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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

or

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

For the transition period from _____ to _____

Commission File Number: 0-10961

QUIDEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**94-2573850**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9975 Summers Ridge Road, San Diego, California 92121
(Address of principal executive offices, including zip code)

(858) 552-1100
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 Par Value	QDEL	The NASDAQ Stock Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

As of October 29, 2021, 41,674,651 shares of the registrant's common stock were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

QUIDEL CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value; unaudited)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 578,447	$ 489,941
Accounts receivable, net	335,560	497,688
Inventories	196,976	113,798
Prepaid expenses and other current assets	38,082	40,975
Total current assets	1,149,065	1,142,402
Property, plant and equipment, net	319,949	110,481
Right-of-use assets	132,227	100,544
Goodwill	337,023	337,032
Intangible assets, net	105,696	122,431
Deferred tax asset	43,994	44,762
Other non-current assets	18,428	13,512
Total assets	$ 2,106,382	$ 1,871,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 82,698	$ 86,316
Accrued payroll and related expenses	30,149	34,781
Income taxes payable	71,993	127,788
Operating lease liabilities	9,618	7,799
Contingent consideration	5,835	5,987
Deferred consideration	41,922	42,000
Other current liabilities	54,873	32,290
Total current liabilities	297,088	336,961
Operating lease liabilities - non-current	133,212	100,706
Deferred consideration - non-current	35,545	73,951
Other non-current liabilities	6,470	26,843
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 5,000 shares authorized; none issued or outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock, $0.001 par value per share; 97,500 shares authorized; 41,672 and 42,290 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	42	42
Additional paid-in capital	275,325	388,121
Accumulated other comprehensive income (loss)	820	(431)
Retained earnings	1,357,880	944,971
Total stockholders' equity	1,634,067	1,332,703
Total liabilities and stockholders' equity	$ 2,106,382	$ 1,871,164

See accompanying notes.

QUIDEL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Total revenues	$ 509,736	$ 476,058	$ 1,061,684	$ 852,465
Cost of sales	136,328	92,439	280,131	205,104
Gross profit	373,408	383,619	781,553	647,361
Research and development	23,676	21,448	69,594	58,797
Sales and marketing	46,778	37,413	119,111	95,718
General and administrative	21,113	16,410	61,758	46,421
Acquisition and integration costs	—	389	1,754	3,175
Total operating expenses	91,567	75,660	252,217	204,111
Operating income	281,841	307,959	529,336	443,250
Other expense, net				
Interest and other expense, net	(347)	(1,797)	(4,352)	(8,071)
Loss on extinguishment of debt	—	(10,384)	—	(10,384)
Total other expense, net	(347)	(12,181)	(4,352)	(18,455)
Income before income taxes	281,494	295,778	524,984	424,795
Provision for income taxes	65,742	63,510	112,075	84,638
Net income	$ 215,752	$ 232,268	$ 412,909	$ 340,157
Basic earnings per share	$ 5.17	$ 5.52	$ 9.91	$ 8.08
Diluted earnings per share	$ 5.08	$ 5.33	$ 9.72	$ 7.82
Shares used in basic per share calculation	41,728	42,105	41,657	42,093
Shares used in diluted per share calculation	42,463	43,596	42,471	43,582

See accompanying notes.

QUIDEL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income	$ 215,752	$ 232,268	$ 412,909	$ 340,157
Other comprehensive income (loss)				
Changes in cumulative translation adjustment, net of tax	(651)	837	(1,160)	1,037
Changes in unrealized (losses) gains from cash flow hedges:				
Net unrealized (losses) gains on derivative instruments	(14)	(1,468)	93	(1,200)
Reclassification of net realized losses (gains) on derivative instruments included in net income	466	71	2,319	(265)
Total change in unrealized gains (losses) from cash flow hedges, net of tax	452	(1,397)	2,412	(1,465)
Comprehensive income	$ 215,553	$ 231,708	$ 414,161	$ 339,729

See accompanying notes.

QUIDEL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands; unaudited)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Par				
Balance at December 31, 2020	42,290	$ 42	$ 388,121	$ (431)	$ 944,971	$ 1,332,703
Issuance of common stock under equity compensation plans	409	1	6,373	—	—	6,374
Stock-based compensation expense	—	—	5,889	—	—	5,889
Tax withholdings related to vesting of stock-based awards	(156)	—	(33,929)	—	—	(33,929)
Other comprehensive gain, net of tax	—	—	—	593	—	593
Net income	—	—	—	—	178,084	178,084
Balance at March 31, 2021	42,543	43	366,454	162	1,123,055	1,489,714
Issuance of common stock under equity compensation plans	59	—	494	—	—	494
Stock-based compensation expense	—	—	5,846	—	—	5,846
Tax withholdings related to vesting of stock-based awards	(12)	—	(1,467)	—	—	(1,467)
Repurchases of common stock	(957)	(1)	(103,437)	—	—	(103,438)
Other comprehensive gain, net of tax	—	—	—	857	—	857
Net income	—	—	—	—	19,073	19,073
Balance at June 30, 2021	41,633	42	267,890	1,019	1,142,128	1,411,079
Issuance of common stock under equity compensation and benefit plans	44	—	2,444	—	—	2,444
Stock-based compensation expense	—	—	5,605	—	—	5,605
Tax withholdings related to vesting of stock-based awards	(5)	—	(614)	—	—	(614)
Other comprehensive loss, net of tax	—	—	—	(199)	—	(199)
Net income	—	—	—	—	215,752	215,752
Balance at September 30, 2021	41,672	$ 42	$ 275,325	$ 820	$ 1,357,880	$ 1,634,067

	Common Stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total stockholders' equity
	Shares	Par				
Balance at December 31, 2019	41,868	$ 42	$ 425,557	$ (463)	$ 134,684	$ 559,820
Issuance of common stock under equity compensation plans	153	—	3,571	—	—	3,571
Stock-based compensation expense	—	—	3,325	—	—	3,325
Tax withholdings related to vesting of stock-based awards	(25)	—	(1,954)	—	—	(1,954)
Other comprehensive gain, net of tax	—	—	—	200	—	200
Net income	—	—	—	—	40,237	40,237
Balance at March 31, 2020	41,996	42	430,499	(263)	174,921	605,199
Issuance of common stock under equity compensation plans	203	—	3,287	—	—	3,287
Stock-based compensation expense	—	—	4,665	—	—	4,665
Issuance of shares in exchange for Convertible Senior Notes	2	—	48	—	—	48
Derivative liabilities - Convertible Senior Notes elected to settle in cash	—	—	(26,180)	—	—	(26,180)
Tax withholdings related to vesting of stock-based awards	(5)	—	(716)	—	—	(716)
Repurchases of common stock	(247)	—	(42,178)	—	—	(42,178)
Other comprehensive loss, net of tax	—	—	—	(68)	—	(68)
Net income	—	—	—	—	67,652	67,652
Balance at June 30, 2020	41,949	42	369,425	(331)	242,573	611,709
Issuance of common stock under equity compensation and benefit plans	88	—	2,733	—	—	2,733
Stock-based compensation expense	—	—	5,021	—	—	5,021
Issuance of shares in exchange for Convertible Senior Notes	14	—	460	—	—	460
Tax withholdings related to vesting of stock-based awards	(4)	—	(871)	—	—	(871)
Repurchases of common stock	(10)	—	(1,513)	—	—	(1,513)
Other comprehensive gain, net of tax	—	—	—	(560)	—	(560)
Net income	—	—	—	—	232,268	232,268
Balance at September 30, 2020	42,037	$ 42	$ 375,255	$ (891)	$ 474,841	$ 849,247

QUIDEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands; unaudited)

	Nine Months Ended September 30,	
	2021	**2020**
OPERATING ACTIVITIES:		
Net income	$ 412,909	$ 340,157
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and other	39,983	36,614
Stock-based compensation expense	18,679	14,561
Amortization of debt discount and deferred issuance costs	303	615
Change in fair value of acquisition contingencies	101	848
Accretion of interest on deferred consideration	3,515	5,026
Net change in operating lease right-of-use assets and liabilities	2,642	167
Change in deferred tax assets and liabilities	768	(441)
Change in fair value of derivative liabilities - Convertible Senior Notes	—	1,084
Payment of accreted interest on contingent and deferred consideration	(8,157)	—
Loss on extinguishment of debt	—	10,384
Changes in assets and liabilities:		
Accounts receivable	161,535	(258,216)
Inventories	(83,333)	(36,949)
Prepaid expenses and other current and non-current assets	(15,228)	(5,080)
Accounts payable	(3,461)	19,561
Accrued payroll and related expenses	(3,903)	10,078
Income taxes payable	(67,703)	51,814
Other current and non-current liabilities	25,842	409
Net cash provided by operating activities:	484,492	190,632
INVESTING ACTIVITIES:		
Acquisitions of property, equipment, investments and intangibles	(260,399)	(36,112)
Proceeds from government assistance allocated to fixed assets	36,881	—
Net cash used for investing activities:	(223,518)	(36,112)
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	7,310	8,824
Payments on finance lease obligation	(193)	(353)
Payments of tax withholdings related to vesting of stock-based awards	(36,010)	(3,541)
Repurchases of common stock	(103,438)	(43,691)
Principal payments of acquisition contingent consideration	(4,740)	(6,043)
Principal payments of deferred consideration	(35,142)	(42,000)
Payment on Convertible Senior Note and Derivative Liability	—	(43,416)
Net cash used for financing activities:	(172,213)	(130,220)
Effect of exchange rates on cash	(255)	472
Net increase in cash and cash equivalents	88,506	24,772
Cash and cash equivalents, beginning of period	489,941	52,775
Cash and cash equivalents, end of period	$ 578,447	$ 77,547
SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING TRANSACTIONS:		
Purchase of property, equipment and intangibles by incurring current liabilities	$ 7,681	$ 3,536
Reduction of other current liabilities upon issuance of restricted share units	$ 2,001	$ 767
Extinguishment of Convertible Senior Notes through issuance of stock	$ —	$ 508

See accompanying notes.

Quidel Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Quidel Corporation and its subsidiaries (the "Company" or "Quidel") have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation (consisting of normal recurring accruals) have been included.

The information at September 30, 2021, and for the three and nine months ended September 30, 2021 and 2020, is unaudited. For further information, refer to the Company's Consolidated Financial Statements and notes thereto for the year ended December 31, 2020 included in the Company's 2020 Annual Report on Form 10-K. Operating results for any quarter are historically seasonal in nature and are not necessarily indicative of the results expected for the full year.

For 2021 and 2020, the Company's fiscal year will end or has ended on January 2, 2022 and January 3, 2021, respectively. For 2021 and 2020, the Company's third quarter ended on October 3, 2021 and September 27, 2020, respectively. For ease of reference, the calendar quarter end dates are used herein. The three and nine-month periods ended September 30, 2021 and 2020 each included 13 and 39 weeks, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

During the nine months ended September 30, 2021, there have been no changes to our significant accounting policies as described in our 2020 Annual Report on Form 10-K.

Note 2. Computation of Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding. Diluted EPS is computed based on the sum of the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares consist of shares issuable from stock options, unvested restricted stock units ("RSUs") and, for the 2020 periods, the 3.25% Convertible Senior Notes ("Convertible Notes"). Potentially dilutive common shares from outstanding stock options and unvested RSUs are determined using the average share price for each period under the treasury stock method.

The following table reconciles net income and the weighted-average shares used in computing basic and diluted EPS (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income used for basic earnings per share	$ 215,752	$ 232,268	$ 412,909	$ 340,157
Interest expense on Convertible Senior Notes, net of tax	—	107	—	457
Net income used for diluted earnings per share	$ 215,752	$ 232,375	$ 412,909	$ 340,614
Basic weighted-average common shares outstanding	41,728	42,105	41,657	42,093
Dilutive potential shares issuable from Convertible Senior Notes	—	218	—	340
Dilutive potential shares issuable from stock options and unvested RSUs	735	1,273	814	1,149
Diluted weighted-average common shares outstanding	42,463	43,596	42,471	43,582
Potentially dilutive shares excluded from calculation due to anti-dilutive effect	177	7	147	4

Potentially dilutive shares excluded from the calculation above represent stock options when the combined exercise price and unrecognized stock-based compensation are greater than the average market price for the Company's common stock because their effect is anti-dilutive.

For the 2020 periods, potentially dilutive shares from the Convertible Notes were determined using the if-converted method. Under the provisions of the if-converted method, the Convertible Notes were assumed to be converted and the resulting common shares were included in the denominator of the EPS calculation and the interest expense, net of tax, recorded in connection with the Convertible Notes was added back to net income. The Convertible Notes had a dilutive impact when the average market price of the Company's common stock exceeded the applicable conversion price of the notes. The Convertible Notes became convertible on March 31, 2018 and matured on December 15, 2020.

Note 3. Balance Sheet Account Details

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. Inventories consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Raw materials	$ 109,015	$ 58,264
Work-in-process (materials, labor and overhead)	43,169	31,359
Finished goods (materials, labor and overhead)	44,792	24,175
Total inventories	$ 196,976	$ 113,798

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	September 30, 2021	December 31, 2020
Other receivables	$ 15,033	$ 15,442
Unbilled receivables	—	16,041
Prepaid expenses	19,003	7,335
Other	4,046	2,157
Total prepaid expenses and other current assets	$ 38,082	$ 40,975

Unbilled receivables as of December 31, 2020 primarily consisted of receivables arising from unbilled milestone achievements for capital expenditures to be reimbursed under the National Institute of Health ("NIH") contract. Amounts billed but not collected as of December 31, 2020 were included in other receivables. As of September 30, 2021, the Company had achieved and collected payments for all milestones under the NIH contract.

Other Current Liabilities

Other current liabilities consist of the following (in thousands):

	September 30, 2021	December 31, 2020
Customer incentives and rebates	$ 11,483	$ 15,663
Deferred revenue	18,728	3,733
Accrued other taxes payable	4,403	2,157
Derivative liabilities	442	3,061
Payables under transition services agreements	5,455	—
Other	14,362	7,676
Total other current liabilities	$ 54,873	$ 32,290

Note 4. Income Taxes

The Company calculates its interim income tax provision in accordance with Accounting Standards Codification ("ASC") 270, *Interim Reporting*, and ASC 740, *Accounting for Income Taxes* (together, "ASC 740"). At the end of each interim period, the Company estimates its annual effective tax rate and applies that rate to its ordinary quarterly earnings to calculate the tax related to ordinary income. The tax effects for other items that are excluded from ordinary income are discretely calculated and recognized in the period in which they occur.

For the three months ended September 30, 2021 and 2020, the Company recognized income tax provisions of $65.7 million in relation to income before taxes of $281.5 million and $63.5 million in relation to income before taxes of $295.8 million, respectively, resulting in effective tax rates of 23% and 21%, respectively. For the nine months ended September 30, 2021 and 2020, the Company recognized income tax provisions of $112.1 million in relation to income before taxes of $525.0

million and $84.6 million in relation to income before taxes of $424.8 million, respectively, resulting in effective tax rates of 21% and 20%, respectively. As compared to the federal statutory rate of 21%, all periods were primarily impacted by income taxes owed in U.S. states, partially offset by benefits from the discrete impact of excess tax deductions from stock-based compensation.

The Company is subject to periodic audits by domestic and foreign tax authorities. Due to the carryforward of unutilized credits, the Company's federal tax years from 2012 and forward are subject to examination by the U.S. authorities. The Company's state and foreign tax years for 2001 and forward are subject to examination by applicable tax authorities. The Company believes that it has appropriate support for the income tax positions taken on its tax returns and that its accruals for tax liabilities are adequate for all open years based on an assessment of many factors, including past experience and interpretations of tax laws applied to the facts of each matter.

Note 5. Revolving Credit Facility

The Company has a $175.0 million Revolving Credit Facility under a Credit Agreement expiring on August 31, 2023 of which no amounts were outstanding as of September 30, 2021. Loans will bear interest at a rate equal to (i) the London Interbank Offered Rate ("LIBOR") plus the "applicable rate" or (ii) the "base rate" (defined as the highest of (a) the Bank of America prime rate, (b) the Federal Funds rate plus one-half of one percent, (c) LIBOR plus one percent, and (d) one percent) plus the "applicable rate." The applicable rate is determined in accordance with a pricing grid based on the Company's Consolidated Leverage Ratio (as defined in the Credit Agreement) ranging from 1.75% to 2.50% per annum for LIBOR rate loans and from 0.75% to 1.50% per annum for base rate loans. In addition, the Company pays a commitment fee on the unused portion of the Credit Agreement based on the Company's Consolidated Leverage Ratio ranging from 0.15% to 0.30% per annum in accordance with the pricing grid.

The Revolving Credit Facility is guaranteed by certain material domestic subsidiaries of the Company (the "Guarantors") and is secured by liens on substantially all of the assets of the Company and the Guarantors, excluding real property and certain other types of excluded assets, and contains affirmative and negative covenants that are customary for credit agreements of this nature. The negative covenants include, among other things, limitations on asset sales, mergers, indebtedness, liens, dividends and other distributions, investments and transactions with affiliates. The Credit Agreement contains two financial covenants: (i) maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the last day of each fiscal quarter of 3.50 to 1.00, which ratio may be increased to 4.50 to 1.00 in case of certain qualifying acquisitions; and (ii) a minimum Consolidated Fixed Charge Coverage Ratio (as defined in the Credit Agreement) of 1.25 to 1.00 as of the end of any fiscal quarter for the most recently completed four fiscal quarters. The Company was in compliance with all financial covenants as of September 30, 2021.

Interest expense recognized, including amortization of deferred issuance cost, was $0.3 million and $0.6 million for the three and nine months ended September 30, 2021 and $0.2 million and $0.6 million for the three and nine months ended September 30, 2020.

Note 6. Stockholders' Equity

Issuances of Common Stock

A summary of the status of stock option activity for the nine months ended September 30, 2021 is as follows (in thousands, except price data):

	Shares	Weighted-average exercise price per share
Outstanding at December 31, 2020	760	$ 46.95
Granted	58	232.75
Exercised	(83)	38.92
Outstanding at September 30, 2021	735	$ 62.58

A summary of the status of RSU activity for the nine months ended September 30, 2021 is as follows (in thousands, except price data):

	Shares	Weighted-average grant date fair value
Non-vested December 31, 2020	878	$ 59.60
Granted	113	200.05
Vested	(399)	48.41
Forfeited	(5)	122.58
Non-vested at September 30, 2021	587	$ 93.70

During the nine months ended September 30, 2021, the Company issued 29,948 shares of common stock in connection with the Company's employee stock purchase plan (the "ESPP").

Stock-Based Compensation

The expense related to the Company's stock-based compensation plans included in the accompanying Consolidated Statements of Income was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of sales	$ 909	$ 539	$ 2,068	$ 1,232
Research and development	1,369	1,032	3,296	2,540
Sales and marketing	1,736	1,580	4,696	4,218
General and administrative	2,991	2,402	8,619	6,571
Total stock-based compensation expense	$ 7,005	$ 5,553	$ 18,679	$ 14,561

As of September 30, 2021, total unrecognized compensation expense was $42.5 million, which is expected to be recognized over a weighted-average period of approximately 1.8 years.

The estimated fair value of each stock option was determined on the date of grant using the Black-Scholes option valuation model with the following weighted-average assumptions for the option grants.

	Nine Months Ended September 30,	
	2021	2020
Risk-free interest rate	0.48 %	1.20 %
Expected option life (in years)	4.99	5.13
Volatility rate	54 %	40 %
Dividend rate	0 %	0 %
Weighted-average grant date fair value	$106.55	$35.28

The fair value of RSUs is determined based on the closing market price of the Company's common stock on the grant date. The weighted-average fair value of RSUs granted during the nine months ended September 30, 2021 and 2020 was $200.05 and $97.33, respectively.

Compensation expense capitalized to inventory and compensation expense related to the ESPP were not material for the three and nine months ended September 30, 2021 or 2020.

Note 7. Industry and Geographic Information

The Company operates in one reportable segment. Sales to customers outside of the United States represented $196.0 million (18%) and $140.5 million (16%) of total revenues for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021 and December 31, 2020, net accounts receivable due from foreign customers were $32.6 million and $18.6 million, respectively.

The Company had sales to individual customers in excess of 10% of total revenues, as follows:

	Nine Months Ended September 30,			
	2021		2020	
Customer:				
A	27	%	25	%
B	11	%	18	%
C	10	%	11	%
Total:	48	%	54	%

As of September 30, 2021 and December 31, 2020, net accounts receivable from customers with balances due in excess of 10% of total accounts receivable totaled $205.6 million and $411.7 million, respectively.

Consolidated total revenues by product category for the nine months ended September 30, 2021 and 2020 were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Rapid Immunoassay	$ 378,721	$ 337,042	$ 676,461	$ 513,578
Cardiometabolic Immunoassay	64,790	64,810	203,008	172,902
Molecular Diagnostic Solutions	54,834	62,993	149,553	126,533
Specialized Diagnostic Solutions	11,391	11,213	32,662	39,452
Total revenues	$ 509,736	$ 476,058	$ 1,061,684	$ 852,465

Note 8. Commitments and Contingencies

Leases

We lease administrative, research and development, sales and marketing and manufacturing facilities and certain equipment under various non-cancelable lease agreements. Facility leases generally provide for periodic rent increases, and may contain clauses for rent escalation, renewal options or early termination.

Summers Ridge Lease — The Company leases three of the four buildings that are located on the Summers Ridge property in San Diego, California with an initial term through January 2033 with options to extend the lease for two additional five-year terms upon satisfaction of certain conditions, which have not been included in the determination of the lease term. The lease is subject to must-take provisions related to one additional building, which will have the same lease term as the three buildings originally leased. The remaining building is subject to the expiration of the lease with its current tenant in October 2022, subject to an option to renew for a two-year period.

McKellar Court Lease — During 1999, the Company completed a sale and leaseback transaction of its San Diego facility at McKellar Court to 10165 McKellar Court, L.P. ("McKellar LP" or the "partnership") for which the Company was the limited partner. McKellar LP owned the real property and improvements located at 10165 McKellar Court (the "McKellar Property"). The partnership was deemed to be a variable interest entity ("VIE"). The Company was not, however, the primary beneficiary of the VIE as it did not have the power to direct the activities of the partnership and did not have the obligation to absorb losses or receive benefits of the partnership that could potentially be significant to the partnership. The Company's primary use of the McKellar Property is for manufacturing and administrative offices.

On August 17, 2021, a wholly owned subsidiary of the Company purchased the general partner's interest (the "GP interest") in McKellar LP for a net purchase price of $28.9 million, which was acquired using cash on hand. As a result of the purchase of the GP interest, the partnership is now a wholly owned subsidiary of the Company. The partnership continues to be a VIE for which the Company is now the primary beneficiary. The Company accounted for the GP interest as an asset acquisition and recorded building and land with a total value of $28.9 million. Prior to the purchase date, the Company was leasing the McKellar Property through 2030, with options to extend for two additional five-year periods. As a result of the

Company's purchase of the GP interest in McKellar LP, the Company no longer makes lease payments for the McKellar Property. Prior to the acquisition, the Company made lease payments to the partnership of approximately $0.6 million during the nine months ended September 30, 2021.

Rutherford Lease — During January 2021, the Company entered into a lease agreement for a manufacturing facility in Carlsbad, California and recorded a right-of-use asset and a corresponding lease liability of $39.4 million. The initial lease term is 15 years with options to extend the lease for two additional five-year periods.

Litigation and Other Legal Proceedings

In Beckman Coulter, Inc. v. Quidel Corporation, which was filed in the Superior Court for the County of San Diego, California, on November 27, 2017, Beckman Coulter, Inc. ("Beckman Coulter") alleged that a provision of an agreement between Quidel and Beckman Coulter violated state antitrust laws. Our acquisition of the B-type Naturietic Peptide assay business ("BNP Business") in October 2017 consisted of assets and liabilities relating to a contractual arrangement with Beckman Coulter (the "BNP Supply Agreement") for the supply of antibodies and other inputs related to, and distribution of, the Triage® B-type Naturietic Peptide Test ("BNP Test") for the Beckman Coulter Access Family of Immunoassay Systems. In the lawsuit, Beckman Coulter asserted that an exclusivity provision violated certain state antitrust laws and was unenforceable. From the inception of the lawsuit, the lawsuit was subject to numerous motions, rulings, appellate reviews and opinions. The matter was scheduled for trial starting April 15, 2022.

On July 24, 2021, the Company and Beckman Coulter entered into a Master Agreement (the "Master Agreement") pursuant to which, among other matters, Quidel's business of selling and distributing the BNP Test for the BNP Business will be transitioned to Beckman Coulter. Concurrent with entering into the Master Agreement, Quidel and Beckman Coulter entered into a Settlement Agreement to resolve all disputes relating to the existing BNP Supply Agreement, among other matters. On August 3, 2021, the lawsuit was dismissed with prejudice.

As consideration for the arrangements during each of calendar years 2022 through and including 2029, Quidel will receive a minimum payment of $70.0 million and a maximum payment of $75.0 million. Such maximum payments will be pro-rated for 2021, based on the period commencing on the date of the initial commercial transition to Beckman Coulter, through December 31, 2021. In addition, the parties entered into other related agreements under the Master Agreement, including a Transition Services Agreement, pursuant to which the parties will provide various transitional services, a Supply Agreement for the supply by Quidel of the Quidel antibody and other components used in the manufacture of the BNP Test, and a Distribution Agreement, granting Beckman Coulter the right to sell and distribute the BNP Test as described above.

From time to time, the Company is involved in other litigation and proceedings, including matters related to product liability claims, commercial disputes and intellectual property claims, as well as regulatory, employment, and other claims related to our business. The Company accrues for legal claims when, and to the extent that, amounts associated with the claims become probable and are reasonably estimable. The actual costs of resolving legal claims may be substantially higher or lower than the amounts accrued for those claims. For those matters as to which we are not able to estimate a possible loss or range of loss, we are not able to determine whether the loss will have a material adverse effect on our business, financial condition or results of operations or liquidity. No accrual has been recorded as of September 30, 2021 and December 31, 2020 related to such matters as they are not probable and/or reasonably estimable.

Management believes that all such current legal actions, in the aggregate, will not have a material adverse effect on the Company. However, the resolution of, or increase in any accruals for, one or more matters may have a material adverse effect on the Company's results of operations and cash flows. The Company also maintains insurance, including coverage for product liability claims, in amounts that management believes are appropriate given the nature of its business.

Note 9. Fair Value Measurements

The following table presents the Company's hierarchy for its assets and liabilities measured at fair value on a recurring basis as of the following periods (in thousands):

	September 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents (money market funds)	$ 200,002	$ —	$ —	$ 200,002	$ 200,003	$ —	$ —	$ 200,003
Derivative assets	—	167	—	167	—	24	—	24
Total assets measured at fair value	$ 200,002	$ 167	$ —	$ 200,169	$ 200,003	$ 24	$ —	$ 200,027
Liabilities:								
Derivative liabilities	$ —	$ 442	$ —	$ 442	$ —	$ 3,061	$ —	$ 3,061
Contingent consideration	—	—	5,957	5,957	—	—	11,896	11,896
Deferred consideration	—	77,467	—	77,467	—	115,951	—	115,951
Total liabilities measured at fair value	$ —	$ 77,909	$ 5,957	$ 83,866	$ —	$ 119,012	$ 11,896	$ 130,908

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 categories of the fair value hierarchy during the three and nine-month periods ended September 30, 2021 and the year ended December 31, 2020.

Cash equivalents consist of funds held in money market accounts that are valued using quoted prices in active markets for identical instruments. Derivative financial instruments are measured based on observable inputs that are corroborated by market data. Observable inputs include broker quotes, daily market foreign currency rates and forward pricing curves.

In connection with the acquisition of the BNP Business, the Company has an annual installment payment payable in 2022 of up to $48.0 million and an annual installment payment of $40.0 million payable in 2023 remaining as of September 30, 2021. The fair value of the payments treated as deferred consideration is calculated based on the net present value of cash payments using an estimated borrowing rate based on a quoted price for a similar liability. The fair value of the payments treated as contingent consideration is calculated using a discounted probability weighted valuation model. Discount rates used in such calculation are a significant assumption that are not observed in the market and, therefore, the resulting fair value represents a Level 3 measurement. The discount rate of 2.9% used as of September 30, 2021 was based on an estimated borrowing rate for a similar liability.

Changes in estimated fair value of contingent consideration liabilities from December 31, 2020 through September 30, 2021 were as follows (in thousands):

	Contingent consideration liabilities (Level 3 measurement)
Balance at December 31, 2020	$ 11,896
Cash payments	(6,040)
Change in estimated fair value, recorded in general and administrative expenses	101
Balance at September 30, 2021	$ 5,957

Note 10. Foreign Currency Hedges

In the normal course of business, the Company is exposed to gains and losses resulting from fluctuations in foreign currency exchange rates. As part of its strategy to manage the level of exposure to the risk of fluctuations in foreign currency exchange rates, the Company uses designated cash flow hedges in the form of foreign currency forward contracts to mitigate the impact of foreign currency translation on transactions that are denominated primarily in the Euro and the Chinese Yuan. The Company also uses non-designated forward contracts to hedge non-functional currency denominated balance sheet assets. Hedging relationships for all derivative hedges and the underlying hedged items, as well as the risk management objectives and

strategies for undertaking the hedge transactions are formally documented. The Company does not use any derivative financial instruments for trading or other speculative purposes.

Such forward foreign currency contracts are carried at fair value in prepaid expenses and other current assets or other current liabilities depending on the unrealized gain or loss position of the hedged contract as of the balance sheet date. Changes in the value of the derivatives are recorded to other comprehensive income (loss) until the underlying hedged item is recognized in earnings, or the derivative no longer qualifies as a highly effective hedge. The cash flows from derivatives treated as hedges are classified in the Consolidated Statements of Cash Flows in the same category as the item being hedged.

The notional principal amounts for outstanding derivative instruments provide one measure of the transaction volume outstanding and do not represent the amount of our exposure to credit or market loss. Credit risk represents our gross exposure to potential accounting loss on derivative instruments that are outstanding or unsettled if all counterparties failed to perform according to the terms of the contract, based on then-current currency exchange rates at each respective date. We generally enter into master netting arrangements, which reduce credit risk by permitting net settlement of transactions with the same counterparty. We present our derivative assets and derivative liabilities at their net fair values. We did not have any derivative instruments with credit-risk related contingent features that would require us to post collateral.

The following table summarizes the fair value and notional amounts of designated and non-designated foreign currency forward contracts as of September 30, 2021 and December 31, 2020 (in thousands):

	September 30, 2021		December 31, 2020	
	Notional Amount	Fair Value, Net	Notional Amount	Fair Value, Net
Designated cash flow hedges:				
Prepaid expenses and other current assets	$ 6,341	$ 167	$ —	$ —
Other current liabilities	$ 6,752	$ 255	$ 38,435	$ 2,819
Non-designated forward contracts:				
Prepaid expenses and other current assets	$ —	$ —	$ 18,160	$ 24
Other current liabilities	$ 15,405	$ 187	$ 23,120	$ 242

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In this Quarterly Report, all references to "we," "our" and "us" refer to Quidel Corporation and its subsidiaries.

Future Uncertainties and Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For this purpose, any statements contained herein that are not statements of historical fact, including without limitation certain statements under Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Part II, Item 1A, "Risk Factors" and located elsewhere herein regarding industry prospects and our results of operations or financial position, may be deemed to be forward-looking statements. Without limiting the foregoing, the words "may," "will," "should," "might," "expect," "anticipate," "estimate," "plan," "intend," "goal," "project," "strategy," "future," and similar words are intended to identify forward-looking statements. Our business is subject to a number of risks, including those discussed under Part II, Item 1A, "Risk Factors" of this Quarterly Report on Form 10-Q and Part I, Item IA, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020, that could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. Such forward-looking statements represent management's current expectations and are inherently uncertain. Investors are warned that actual results may differ from management's expectations.

The following should be read in conjunction with the Consolidated Financial Statements and notes thereto beginning on page 3 of this Quarterly Report.

Overview

We have a leadership position in the development, manufacturing and marketing of rapid diagnostic testing solutions. We separate these into our four product categories: rapid immunoassay, cardiometabolic immunoassay, molecular diagnostic solutions and specialized diagnostic solutions. We currently sell our products directly to end users and distributors, in each case, for professional use in physician offices, hospitals, clinical laboratories, reference laboratories, urgent care clinics, leading universities, retail clinics, pharmacies and wellness screening centers, as well as for individual, non-professional, over-the-counter ("OTC") use. More recently, we have begun to reach significant new markets as we introduced our QuickVue® At-Home OTC COVID-19 Test for reopening schools, and for health departments, employers, entertainment centers and many other locations. We market our products through a network of distributors and a direct sales force. We operate in one business segment that develops, manufactures and markets our products globally.

Impact of COVID-19 Pandemic

Events surrounding the SARS-CoV-2 virus that emerged in late 2019 and the ensuing global pandemic has had a dramatic impact on businesses globally and our business as well. The severity and duration of the pandemic and economic repercussions of the virus and government actions in response to the pandemic remain uncertain and will ultimately depend on many factors, including the speed of global dissemination and effectiveness of the vaccination and containment efforts throughout the world, the duration and spread of the virus as well as potential seasonality, variants or new outbreaks.

In the United States, federal, state, and local government directives and policies have been put in place to manage public health concerns and address the economic impacts, including reduced business activity, increased unemployment, and overall uncertainty presented by this new healthcare challenge. Similar actions have been taken by governments around the world. While all our sites are currently operational globally, our facilities could be required to temporarily curtail production levels or temporarily cease operations based on government mandates or as a result of the pandemic. To mitigate risks, we continue to evaluate the extent to which COVID-19 may impact our business and operations and adjust risk mitigation planning and business continuity activities as needed.

New SARS-CoV-2 Diagnostic Products

As a leader in point-of-care diagnostics and with established expertise in respiratory infectious disease products, we were and remain well-positioned to respond to the COVID-19 pandemic. We work closely with national and local governments, agencies, and industry partners to develop, manufacture and supply critical diagnostic products to support testing initiatives to help curb the spread of the SARS-CoV-2 virus. In particular, we developed new molecular and antigen products to diagnose the SARS-CoV-2 virus. We have experienced exceptional demand for such products. In response, we committed significant resources toward the expansion of our production capacity.

We expect demand for our molecular and antigen assays and instruments to continue for the near-term, especially in the United States. At the same time, we also have observed fluctuating demand for certain of our other diagnostic products. The extent to which COVID-19 will impact demand for our products depends on future developments, which are highly uncertain and very difficult to predict, including new information that may emerge concerning the severity of the coronavirus, regulatory changes in any of the markets in which we serve, impact of new SARS-CoV-2 variants and actions to contain and treat its impacts, including the vaccination programs now being implemented.

Operations and Employee Safety

While many governments implemented lockdown and shelter-in-place orders, requiring non-essential businesses to shut down operations, our business is deemed "essential" and we continued to operate, manufacture and distribute products to customers. We implemented preparedness plans designed to help protect the safety of our employees and maintain operational continuity with an emphasis on manufacturing, product distribution and product development during this crisis. To date, we have been able to maintain our operations without significant interruption and have been able to develop and quickly scale manufacturing capacity for new products related to the COVID-19 pandemic.

To mitigate the pandemic's impact, we implemented preventative protocols intended to help safeguard our on-site employees and maintain business continuity. These measures have created additional burdens on our infrastructure and information technology ("IT") systems and may result in decreased productivity and increased operating costs. However, the various responses we have put in place have to date resulted in limited disruption to our normal business operations.

Supply Chains

As a result of the COVID-19 pandemic, we have seen delays in receipts for certain raw materials and components for our products. Such delays can result in disruption to our business operations. In response, we have increased safety stock of certain critical components and finished goods for which we have seen extraordinary demand. We are continuously evaluating our supply chain to identify potential gaps and take steps intended to help ensure continuity. We have considered potential political, legal or regulatory actions that could be taken as a result of the pandemic in jurisdictions where we manufacture, source or distribute products that could impact our supply of products to our customers or the availability of raw materials and components from our suppliers. We cannot currently predict the frequency, duration or scope of these government actions and any supply disruptions, and the availability of various products is dependent on our suppliers, their location and the extent to which they are impacted by the COVID-19 pandemic, among other factors. We are proactively working with manufacturers, industry partners and government agencies to help meet the needs of our customers during the pandemic.

Our inventory levels may fluctuate due to supply chain variability in conjunction with larger and more frequent customer orders. In response, we have added alternate suppliers for certain critical components and instruments, increased inventory of raw materials needed in our operations, increased manufacturing capacity and continue to explore opportunities for further expansion in our Athens, Ohio and San Diego, California facilities. In January 2021, we significantly expanded our capacity by entering into a long-term lease for an additional manufacturing facility in Carlsbad, California. This facility began operations in October 2021.

We are seeking to minimize the impact of delays and secure allocations of vital raw materials to meet demand for our products. However, dependent on the mitigation efforts and vaccination roll outs, we may continue to experience some sort of interruption to our supply chains, and such an interruption could materially affect our ability to timely manufacture and distribute our products and unfavorably impact our results of operations depending on the nature and duration of such interruption.

Outlook

Our financial performance and results of operations will depend on future developments and other factors that are highly uncertain, continuously evolving and unpredictable, including the duration, severity and continuation of outbreak surges of the COVID-19 pandemic, actions to contain the spread of the virus such as mask wearing, social distancing and vaccination efforts globally, and the impact of these and other factors on COVID-19 testing demand. While we have seen fluctuations in COVID-19 testing demand, we continue to believe that for at least the remainder of 2021, some level of COVID-19 testing demand will be sustainable. We believe ongoing COVID-19 testing will be required as communities attempt a return to more normal practices in schools, the workplace and entertainment venues. With respect to our core products, we anticipate revenue growth for these products for the fourth quarter of 2021, assuming a normalized respiratory season.

We expect to continue to invest heavily in research and development activities for our next generation immunoassay and molecular platforms, as well as additional assays to be launched on our current platforms. Additionally, we are making substantial investments in the expansion of our production capacity. While initially this expansion was to address the testing demand driven by the COVID-19 pandemic, in the long-term, we expect this expansion to provide increased flexibility to address opportunities for new products and new markets globally. We intend to continue our focus on prudently managing our business and delivering improved financial results, while at the same time striving to introduce new products into the market and maintain our emphasis on research and development investments for longer-term growth. Finally, we expect to continue to evaluate strategic opportunities to acquire new product lines, technologies and companies.

Three months ended September 30, 2021 compared to the three months ended September 30, 2020

Total Revenues

The following table compares total revenues for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three Months Ended September 30,		Increase (Decrease)	
	2021	2020	$	%
Rapid Immunoassay	$ 378,721	$ 337,042	$ 41,679	12 %
Cardiometabolic Immunoassay	64,790	64,810	(20)	— %
Molecular Diagnostic Solutions	54,834	62,993	(8,159)	(13) %
Specialized Diagnostic Solutions	11,391	11,213	178	2 %
Total revenues	$ 509,736	$ 476,058	$ 33,678	7 %

For the three months ended September 30, 2021, total revenues increased to $509.7 million from $476.1 million for the same period in the prior year. The Rapid Immunoassay category was the largest contributor to revenue growth, driven primarily by demand for the QuickVue SARS Antigen assays. Molecular Diagnostic Solutions sales decreased $8.2 million driven primarily by decreased pricing for the Lyra® SARS Antigen assay, partially offset by sales of the Solana® SARS Antigen assay. Currency exchange rate impact for the quarter ended September 30, 2021 was favorable by $1.0 million, which had a 0.1% impact on the growth rate.

Gross Profit

Gross profit decreased to $373.4 million, or 73% of revenue for the three months ended September 30, 2021, compared to $383.6 million, or 81% of revenue for the three months ended September 30, 2020. The decreased gross profit was driven by a shift in product mix and lower selling prices for our SARS products. Increases in supply chain and other indirect manufacturing costs also contributed to lower gross profit in the current period. Gross margin for the three months ended September 30, 2021 declined as compared to the same period in the prior year due to the same factors.

Operating Expenses

The following table compares operating expenses for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three Months Ended September 30,				Increase (Decrease)	
	2021		2020			
	Operating expenses	As a % of total revenues	Operating expenses	As a % of total revenues	$	%
Research and development	$ 23,676	5 %	$ 21,448	5 %	$ 2,228	10 %
Sales and marketing	$ 46,778	9 %	$ 37,413	8 %	$ 9,365	25 %
General and administrative	$ 21,113	4 %	$ 16,410	3 %	$ 4,703	29 %
Acquisition and integration costs	$ —	— %	$ 389	— %	$ (389)	(100) %

Research and Development Expense

Research and development expense for the three months ended September 30, 2021 was heavily focused on Savanna instrument and cartridge development and clinical work. Other key areas included development of the QuickVue OTC assay and the related software applications that enhance the user experience, Sofia® serology and gastrointestinal assays and the next generation platform. Research and development expense increased to $23.7 million from $21.4 million for the same period in the prior year, primarily due to increased spending on the Savanna instrument and cartridge development in support of U.S. clinical trials.

Research and development expense includes direct external costs such as fees paid to third-party contractors and consultants, and internal direct and indirect costs such as compensation and other expenses for research and development personnel, supplies and materials, clinical trials and studies, facility costs and depreciation.

Sales and Marketing Expense

Sales and marketing expense for the three months ended September 30, 2021 increased to $46.8 million from $37.4 million for the same period in the prior year, primarily due to higher product promotional spend associated with the launch of the QuickVue At-Home OTC COVID-19 Test, as well as increased freight expense and higher compensation costs driven by increased headcount and improved performance in the quarter, partially offset by a decrease in bad debt expense.

General and Administrative Expense

General and administrative expense for the three months ended September 30, 2021 increased to $21.1 million from $16.4 million for the same period in the prior year due to increased spend on IT projects and higher compensation costs driven by increased headcount to support the growth of the business.

Acquisition and Integration Costs

Acquisition and integration costs decreased by $0.4 million for the three months ended September 30, 2021 compared to the same period in the prior year.

Other Expense, Net

The following table compares Other expense, net, for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three months ended September 30,		Increase (decrease)	
	2021	2020	$	%
Interest and other expense, net	$ (347)	$ (1,797)	$ (1,450)	(81)%
Loss on extinguishment of debt	—	(10,384)	(10,384)	(100)%
Total other expense, net	$ (347)	$ (12,181)	$ (11,834)	(97)%

Interest and other expense, net primarily relates to accretion of interest on the deferred consideration, coupon and accretion of interest related to our Convertible Notes (in the 2020 period) and interest and amortization of deferred financing costs associated with our Credit Agreement. Interest and other expense, net for the three months ended September 30, 2021 decreased to $0.3 million from $1.8 million for the same period in the prior year, primarily due to the maturity of the Company's Convertible Notes in December 2020, including an unfavorable $1.1 million change in fair value of derivative liabilities associated with a Convertible Notes conversion in the second quarter of 2020. Additionally, interest expense decreased due to lower deferred consideration liability outstanding during 2021. Loss on extinguishment of debt of $10.4 million for the three months ended September 30, 2020 related to the extinguishment of $5.9 million in aggregate principal amount of the Convertible Notes, which were converted and settled in cash during the period.

Income Taxes

For the three months ended September 30, 2021 and 2020, the Company recognized income tax provisions of $65.7 million in relation to income before taxes of $281.5 million and $63.5 million in relation to income before taxes of $295.8 million, respectively, resulting in effective tax rates of 23% and 21%, respectively. The higher tax expense for the three months

ended September 30, 2021 compared to the same period in the prior year is primarily a result of an increase in state taxes owed and a decrease in tax deductions from stock-based compensation proportionate to pre-tax profits.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020

Total Revenues

The following table compares total revenues for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine Months Ended September 30,		Increase (Decrease)	
	2021	2020	$	%
Rapid Immunoassay	$ 676,461	$ 513,578	$ 162,883	32 %
Cardiometabolic Immunoassay	203,008	172,902	30,106	17 %
Molecular Diagnostic Solutions	149,553	126,533	23,020	18 %
Specialized Diagnostic Solutions	32,662	39,452	(6,790)	(17) %
Total revenues	$ 1,061,684	$ 852,465	$ 209,219	25 %

For the nine months ended September 30, 2021, total revenues increased to $1,061.7 million from $852.5 million for the same period in the prior year. The Rapid Immunoassay category was the largest contributor to revenue growth, driven by sales of the QuickVue SARS Antigen and Sofia SARS Antigen assays, partially offset by lower influenza assay sales. Molecular Diagnostic Solutions sales increased $23.0 million, driven by the sales of Lyra SARS-CoV-2 and Solana SARS-CoV-2 assays. Cardiometabolic Immunoassay sales increased $30.1 million as COVID-19 restrictions began to be lifted and sales started to return to pre-pandemic levels. The decrease in Specialized Diagnostic Solutions sales was driven primarily by a decline in demand for cell culture respiratory products as there was no cold and flu season in the first quarter of 2021. Currency exchange rate impact for the nine months ended September 30, 2021 was favorable by $5.9 million, which had a 0.8% impact on the growth rate.

Gross Profit

Gross profit increased to $781.6 million, or 74% of revenue for the nine months ended September 30, 2021, compared to $647.4 million, or 76% of revenue for the nine months ended September 30, 2020. The increased gross profit was due to higher sales volumes in the current period, partially offset by unfavorable product mix, lower selling prices for our SARS products and increased supply chain and other indirect manufacturing costs. Gross margin for the nine months ended September 30, 2021 declined as compared to the same period in the prior year driven primarily by product mix and lower selling prices.

Operating Expenses

The following table compares operating expenses for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine Months Ended September 30,				Increase (Decrease)	
	2021		2020			
	Operating expenses	As a % of total revenues	Operating expenses	As a % of total revenues	$	%
Research and development	$ 69,594	7 %	$ 58,797	7 %	$ 10,797	18 %
Sales and marketing	$ 119,111	11 %	$ 95,718	11 %	$ 23,393	24 %
General and administrative	$ 61,758	6 %	$ 46,421	5 %	$ 15,337	33 %
Acquisition and integration costs	$ 1,754	0 %	$ 3,175	0 %	$ (1,421)	(45) %

Research and Development Expense

Research and development expense for the nine months ended September 30, 2021 increased to $69.6 million from $58.8 million for the same period in the prior year. Development costs for the current period primarily consisted of spending on the

Savanna instrument and cartridge, QuickVue OTC assay and the related software applications that enhance the user experience and Sofia SARS and gastrointestinal assays. The increase was driven primarily by the Savanna development and spending on clinical trials.

Research and development expense includes direct external costs such as fees paid to third-party contractors and consultants, and internal direct and indirect costs such as compensation and other expenses for research and development personnel, supplies and materials, clinical trials and studies, facility costs and depreciation.

Sales and Marketing Expense

Sales and marketing expense for the nine months ended September 30, 2021 increased to $119.1 million from $95.7 million for the same period in the prior year, primarily due to higher product promotional spend associated with the launch of the QuickVue At-Home OTC COVID-19 Test, higher compensation costs driven by increased headcount and increased travel, meeting and trade show costs as COVID-19 related travel restrictions eased.

General and Administrative Expense

General and administrative expense for the nine months ended September 30, 2021 increased to $61.8 million from $46.4 million for the same period in the prior year due to increased spend on IT projects and higher compensation costs driven by increased headcount to support the growth of the business.

Acquisition and Integration Costs

Acquisition and integration costs of $1.8 million and $3.2 million for the nine months ended September 30, 2021 and 2020, respectively, primarily related to the evaluation of new business development opportunities.

Other Expense, net

The following table compares Other expense, net, for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine months ended September 30,		Increase (decrease)	
	2021	2020	$	%
Interest and other expense, net	$ (4,352)	$ (8,071)	$ (3,719)	(46)%
Loss on extinguishment of debt	—	(10,384)	(10,384)	(100)%
Total other expense, net	$ (4,352)	$ (18,455)	$ (14,103)	(76)%

Interest and other expense, net primarily relates to accretion of interest on the deferred consideration, coupon and accretion of interest related to our Convertible Notes (in the 2020 period) and interest and amortization of deferred financing costs associated with our Credit Agreement. Interest and other expense, net for the nine months ended September 30, 2021 decreased to $4.4 million from $8.1 million for the same period in the prior year, primarily due to the maturity of the Company's Convertible Notes in December 2020, including an unfavorable $1.1 million change in fair value of derivative liabilities associated with a Convertible Notes conversion in the second quarter of 2020. Additionally, interest expense decreased due to lower deferred consideration liability outstanding during 2021. Loss on extinguishment of debt of $10.4 million for the nine months ended September 30, 2020 related to the extinguishment of $5.9 million in aggregate principal amount of the Convertible Notes, which were converted and settled in cash during the period.

Income Taxes

For the nine months ended September 30, 2021 and 2020, the Company recognized income tax provisions of $112.1 million in relation to income before taxes of $525.0 million and $84.6 million in relation to income before taxes of $424.8 million, respectively, resulting in effective tax rates of 21% and 20%, respectively. The higher tax expense for the nine months ended September 30, 2021 compared to the same period in the prior year is a result of an increase in state taxes owed and a decrease in tax deductions from stock-based compensation proportionate to pre-tax profits.

Liquidity and Capital Resources

As of September 30, 2021 and December 31, 2020, the principal sources of liquidity consisted of the following (in thousands):

	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 578,447	$ 489,941
Amount available to borrow under the Revolving Credit Facility	$ 175,000	$ 175,000
Working capital including cash and cash equivalents	$ 851,977	$ 805,441

As of September 30, 2021, we had $578.4 million in cash and cash equivalents, a $88.5 million increase from December 31, 2020. Our cash requirements fluctuate as a result of numerous factors, such as cash generated from operations, progress in research and development or capital expansion projects. In addition, we intend to continue to evaluate candidates for new product lines, company or technology acquisitions or technology licensing. If we decide to proceed with any such transactions, we may need to incur additional debt or issue equity to successfully complete the transactions.

Our primary sources of liquidity, other than our holdings of cash and cash equivalents, have been cash flows from operations and our Revolving Credit Facility. Cash generated from operations provides us with the financial flexibility we need to meet normal operating, investing and financing needs. We do not currently expect the impacts of the COVID-19 pandemic to adversely affect our liquidity and capital resources or our ability to meet financial commitments. We anticipate that our current cash and cash equivalents, together with cash provided by operating activities will be sufficient to fund our near-term capital and operating needs for at least the next 12 months.

Normal operating needs include the planned costs to operate our business, including amounts required to fund working capital and capital expenditures. Our primary short-term needs for capital, which are subject to change, include expenditures related to:

- acquisitions of equipment and other fixed assets in support of our manufacturing facility expansion;
- the continued advancement of research and development efforts;
- support of commercialization efforts related to our current and future products, including support of our direct sales force and field support resources;
- interest on and repayments of our deferred consideration, contingent consideration and lease obligations; and
- potential strategic acquisitions and investments.

The Amended and Restated Credit Agreement provides us with a Revolving Credit Facility of $175.0 million and there is no balance outstanding as of September 30, 2021. The Revolving Credit Facility matures on August 31, 2023. See Note 5 to the Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report for further discussion of the Revolving Credit Facility.

In connection with the acquisition of the BNP Business, the Company has an annual installment payment of $48.0 million payable in 2022 and an annual installment payment of $40.0 million payable in 2023. As of September 30, 2021, these payments were recorded at fair value as contingent consideration of $5.8 million and deferred consideration of $77.5 million.

On December 12, 2018, our Board of Directors (the “Board”) authorized a stock repurchase program, allowing the Company to repurchase up to $50.0 million of its common stock. On August 28, 2020, the Board approved an amendment to the stock repurchase program that authorized repurchases of an additional $150.0 million of the Company’s common stock through August 28, 2022. As of September 30, 2021, the Company had approximately $52.9 million available under the stock repurchase program.

We expect our revenue and operating expenses will significantly impact our cash management decisions. Our future capital requirements and the adequacy of our available funds to service our long-term debt and to fund working capital expenditures and business development efforts will depend on many factors, including:

- our ability to realize revenue growth from our new technologies and create innovative products in our markets;
- our ability to manage our recent significant growth and facility expansions;
- outstanding debt and covenant restrictions;
- our ability to leverage our operating expenses to realize operating profits as we grow revenue;

- competing technological and market developments; and
- our entry into strategic collaborations with other companies or acquisitions of other companies or technologies to enhance or complement our product and service offerings.

Cash Flow Summary

(In thousands)	Nine Months Ended September 30, 2021	2020
Net cash provided by operating activities:	$ 484,492	$ 190,632
Net cash used for investing activities:	(223,518)	(36,112)
Net cash used for financing activities:	(172,213)	(130,220)
Effect of exchange rates on cash	(255)	472
Net increase in cash and cash equivalents	$ 88,506	$ 24,772

Cash provided by operating activities of $484.5 million for the nine months ended September 30, 2021 reflects net income of $412.9 million and non-cash adjustments of $57.8 million primarily associated with depreciation, amortization, stock-based compensation and accretion of interest on deferred consideration. In addition, the Company realized a net working capital contribution of $12.1 million primarily driven by a decrease in accounts receivable, partially offset by a decrease in income taxes payable and an increase in product inventory. For the nine months ended September 30, 2020, cash provided by operating activities of $190.6 million reflects net income of $340.2 million and non-cash adjustments of $68.9 million primarily associated with depreciation, amortization, stock-based compensation and accretion of interest on deferred consideration. Partially offsetting these inflows was a net working capital use of cash of $218.8 million driven by increases in accounts receivable and product inventory, partially offset by an increase in income taxes.

Our investing activities used $223.5 million during the nine months ended September 30, 2021 primarily related to investments in manufacturing equipment and building improvements, Sofia, Solana and Triage instruments available for lease and purchases of scientific equipment, partially offset by government proceeds received to fund such investments. Our investing activities used $36.1 million during the nine months ended September 30, 2020 primarily related to payments for manufacturing equipment, computer equipment, building improvements, and Sofia, Solana and Triage instruments available for lease.

We are currently planning approximately $45.0 million in capital expenditures for the remainder of 2021. The primary purposes for our capital expenditures are to invest in manufacturing capacity expansion, acquire Savanna, Sofia, Solana and Triage instruments, acquire scientific equipment, purchase or develop IT and implement facility improvements. We plan to fund the capital expenditures with the cash on our balance sheet.

Cash used by financing activities was $172.2 million for the nine months ended September 30, 2021 primarily related to repurchases of common stock of $103.4 million, payments of tax withholdings for vesting of stock-based awards of $36.0 million, and payment on deferred and contingent consideration of $39.9 million, partially offset by proceeds of $7.3 million from the issuance of common stock under the ESPP and pursuant to stock option exercises. Cash used by financing activities was $130.2 million for the nine months ended September 30, 2020 primarily related to repurchases of common stock of $43.7 million, payment on deferred and contingent consideration of $48.0 million, and payments of tax withholdings for vesting of stock-based awards of $3.5 million, partially offset by proceeds of $8.8 million from the issuance of common stock under the ESPP and pursuant to stock option exercises.

Seasonality

Sales of our respiratory products are subject to, and significantly affected by, the seasonal demands of the cold and flu seasons, prevalent during the fall and winter. As a result of these seasonal demands, we typically experience lower sales volume in the second and third quarters of the calendar year, and typically have higher sales in the first and fourth quarters of the calendar year. Historically, sales of our influenza products have varied from year to year based, in large part, on the severity, length and timing of the onset of the cold and flu season. In the first half of 2021, the COVID-19 pandemic combined with the absence of a flu season diminished the seasonal effects for our influenza products.

Off-Balance Sheet Arrangements

At September 30, 2021 and December 31, 2020, we did not have any relationships with unconsolidated entities or financial partners, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Accordingly, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based on our Consolidated Financial Statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an on-going basis, management evaluates its estimates, including those related to reserves for contractual rebates, goodwill and intangibles and income taxes. We base our estimates on historical experience and various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

A comprehensive discussion of our critical accounting policies and management estimates is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020. There were no material changes to our critical accounting policies and estimates during the nine months ended September 30, 2021.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Under our current policies, we do not use interest rate derivative instruments to manage our exposure to changes in interest rates.

Our current investment policy with respect to our cash and cash equivalents focuses on maintaining acceptable levels of interest rate risk and liquidity. Although we continually evaluate our investments, our cash equivalents as of September 30, 2021 consisted primarily of prime money market funds. These funds provide daily liquidity and may be subject to interest rate risk and decrease in value if market interest rates increase. We do not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates.

Foreign Currency Exchange Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, transaction gains and losses associated with intercompany balances with foreign subsidiaries and transactions denominated in currencies other than the functional currency of the local jurisdiction.

For the nine months ended September 30, 2021, total revenues were $1,061.7 million, of which approximately $127.5 million were denominated in currencies other than the U.S. dollar. We believe constant currency revenue and the related constant currency fluctuation rate, which are non-GAAP measures, enhance the comparison of our financial results from period-to-period and to that of our competitors because they present our operating performance without the effect of exchange rate variances. Constant currency revenue excludes the impact from foreign currency fluctuations, which was favorable by $5.9 million for the nine months ended September 30, 2021, and is calculated by (i) translating current period revenues using prior period exchange rates and (ii) excluding any hedging effect recognized in the current period. The constant currency fluctuation rate (expressed as a percentage) is calculated by determining the change in current period constant currency revenue compared to prior period revenue.

The major currencies to which our revenues are exposed are the Euro and the Chinese Yuan. A 100-basis point move in the average exchange rates (assuming a simultaneous and immediate 100-basis point change for the relevant period) would have resulted in an increase or decrease in our reported revenue for the nine months ended September 30, 2021 as follows (in thousands):

Currency		Nine Months Ended September 30, 2021
Chinese Yuan	$	3,345
Euro	$	3,030

Our foreign currency management policy permits the use of derivative instruments, such as forward contracts, to reduce volatility in our results of operations resulting from foreign exchange rate fluctuations. We do not enter into foreign currency derivative instruments for trading purposes or to engage in speculative activity. See Note 10 to the Consolidated Financial Statements for additional information related to such forward contracts, which information is incorporated herein by reference.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures: We have performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2021 at a reasonable assurance level to ensure that information required to be disclosed by us in the reports filed or submitted by us under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission (the "SEC").

Changes in internal control over financial reporting: There was no change in our internal control over financial reporting during the quarter ended September 30, 2021 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information set forth in the section entitled "Litigation and Other Legal Proceedings" under Note 8 to the Consolidated Financial Statements, included in Part I, Item I of this Quarterly Report, is incorporated herein by reference.

ITEM 1A. Risk Factors

There has been no material change in our risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020. For a detailed description of our risk factors, refer to Item IA, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The table below sets forth information regarding repurchases of our common stock by us during the three months ended September 30, 2021.

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (2)
July 5, 2021 - August 1, 2021	180	$ 126.80	—	$ 52,894,442
August 2, 2021 - August 29, 2021	1,773	121.78	—	52,894,442
August 30, 2021 - October 3, 2021	2,570	146.01	—	52,894,442
Total	4,523	$ 135.75	—	$ 52,894,442

(1) Includes shares surrendered, if any, to the Company to satisfy the payment of minimum tax withholding obligations.

(2) On December 18, 2018, the Company announced a stock repurchase program to repurchase up to $50.0 million of the Company's common stock, which was authorized by the Board on December 12, 2018. On August 28, 2020, the Board authorized an increase of an additional $150.0 million to the Company's existing stock repurchase program authorization, which was announced on September 1, 2020. The Board also extended the stock repurchase program through August 28, 2022.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

3.1	Restated Certificate of Incorporation of Quidel Corporation. (Incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended September 30, 2010.)
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of Quidel Corporation. (Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on May 6, 2015.)
3.3	Amended and Restated Bylaws of Quidel Corporation, as of November 9, 2020. (Incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on November 13, 2020.)
4.1	Certificate of Designations of Series C Junior Participating Preferred Stock. (Incorporated by reference to Exhibit 4.1 to the Registrant's Form 10-Q for the quarter ended September 30, 2010.)
10.1	Master Agreement, dated as of July 24, 2021, by and among Quidel Corporation, Quidel Cardiovascular, Inc., and Beckman Coulter, Inc. (Incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K filed on July 26, 2021.) +
31.1*	Certification by Principal Executive Officer of Quidel Corporation pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Principal Financial Officer of Quidel Corporation pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications by Principal Executive Officer and Principal Financial Officer of Quidel Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith.

** Furnished herewith.

\+ The schedules and similar attachments to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Quidel agrees to furnish copies of any such schedules or similar attachments to the SEC upon request. In addition, certain provisions of this exhibit have been redacted because Quidel customarily treats the redacted information as private or confidential and the omitted information is not material. Quidel agrees to promptly provide to the SEC on a supplemental basis an unreacted copy of the exhibit.

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.

Date: November 4, 2021

QUIDEL CORPORATION

/s/ DOUGLAS C. BRYANT

Douglas C. Bryant

President and Chief Executive Officer
(Principal Executive Officer)

/s/ RANDALL J. STEWARD

Randall J. Steward

Chief Financial Officer
(Principal Financial Officer)

Exhibit Index

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Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Douglas C. Bryant, certify that:

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

Date: November 4, 2021

/s/ DOUGLAS C. BRYANT
Douglas C. Bryant
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Randall J. Steward, certify that:

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

Date: November 4, 2021

/s/ RANDALL J. STEWARD
Randall J. Steward
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certifications by the Principal Executive Officer and Principal Financial Officer of Registrant pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Each of the undersigned hereby certifies, in his capacity as an officer of Quidel Corporation, a Delaware corporation (the "Company"), for purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2021

/s/ DOUGLAS C. BRYANT

Douglas C. Bryant
President and Chief Executive Officer
(Principal Executive Officer)

/s/ RANDALL J. STEWARD

Randall J. Steward
Chief Financial Officer
(Principal Financial Officer)