 % | |

Restructuring, acquisition, integration and other, net expense of $68.1 million and $71.4 million in the three and six months ended June 30, 2024, respectively, included $66.3 million of charges related to the 2024 restructuring program in Note 3 "Restructuring and Impairments." We expect to incur additional restructuring costs in 2024 as discussed in in Note 3 "Restructuring and Impairments." In addition, during the second quarter and first half of 2024, we continued to incur integration costs related to the acquisition of Verogen, Inc. in January 2023.

## Other Income (Expense), net

| (in millions) | Three Months Ended June 30, 2024 | 2023 | % change | Six Months Ended June 30, 2024 | 2023 | % change |
|---|---|---|---|---|---|---|
| Interest income | $16.9 | $21.3 | -21% | $34.7 | $39.4 | -12% |
| Interest expense | (10.9) | (13.5) | -19% | (21.2) | (28.0) | -24% |
| Other expense, net | (1.0) | (11.0) | | (1.1) | (2.4) | |
| **Total other income (expense), net** | **$5.0** | **($3.1)** | | **$12.3** | **$9.0** | |

Interest income includes interest earned on cash, cash equivalents and short-term investments, income related to certain interest rate derivatives as discussed in Note 9 "Derivatives and Hedging" and other components including the interest portion of operating lease transactions. The decrease in the three and six months ended June 30, 2024 compared to the year-ago periods is attributable to changing interest rates and the duration and level of short-term investments held during the period.

Interest expense primarily relates to debt, discussed in Note 8 "Debt" in the accompanying notes to the condensed consolidated financial statements. The decrease in the three and six months ended June 30, 2024 compared to the prior year period is driven mainly by the repayment of the 2023 Notes that matured in September 2023 totaling $400.0 million.

For the three months ended June 30, 2024, other expense, net includes $1.4 million loss on foreign currency transactions partially offset by $0.7 million of income from equity method investments. For the three months ended June 30, 2023, other expense, net includes $10.3 million loss on foreign currency transactions and $0.6 million loss from equity method investments.

For the six months ended June 30, 2024, other expense, net includes $2.9 million loss on foreign currency transactions partially offset by $1.8 million of income from equity method investments. For the six months ended June 30, 2023, other expense, net includes $3.2 million loss on foreign currency transactions and $0.7 million of income from equity method investments.

### Provision for Income Taxes

| | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| (in millions) | 2024 | 2023 | % change | 2024 | 2023 | % change |
| (Loss) income before income tax (benefit) expense | ($223.5) | $102.3 | -318% | ($121.2) | $211.1 | -157% |
| Income tax (benefit) expense | ($40.0) | 21.5 | -286% | ($18.4) | 45.3 | -141% |
| **Net (loss) income** | **($183.5)** | **$80.8** | | **($102.8)** | **$165.8** | |
| | | | | | | |
| Effective tax rate | 17.9 % | 21.0 % | | 15.2 % | 21.5 % | |

Our effective tax rate differs from the Netherlands statutory tax rate of 25.8% due in part to our operating subsidiaries being exposed to statutory tax rates ranging from zero to 35%. Fluctuations in the distribution of pre-tax income or loss among our operating subsidiaries can lead to fluctuations of the effective tax rate in the consolidated financial statements. Our effective tax rates in 2024 are lower compared to 2023 primarily as a result of restructuring charges recorded in June 2024 related to the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments." We record partial tax exemptions on foreign income primarily derived from operations in Germany. These foreign tax benefits are due to a combination of favorable tax laws and exemptions in these jurisdictions, including intercompany foreign royalty income in Germany which is statutorily exempt from trade tax. Further, we have intercompany financing arrangements in which the intercompany interest income is nontaxable in Poland, beginning the first quarter of 2024, and in Dubai.

The Organization for Economic Co-operation and Development (OECD) has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar Two), with certain aspects of Pillar Two effective January 1, 2024 and other aspects effective January 1, 2025. The Netherlands formally enacted the Pillar Two legislation into domestic law. We expect to be subject to the top-up tax in relation to our operations in Dubai (United Arab Emirates) and Poland.

In future periods, our effective tax rate may fluctuate from similar or other factors as discussed in "Changes in tax laws or their application or the termination or reduction of certain government tax incentives, could adversely impact our overall effective tax rate, results of operations or financial flexibility" under "Risks and Risk Management" in the Annual Report on Form 20-F for the year ended December 31, 2023.

## Liquidity and Capital Resources

To date, we have funded our business primarily through internally generated funds, debt and private and public sales of equity. Our primary use of cash has been to support continuing operations and our investing activities, including capital expenditure requirements and acquisitions.

| (in millions) | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Cash and cash equivalents | $533.6 | $668.1 |
| Short-term investments | 356.6 | 389.7 |
| **Total cash and cash equivalents and short-term investments** | **$890.2** | **$1,057.8** |
| | | |
| Working capital | $794.9 | $1,068.3 |

Cash and cash equivalents are primarily held in U.S. dollars and euros, other than those cash balances maintained in the local currency of subsidiaries to meet anticipated local working capital needs. At June 30, 2024, cash and cash equivalents had decreased by $134.4 million from December 31, 2023, primarily as a result of net cash used in financing activities of $419.5 million and investing activities of $11.4 million, partially offset by net cash provided by operating activities of $299.7 million as discussed in the Cash Flow Summary below. The decrease in total cash and cash equivalents and short-term investments from $1.1 billion at December 31, 2023 to $0.9 billion at June 30, 2024 was driven by the $292.1 million capital repayment made as part of a synthetic share repurchase in the first quarter discussed in Note 13 "Equity" and the $101.5 million repayment of long-term debt in the second quarter discussed in Note 8 "Debt" as well as the cash flow activities detailed below.

### Cash Flow Summary

| | Six Months Ended June 30, | |
|---|---|---|
| (in millions) | 2024 | 2023 |
| Net cash provided by operating activities | $299.7 | $183.4 |
| Net cash used in investing activities | (11.4) | (277.6) |
| Net cash used in financing activities | (419.5) | (25.3) |
| Effect of exchange rate changes on cash and cash equivalents | (3.3) | (1.7) |
| **Net decrease in cash and cash equivalents** | **($134.4)** | **($121.1)** |

#### Operating Activities

For the six months ended June 30, 2024 and June 30, 2023, we generated net cash from operating activities of $299.7 million and $183.4 million, respectively. While we reported a net loss of $102.8 million for the six months ended June 30, 2024, non-cash components in the loss included $107.7 million of depreciation and amortization, $194.0 million of non-cash impairments primarily recorded in connection with the 2024 restructuring program discussed in Note 3 "Restructuring and Impairments," $23.9 million of share-based compensation expense, $10.2 million of amortization of debt discount and $24.6 million of deferred tax benefits from the net loss position. The increase in net cash provided by operating activities in 2024 as compared to 2023 is primarily the result of higher collections of accounts receivable, lower purchases of inventory and lower payments of accrued and other liabilities. In June 2024, we initiated the 2024 restructuring program discussed in Note 3 and estimate a total of approximately $100 million of cash payments through 2025 for this program. Because we rely heavily on cash generated from operating activities to fund our business, a decrease in demand for our products, longer collection cycles or significant technological advances of competitors could have an impact on our liquidity.

#### Investing Activities

$11.4 million of cash was used in investing activities during the six months ended June 30, 2024 compared to $277.6 million of cash used for the same period in 2023. Cash used in investing activities include $257.1 million of purchases of short-term investments, $74.8 million paid for purchases of property, plant and equipment and $2.5 million paid for the purchases of intangible assets, mostly offset by $287.9 million from the sale of short-term investments and $36.7 million returned to us from our derivative counterparties to collateralize our derivative liabilities with them. Cash used in investing activities during the six months ended June 30, 2023 included $714.1 million in purchases of short-term investments, $149.5 million of net cash paid for the acquisition of Verogen, Inc., $62.3 million paid for purchases of property, plant and equipment, $21.9 million paid to our derivative counterparties in connection with cash we had provided to collateralize our derivative liabilities with them, $7.2 million for the purchases of intangible assets, partially offset by $679.0 million received from the sale of short-term investments.

### Financing Activities

Financing activities used $419.5 million of cash for the six months ended June 30, 2024 and includes a net $292.1 million capital repayment made as part of a synthetic share repurchase discussed in Note 13 "Equity," $101.5 million repayment of long-term-debt as further discussed in Note 8 "Debt," and $27.0 million paid in connection with net share settlement for tax withholding related to the vesting of stock awards, partially offset by $2.1 million received from our derivative counterparties to collateralize derivative assets that we hold with them. Net cash used in financing activities was $25.3 million for the six months ended June 30, 2023 including $12.9 million paid to our derivative counterparties to collateralize derivative assets that we hold with them and $12.5 million paid in connection with net share settlement for tax withholding related to the vesting of stock awards.

## Other Factors Affecting Liquidity and Capital Resources

As of June 30, 2024, we carry a total of $1.4 billion of long-term debt, of which $0.5 billion is current and $0.9 billion is long-term.

In January 2024, we completed a synthetic share repurchase that combined a direct capital repayment with a reverse stock split. The transaction was announced on January 7, 2024, and involved an approach used by various large, multinational Dutch companies to provide returns to all shareholders in a faster and more efficient manner than traditional open-market repurchases. $295.2 million was returned to shareholders through the transaction, which reduced the total number of issued Common Shares by approximately 3%.

In July and August 2022, we completed another German private placement bond (2022 Schuldschein), which was issued in several tranches totaling €370.0 million due in various periods through 2032 as described more fully in Note 8 "Debt." The interest rate is linked to our environmental, social and governance (ESG) performance. As of June 30, 2024, a total of $395.3 million is outstanding.

In December 2020, we issued $500.0 million aggregate principal amount of zero coupon Convertible Notes due 2027 (2027 Notes). The 2027 Notes will mature on December 17, 2027 unless converted in accordance with their terms prior to such date as described more fully in Note 8 "Debt."

In November 2018, we issued $500.0 million aggregate principal amount of Cash Convertible Senior Notes due 2024 (2024 Notes). Interest on the 2024 Notes is payable semiannually in arrears at a rate of 1.000% per annum. The 2024 Notes will mature on November 13, 2024 unless repurchased or converted in accordance with their terms prior to such date.

In September 2017, we issued $400.0 million aggregate principal amount of Cash Convertible Senior Notes (2023 Notes) which were due and repaid in September 2023.

In 2017, we completed a German private placement (2017 Schuldschein) consisting of several tranches denominated in either U.S. dollars or euro at either floating or fixed rates and due at various dates through June 2027. As of June 30, 2024, a total of $15.5 million is outstanding. During the second quarter of 2024, we paid $101.5 million when two tranches matured.

In December 2020, we obtained a €400 million syndicated revolving credit facility with a contractual life of three years with the ability to extend by one year two times. No amounts were utilized at June 30, 2024. The facility can be utilized in euro and bears interest of 0.550% to 1.500% above EURIBOR and is offered with interest periods of one, three or six months. The interest rate is linked to our ESG performance. We have additional credit lines totaling €13.0 million with no expiration date, none of which were utilized as of June 30, 2024.

In connection with certain acquisitions, we could be required to make additional contingent cash payments totaling up to $20.7 million based on the achievement of certain revenue and operating results milestones as further discussed in Note 15 "Commitments and Contingencies."

We expect that cash from financing activities will continue to be impacted by issuances of our common shares in connection with our equity compensation plans and that the market performance of our stock will impact the timing and volume of the issuances. Additionally, we may make future acquisitions or investments requiring cash payments, the issuance of additional equity or debt financing.

We believe that funds from operations, existing cash and cash equivalents, together with the proceeds from any public and private sales of equity, and availability of financing facilities, will be sufficient to fund our planned operations and expansion during the coming year. However, any global economic downturn may have a greater impact on our business than currently expected, and we may experience a decrease in the sales of our products, which could impact our ability to generate cash. If our future cash flows from operations and other capital resources are not adequate to fund our liquidity needs, we may be required to obtain additional debt or equity financing or to reduce or delay our capital expenditures, acquisitions or research and development projects. If we could not obtain financing on a timely basis or at satisfactory terms, or implement timely reductions in our expenditures, our business could be adversely affected.

## Quantitative and Qualitative Disclosures about Market Risk

Our market risk relates primarily to interest rate exposures on cash, marketable securities, and borrowings and foreign currency exposures on intercompany and third-party transactions. The overall objective of our risk management strategy is to reduce the potential negative earnings effects from changes in interest and foreign currency exchange rates. Exposures are managed through operational methods and financial instruments. We do not use financial instruments for trading or speculative purposes. Our exposure to market risk from changes in interest rates and currency exchange rates has not changed materially from our exposure discussed in "Quantitative and Qualitative Disclosures About Market Risk" in the Annual Report on Form 20-F for the year ended December 31, 2023.

### Foreign Currency Risk

QIAGEN's functional currency is the U.S. dollar and most of our subsidiaries' functional currencies are the local currencies of the countries in which they are headquartered. All amounts in the financial statements of entities whose functional currency is not the U.S. dollar are translated into U.S. dollar equivalents at exchange rates as follows: (1) assets and liabilities at period-end rates, (2) income statement accounts at average exchange rates for the period, and (3) components of shareholders' equity at historical rates. Translation gains or losses are recorded in shareholders' equity, and transaction gains and losses are reflected in net (loss) income. Foreign currency transactions in the three- and six-month periods ended June 30, 2024 resulted in net losses of $1.4 million and $2.9 million, respectively, compared to net losses of $10.3 million and $3.2 million, respectively, in the same periods of 2023 and are included in other expense, net.

As a globally active enterprise, we are subject to risks associated with fluctuations in foreign currencies in our ordinary operations. This includes foreign currency-denominated receivables, payables, debt, and other balance sheet positions including intercompany items. We manage balance sheet exposure on a group-wide basis using foreign exchange forward contracts, foreign exchange options and cross-currency swaps. At June 30, 2024, we were party to various foreign exchange forward, option and swap arrangements which had an aggregate notional value of $415.8 million which expire at various dates through January 2025. Additional information on our foreign exchange contracts is included in Note 9 "Derivatives and Hedging."

We are exposed to currency risks from foreign exchange contracts. If each of the respective currency pairs for derivatives which do not qualify for hedge accounting varied from the rates used for the preparation of the condensed consolidated financial statements, this would have had an effect which would have been almost fully off-set by corresponding valuation adjustments in the positions which economically had been hedged by these foreign exchange derivatives. Accordingly, the net effect of such variance in currency rates would not have been material.

### Interest Rate Risk

We are exposed to interest rate risk on our short-term investments and our debt. This exposure is managed in the aggregate with a focus on immediate and intermediate liquidity needs.

Interest income earned on our cash investments is affected by changes in the relative levels of market interest rates. We only invest in high-grade investment instruments. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

At June 30, 2024, we have $1.4 billion in current and long-term debt, of which $204.7 million is floating rate debt. We use interest rate derivative contracts to align our portfolio of interest-bearing assets and liabilities with our risk management objectives. At June 30, 2024, we are party to cross-currency interest rate swaps through 2025 for a total notional amount of €180.0 million under which we exchange, at specified intervals, the difference between the euro and USD interest amounts calculated on their respective fixed rates by reference to an agreed-upon euro and USD notional principal amounts. Also at June 30, 2024, we are party to cross-currency interest rate swaps through 2025 for a total notional amount of CHF 542.0 million under which we exchange, at specified intervals, the difference between the CHF and USD interest amounts calculated on their respective fixed rates by reference to an agreed-upon CHF and USD notional principal amounts. A hypothetical adverse 10% movement in market interest rates would not have materially impacted our financial statements.

We also make use of economic hedges. Further details of our derivative and hedging activities can be found in Note 9 "Derivatives and Hedging" to the accompanying condensed consolidated financial statements.

## Recent Authoritative Pronouncements

For information on recent accounting pronouncements impacting our business, see Note 2 "Basis of Presentation and Accounting Policies" in the accompanying condensed consolidated financial statements.

## Application of Critical Accounting Estimates

The preparation of our financial statements in accordance with accounting principles generally accepted in the United States requires management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Critical accounting estimates are those that require the most complex or subjective judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Thus, to the extent that actual events differ from management's estimates and assumptions, there could be a material impact on the financial statements. In applying our critical accounting estimates, at times we used accounting estimates that either required us to make assumptions about matters that were highly uncertain at the time the estimate was made or were reasonably likely to change from period to period, having a material impact on the presentation of our results of operations, financial position or cash flows. While changing conditions in our global environment present additional uncertainty, we continue to use the best information available to form our estimates. Our critical accounting estimates are those related to income taxes, share-based compensation, acquisitions, amortized intangible assets, and fair value measurements.

Our critical accounting estimates are discussed further in our Annual Report on Form 20-F for the year ended December 31, 2023. Actual results in these areas could differ from management's estimates.

## Off-Balance Sheet Arrangements

We did not use special purpose entities and did not have off-balance-sheet financing arrangements as of June 30, 2024 and December 31, 2023.

## Legal Proceedings

For information on legal proceedings, see Note 15 "Commitments and Contingencies" to the accompanying condensed consolidated financial statements.

While no assurances can be given regarding the outcome of the proceedings described in Note 15, based on information currently available, we believe that the resolution of these matters is unlikely to have a material adverse effect on our financial position or results of future operations for QIAGEN as a whole. However, because of the nature and inherent uncertainties of litigation, should the outcomes be unfavorable, certain aspects of our business, financial condition, and results of operations and cash flows could be materially adversely affected.

## Risk Factors

Material risks that may affect our results of operations and financial position appear under "Risks and Risk Management" in our Annual Report on Form 20-F for the year ended December 31, 2023. There have been no material changes from the risk factors disclosed in our Form 20-F.