
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 April 2, 2023

or

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

For the transition period from _____ to _____

Commission File Number: 001-41409

QUIDELORTHO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

87-4496285

(I.R.S. Employer
Identification No.)

9975 Summers Ridge Road, San Diego, California

(Address of principal executive offices)

92121

(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 April 25, 2023, 66,633,473 shares of the registrant's common stock were outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

QUIDELORTHO CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions, except par value)

	April 2, 2023	January 1, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 353.9	\$ 292.9
Marketable securities	42.8	52.1
Accounts receivable, net	274.8	453.9
Inventories	528.6	524.1
Prepaid expenses and other current assets	298.8	252.1
Total current assets	1,498.9	1,575.1
Property, plant and equipment, net	1,361.7	1,339.0
Marketable securities	33.8	21.0
Right-of-use assets	179.4	181.0
Goodwill	2,491.3	2,476.8
Intangible assets, net	3,078.5	3,123.8
Deferred tax asset	16.5	16.4
Other assets	127.0	122.7
Total assets	<u>\$ 8,787.1</u>	<u>\$ 8,855.8</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 241.5	\$ 283.3
Accrued payroll and related expenses	108.5	139.2
Income tax payable	16.3	51.6
Current portion of borrowings	207.5	207.5
Other current liabilities	334.0	325.4
Total current liabilities	907.8	1,007.0
Operating lease liabilities	183.3	186.4
Long-term borrowings	2,379.6	2,430.8
Deferred tax liability	208.8	213.2
Other liabilities	111.1	83.8
Total liabilities	3,790.6	3,921.2
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5.0 shares authorized; none issued or outstanding at April 2, 2023 and January 1, 2023	—	—
Common stock, \$0.001 par value per share; 126.2 shares authorized; 66.6 and 66.4 shares issued and outstanding at April 2, 2023 and January 1, 2023, respectively	0.1	—
Additional paid-in capital	2,809.0	2,804.3
Accumulated other comprehensive loss	(59.3)	(67.6)
Retained earnings	2,246.7	2,197.9
Total stockholders' equity	4,996.5	4,934.6
Total liabilities and stockholders' equity	<u>\$ 8,787.1</u>	<u>\$ 8,855.8</u>

See accompanying notes.

QUIDELORTHO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In millions, except per share data)

	Three Months Ended	
	April 2, 2023	April 3, 2022
Total revenues	\$ 846.1	\$ 1,002.3
Cost of sales, excluding amortization of intangibles	397.5	260.3
Selling, marketing and administrative	202.4	84.8
Research and development	62.3	26.4
Amortization of intangible assets	50.8	7.1
Acquisition and integration costs	29.7	3.0
Other operating expenses	3.8	—
Operating income	99.6	620.7
Interest expense, net	36.7	1.0
Other expense (income), net	2.9	(0.9)
Income before provision for income taxes	60.0	620.6
Provision for income taxes	11.2	140.7
Net income	\$ 48.8	\$ 479.9
Basic earnings per share	\$ 0.73	\$ 11.46
Diluted earnings per share	\$ 0.73	\$ 11.31
Weighted-average shares outstanding - basic	66.6	41.9
Weighted-average shares outstanding - diluted	67.1	42.4

See accompanying notes.

QUIDELORTHO CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended	
	April 2, 2023	April 3, 2022
Net income	\$ 48.8	\$ 479.9
Other comprehensive income (loss)		
Changes in cumulative translation adjustment, net of tax	30.7	0.2
Changes in unrealized gains (losses) from investments, net of tax	0.2	(0.4)
Changes in unrealized (losses) gains from cash flow hedges, net of tax:		
Net unrealized (losses) gains on derivative instruments	(16.9)	0.1
Reclassification of net realized gains on derivative instruments included in net income	(5.7)	—
Total change in unrealized (losses) gains from cash flow hedges, net of tax	(22.6)	0.1
Comprehensive income	<u>\$ 57.1</u>	<u>\$ 479.8</u>

See accompanying notes.

QUIDELORTHO CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
(In millions)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive (loss) income	Retained earnings	Total stockholders' equity
	Shares	Par				
Balance at January 1, 2023	66.4	\$ —	\$ 2,804.3	\$ (67.6)	\$ 2,197.9	\$ 4,934.6
Issuance of common stock under equity compensation plans	0.3	0.1	3.8	—	—	3.9
Stock-based compensation expense	—	—	10.4	—	—	10.4
Tax withholdings related to vesting of stock-based awards	(0.1)	—	(9.5)	—	—	(9.5)
Other comprehensive income, net of tax	—	—	—	8.3	—	8.3
Net income	—	—	—	—	48.8	48.8
Balance at April 2, 2023	<u>66.6</u>	<u>\$ 0.1</u>	<u>\$ 2,809.0</u>	<u>\$ (59.3)</u>	<u>\$ 2,246.7</u>	<u>\$ 4,996.5</u>

	Common Stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total stockholders' equity
	Shares	Par				
Balance at January 2, 2022	41.7	\$ —	\$ 279.8	\$ 0.4	\$ 1,649.2	\$ 1,929.4
Issuance of common stock under equity compensation plans	0.2	—	6.4	—	—	6.4
Stock-based compensation expense	—	—	6.2	—	—	6.2
Tax withholdings related to vesting of stock-based awards	(0.1)	—	(6.8)	—	—	(6.8)
Other comprehensive loss, net of tax	—	—	—	(0.2)	—	(0.2)
Net income	—	—	—	—	479.9	479.9
Balance at April 3, 2022	<u>41.8</u>	<u>\$ —</u>	<u>\$ 285.6</u>	<u>\$ 0.2</u>	<u>\$ 2,129.1</u>	<u>\$ 2,414.9</u>

See accompanying notes.

QUIDELORTHO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three Months Ended	
	April 2, 2023	April 3, 2022
OPERATING ACTIVITIES:		
Net income	\$ 48.8	\$ 479.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	114.2	15.3
Stock-based compensation expense	11.0	7.4
Net change in operating lease right-of-use assets and liabilities	0.1	9.4
Other non-cash, net	0.4	2.5
Changes in assets and liabilities:		
Accounts receivable	187.2	(191.5)
Inventories	(37.3)	17.3
Prepaid expenses and other current and non-current assets	(55.1)	(7.3)
Accounts payable	(21.4)	52.6
Accrued payroll and related expenses	(29.6)	(10.9)
Income taxes payable	(32.7)	138.4
Other current and non-current liabilities	3.3	(12.2)
Net cash provided by operating activities	188.9	500.9
INVESTING ACTIVITIES		
Acquisitions of property, plant, equipment and intangibles	(66.0)	(22.5)
Proceeds from government assistance allocated to fixed assets	0.3	—
Purchases of marketable securities	(31.6)	(15.9)
Proceeds from sale of marketable securities	28.4	13.7
Net cash used for investing activities	(68.9)	(24.7)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	1.8	3.5
Payments on long-term borrowings	(51.9)	(0.1)
Payments of tax withholdings related to vesting of stock-based awards	(9.5)	(6.8)
Net cash used for financing activities	(59.6)	(3.4)
Effect of exchange rates on cash	0.6	(0.1)
Net increase in cash, cash equivalents and restricted cash	61.0	472.7
Cash, cash equivalents and restricted cash at beginning of period	293.9	802.8
Cash, cash equivalents and restricted cash at end of period	\$ 354.9	\$ 1,275.5
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Purchase of property, equipment and intangibles by incurring current liabilities	\$ 19.8	\$ 13.7
Transfer of instrument inventories to fixed assets	\$ 35.0	\$ —
Reduction of other current liabilities upon issuance of restricted share units	\$ 1.9	\$ 2.9

See accompanying notes.

QuidelOrtho Corporation
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of QuidelOrtho Corporation and its subsidiaries (the “Company” or “QuidelOrtho”) have been prepared in accordance with generally accepted accounting principles in the U.S. (“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 April 2, 2023, and for the three months ended April 2, 2023 and April 3, 2022, is unaudited. For further information, refer to the Company’s Consolidated Financial Statements and notes thereto for the fiscal year ended January 1, 2023 included in QuidelOrtho’s 2022 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.

The Company follows the concept of a fiscal year that ends on the Sunday nearest to the end of the month of December, and fiscal quarters that end on the Sunday nearest to the end of the months of March, June and September. For 2023 and 2022, the Company’s fiscal year will end or has ended on December 31, 2023 and January 1, 2023, respectively. For 2023 and 2022, the Company’s first quarter ended on April 2, 2023 and April 3, 2022, respectively. The three months ended April 2, 2023 and April 3, 2022 each included 13 weeks.

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.

Reclassifications

Certain prior period amounts were reclassified to conform to the current period presentation, including the separate presentation of Amortization of intangible assets and Interest expense, net, and the combination of Selling, marketing and administrative expense. Cost of sales, excluding amortization of intangibles for the three months ended April 3, 2022 excludes \$2.0 million of intangibles amortization expense, formerly included in Cost of sales, which has been reclassified to Amortization of intangible assets. Selling, marketing and administrative expense for the three months ended April 3, 2022 excludes \$5.1 million of intangibles amortization expense, formerly included in Sales and marketing expense, which has been reclassified to Amortization of intangible assets. The reclassifications did not have an impact on net assets, Operating income, Net income, Basic or Diluted earnings per share, or cash flows.

Recent Accounting Pronouncements

There have been no accounting pronouncements issued or adopted during the three months ended April 2, 2023 that are expected to have a material impact on the Company’s financial statements.

Note 2. Business Combination

On May 27, 2022, pursuant to a Business Combination Agreement entered into as of December 22, 2021 (the “BCA”), by and among Quidel Corporation (“Quidel”), Ortho Clinical Diagnostics Holdings plc (“Ortho”), QuidelOrtho (formerly Coronado Topco, Inc.), Orca Holdco, Inc., Laguna Merger Sub, Inc. and Orca Holdco 2, Inc., Quidel and Ortho consummated a business combination (the “Combinations”) and each of Quidel and Ortho became a wholly owned subsidiary of QuidelOrtho. As a result of the Combinations, QuidelOrtho became the successor issuer to Quidel. The Combinations have been accounted for as a business combination using the acquisition method of accounting in conformity with Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, with Quidel considered the accounting and the legal acquirer. The Combinations enhance the Company’s revenue profile and expand the Company’s geographic footprint and product diversity.

The Combinations were completed for a total consideration of approximately \$4.3 billion, which included the fair value of equity issued based on the May 26, 2022 closing price of \$99.60 per share of Quidel common stock. Former Ortho shareholders received \$7.14 in cash and 0.1055 shares of QuidelOrtho common stock for each Ortho ordinary share. The Company funded

the cash portion of the purchase price with cash on its balance sheet and a portion of the Term Loan proceeds from the Financing (each as defined in Note 8).

The purchase price allocation is preliminary and subject to change for income tax matters. The amounts recognized will be finalized as the information necessary to complete the analysis is obtained, but no later than one year after the closing date of the Combinations. Measurement period adjustments decreased goodwill by \$2.8 million in the three months ended April 2, 2023 due to a purchase price allocation increase of \$3.0 million to income taxes payable and a decrease of \$0.2 million to deferred tax liabilities.

Note 3. Computation of Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing net income by the weighted-average number of shares of common stock outstanding. Diluted EPS is computed based on the sum of the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares of common stock consist of shares issuable from stock options, unvested RSUs and restricted stock. Potentially dilutive shares of common stock 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 presents the calculation of the weighted-average shares used in computing basic and diluted EPS:

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
Basic weighted-average shares of common stock outstanding	66.6	41.9
Dilutive potential shares issuable from stock options and unvested RSUs	0.5	0.5
Diluted weighted-average shares of common stock outstanding	67.1	42.4
Potentially dilutive shares excluded from calculation due to anti-dilutive effect	1.5	0.4

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.

Note 4. Revenue

Contract Balances

Timing of revenue recognition may differ from timing of invoicing to customers. The Company records an asset when revenue is recognized prior to invoicing a customer (a "contract asset"). Contract assets are included within Prepaid expenses and other current assets in the Company's unaudited Consolidated Balance Sheets and are transferred to accounts receivable when the right to payment becomes unconditional. The balance of contract assets recorded in the Company's unaudited Consolidated Balance Sheets as of April 2, 2023 and January 1, 2023 was \$53.4 million and \$49.6 million, respectively.

The contract asset balance consisted of the following components, all of which related to agreements acquired by the Company in connection with the Combinations:

- a customer supply agreement under which the difference between the timing of invoicing and revenue recognition resulted in a contract asset of \$4.3 million and \$6.8 million, respectively, as of April 2, 2023 and January 1, 2023;
- contractual arrangements with certain customers under which the Company invoices the customers based on reportable results generated by its reagents; however, control of the goods transfers to the customers upon shipment or delivery of the products, as determined under the terms of the contract. Using the expected value method, the Company estimates the number of reagents that will generate a reportable result. The Company records the revenue upon shipment and an associated contract asset, and relieves the contract asset upon completion of the invoicing. The balance of the contract asset related to these arrangements was \$40.8 million and \$38.5 million, respectively, as of April 2, 2023 and January 1, 2023; and
- one of the Company's contract manufacturing agreements that recognizes revenue as the products are manufactured resulted in a contract asset of \$8.3 million and \$4.3 million, respectively, as of April 2, 2023 and January 1, 2023.

The Company reviews contract assets for expected credit losses resulting from the collectability of customer accounts. Expected losses are established based on historical losses, customer mix and credit policies, current economic conditions in customers' country or industry, and expectations associated with reasonable and supportable forecasts. No credit losses related to contract assets were recognized during the three months ended April 2, 2023.

The Company recognizes a contract liability when a customer pays an invoice prior to the Company transferring control of the goods or services (“contract liabilities”). The Company’s contract liabilities consist of deferred revenue primarily related to customer service contracts. The Company classifies deferred revenue as current or non-current based on the timing of the transfer of control or performance of the service. The balance of the Company’s current deferred revenue was \$61.9 million as of April 2, 2023 and \$76.4 million as of January 1, 2023. The Company has one arrangement with a customer where the revenue is expected to be recognized beyond one year. The balance of the deferred revenue included in long-term liabilities was \$12.7 million and \$9.4 million as of April 2, 2023 and January 1, 2023, respectively, and was included in Other liabilities in the Consolidated Balance Sheets. The amount of deferred revenue as of January 1, 2023 that was recorded in Total revenues during the three months ended April 2, 2023 was \$50.8 million.

Joint Business with Grifols

In connection with the Combinations, the Company acquired the ongoing collaboration arrangement (the “Joint Business”) between Ortho and Grifols Diagnostic Solutions, Inc. (“Grifols”), under which Ortho and Grifols agreed to pursue a collaboration relating to Ortho’s Hepatitis and HIV diagnostics business. The governance of the Joint Business is shared through a supervisory board made up of equal representation by Ortho and Grifols, which is responsible for all significant decisions relating to the Joint Business that are not exclusively assigned to either Ortho or Grifols, as defined in the Joint Business agreement. The Company’s portion of the pre-tax net profit shared under the Joint Business was \$23.6 million during the three months ended April 2, 2023. This included the Company’s portion of the pre-tax net profit of \$1.2 million during the three months ended April 2, 2023 on sales transactions with third parties where the Company is the principal. The Company recognized revenues, cost of sales, excluding amortization of intangibles, and operating expenses, on a gross basis on these sales transactions in their respective lines in the unaudited Consolidated Statements of Income. The Company’s portion of the pre-tax net profit also included revenue of \$22.4 million from collaboration and royalty agreements during the three months ended April 2, 2023, which is presented on a net basis within Total revenues.

Disaggregation of Revenue

The following table summarizes Total revenues by business unit:

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
Labs	\$ 370.7	\$ 13.3
Transfusion Medicine	155.9	—
Point of Care	308.1	943.0
Molecular Diagnostics	11.4	46.0
Total revenues	<u>\$ 846.1</u>	<u>\$ 1,002.3</u>

Concentration of Revenue and Credit Risk

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

Customer:	Three Months Ended	
	April 2, 2023	April 3, 2022
A	11 %	— %
B	6 %	38 %
C	6 %	14 %
	<u>23 %</u>	<u>52 %</u>

As of April 2, 2023, no customers had a balance due in excess of 10% of Accounts receivable, net. As of January 1, 2023, customers with balances due in excess of 10% of Accounts receivable, net totaled \$161.9 million. For the three months ended April 2, 2023 and April 3, 2022, sales of COVID-19 products accounted for 26% and 83% of Total revenues, respectively.

Note 5. Segment and Geographic Information

Total revenues by reportable segment are as follows:

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
North America	\$ 582.8	\$ 961.5
EMEA	81.3	15.2
China	70.6	8.7
Other	111.4	16.9
Total revenues	<u>\$ 846.1</u>	<u>\$ 1,002.3</u>

The following table sets forth Adjusted EBITDA by segment and the reconciliations to Income before provision for income taxes for the three months ended April 2, 2023 and April 3, 2022:

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
North America	\$ 278.4	\$ 713.4
EMEA	7.2	3.5
China	28.5	3.8
Other	21.8	9.5
Total segment Adjusted EBITDA	335.9	730.2
Corporate ⁽¹⁾	(90.6)	(89.3)
Depreciation and amortization	(114.2)	(15.3)
Acquisition and integration costs	(29.7)	(3.0)
Interest expense, net	(36.7)	(1.0)
Amortization of deferred cloud computing implementation costs	(1.6)	(1.0)
Employee compensation charges and other costs	(1.5)	—
Impairment of long-lived assets	(0.5)	—
EU medical device regulation transition costs ⁽²⁾	(0.8)	—
Tax indemnification expense	(0.3)	—
Income before provision for income taxes	<u>\$ 60.0</u>	<u>\$ 620.6</u>

(1) Primarily consists of costs related to executive and staff functions, including certain finance, human resources, manufacturing and information technology (“IT”) functions, which benefit the Company as a whole. These costs are primarily related to the general management of these functions on a corporate level and the design and development of programs, policies and procedures that are then implemented in the individual segments, with each segment bearing its own cost of implementation. The Company’s corporate function also includes debt and stock-based compensation associated with all employee stock-based awards.

(2) Represents incremental consulting costs and research and development (“R&D”) manufacturing site costs to align compliance of Ortho’s existing, on-market products that were previously registered under the European In Vitro Diagnostics Directive regulatory framework with the requirements under the EU’s In Vitro Diagnostic Regulation, which generally apply from May 2022 onwards.

The chief operating decision maker does not review capital expenditures, total depreciation and amortization or assets by segment, and therefore this information has been excluded as it does not comprise part of management’s key performance metrics.

Note 6. Income Taxes

The Company calculates its interim income tax provision in accordance with ASC 270, *Interim Reporting*, and ASC 740, *Accounting for Income Taxes*. 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 April 2, 2023 and April 3, 2022, the Company recognized a Provision for income taxes of \$11.2 million and \$140.7 million, respectively, in relation to Income before provision for income taxes of \$60.0 million and \$620.6 million, respectively, resulting in effective tax rates of 18.7% and 22.7%, respectively. For the three months ended April 2, 2023, the effective tax rate was impacted by income tax benefits related to non-U.S. earnings being taxed at rates that are different than the U.S. statutory rate, R&D credits, foreign tax credits, and foreign exchange losses, partially offset by income taxes owed in U.S. states and Global Intangible Low-Tax Income. For the three months ended April 3, 2022, the effective tax rate was impacted primarily by income taxes owed in U.S. states.

The balance of unrecognized tax benefits at April 2, 2023, not including interest and penalties, was \$39.9 million, of which \$28.2 million could affect the effective income tax rate in future periods, if recognized. The Company also recognizes interest and penalties related to unrecognized tax benefits in tax expense. At April 2, 2023, the Company had approximately \$8.2 million of interest and penalties accrued related to unrecognized tax benefits. The Company estimates that within the next 12 months, its uncertain tax positions, excluding interest, will decrease by \$2.0 million.

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 onwards are subject to examination by the U.S. authorities. The Company's state and foreign tax years for 2001 and onwards 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.

Indemnification Assets

On January 16, 2014, Ortho entered into a stock and asset purchase agreement of (i) certain assets and liabilities and (ii) all of the equity interests and substantially all of the assets and liabilities of certain entities, which, together with their subsidiaries, comprised the Ortho business from Johnson & Johnson. The agreement generally provided that Johnson & Johnson retained all income tax liabilities accrued as of the date of the acquisition, including reserves for unrecognized tax benefits. The indemnification receivable from Johnson & Johnson totaled \$16.2 million and \$16.8 million as of April 2, 2023 and January 1, 2023, respectively, and is included as a component of Prepaid expenses and other current assets and Other assets on the Consolidated Balance Sheet. The Company recorded \$0.3 million of interest and penalties during the three months ended April 2, 2023.

Note 7. Balance Sheet Account Details

Cash, Cash Equivalents and Restricted Cash

(In millions)	April 2, 2023	January 1, 2023
Cash and cash equivalents	\$ 353.9	\$ 292.9
Restricted cash included in Other assets	1.0	1.0
Cash, cash equivalents and restricted cash	<u>\$ 354.9</u>	<u>\$ 293.9</u>

Marketable Securities

The following table is a summary of marketable securities:

(In millions)	April 2, 2023			January 1, 2023		
	Amortized Cost	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Losses	Fair Value
Corporate bonds	\$ 33.4	\$ (0.2)	\$ 33.2	\$ 40.5	\$ (0.5)	\$ 40.0
Corporate asset-backed securities	6.1	—	6.1	6.7	—	6.7
U.S. government securities	—	—	—	2.0	—	2.0
Agency bonds	1.0	—	1.0	1.0	—	1.0
Sovereign government bonds	2.0	—	2.0	1.9	—	1.9
Foreign and other	0.5	—	0.5	0.5	—	0.5
Total marketable securities, current	43.0	(0.2)	42.8	52.6	(0.5)	52.1
Corporate bonds, non-current	23.6	—	23.6	13.3	(0.1)	13.2
Corporate asset-backed securities, non-current	8.8	(0.1)	8.7	7.9	(0.1)	7.8
Agency bonds	1.6	(0.1)	1.5	—	—	—
Total marketable securities	<u>\$ 77.0</u>	<u>\$ (0.4)</u>	<u>\$ 76.6</u>	<u>\$ 73.8</u>	<u>\$ (0.7)</u>	<u>\$ 73.1</u>

Accounts Receivable, Net

Accounts receivables primarily consist of trade accounts receivables with maturities of one year or less and are presented net of reserves:

(In millions)	April 2, 2023	January 1, 2023
Accounts receivable	\$ 356.2	\$ 543.0
Allowance for contract rebates and discounts	(67.8)	(77.1)
Allowance for doubtful accounts	(13.6)	(12.0)
Total accounts receivable, net	<u>\$ 274.8</u>	<u>\$ 453.9</u>

Inventories

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

(In millions)	April 2, 2023	January 1, 2023
Raw materials	\$ 198.6	\$ 185.2
Work-in-process (materials, labor and overhead)	95.1	82.7
Finished goods (materials, labor and overhead)	274.3	295.1
Total inventories ⁽¹⁾	<u>\$ 568.0</u>	<u>\$ 563.0</u>
Inventories	\$ 528.6	\$ 524.1
Other assets ⁽²⁾	39.4	38.9
Total inventories	<u>\$ 568.0</u>	<u>\$ 563.0</u>

(1) Includes adjustment of approximately \$39 million in the three months ended April 2, 2023 due to changes in estimates to decrease inventory obsolescence reserves from the prior period.

(2) Other assets includes inventory expected to remain on hand beyond one year.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

(In millions)	April 2, 2023	January 1, 2023
Prepaid expenses	\$ 101.0	\$ 96.7
Contract assets	53.4	49.6
Other receivables ⁽¹⁾	78.1	44.3
Income taxes and other tax receivables	48.4	38.6
Derivatives	17.1	22.0
Other	0.8	0.9
Total prepaid expenses and other current assets	<u>\$ 298.8</u>	<u>\$ 252.1</u>

(1) Includes a settlement award of approximately \$41 million from a third party related to one of the Company's collaboration agreements, of which approximately \$20 million is due to the Company's collaboration partner and is included within Accounts payable as of April 2, 2023.

Goodwill

Changes in goodwill were as follows:

(In millions)	North America	EMEA	China	Other	Total
Balance at January 1, 2023	\$ 1,547.7	\$ 358.6	\$ 118.1	\$ 452.4	\$ 2,476.8
Purchase accounting adjustments	(1.6)	(0.4)	(0.2)	(0.6)	(2.8)
Foreign currency translation	—	5.7	0.5	11.1	17.3
Balance at April 2, 2023	<u>\$ 1,546.1</u>	<u>\$ 363.9</u>	<u>\$ 118.4</u>	<u>\$ 462.9</u>	<u>\$ 2,491.3</u>

Other Current Liabilities

Other current liabilities consist of the following:

(In millions)	April 2, 2023	January 1, 2023
Deferred revenue	\$ 61.9	\$ 76.4
Accrued commissions and rebates	57.6	55.1
Deferred consideration	39.8	39.3
Operating lease liabilities	26.1	24.4
Derivatives	17.9	19.7
Accrued other taxes payable	16.5	9.3
Other	114.2	101.2
Total other current liabilities	<u>\$ 334.0</u>	<u>\$ 325.4</u>

Note 8. Long-term Borrowings

The components of borrowings were as follows:

(In millions)	April 2, 2023	January 1, 2023
Term Loan	\$ 2,595.3	\$ 2,646.9
Financing lease obligation	0.7	0.8
Other long-term borrowings	1.0	1.2
Unamortized deferred financing costs	(9.9)	(10.6)
Total borrowings	<u>2,587.1</u>	<u>2,638.3</u>
Less: current portion	<u>(207.5)</u>	<u>(207.5)</u>
Long-term borrowings	<u>\$ 2,379.6</u>	<u>\$ 2,430.8</u>

The credit agreement, dated May 27, 2022, by and among the Company, as borrower, Bank of America, N.A., as administrative agent and swing line lender, and the other lenders and L/C issuers party thereto (the “Credit Agreement”) consists of a \$2,750.0 million senior secured term loan facility (the “Term Loan”) and an \$800.0 million revolving credit facility (the “Revolving Credit Facility” and with the Term Loan, the “Financing”). As of April 2, 2023, letters of credit issued under the Revolving Credit Facility totaled \$13.0 million, which reduced the available amount under the Revolving Credit Facility to \$787.0 million.

The Credit Agreement 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, investments and transactions with affiliates. The Credit Agreement contains two financial covenants: (i) a maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the last day of each fiscal quarter of (a) 4.50 to 1.00 for the first four fiscal quarters ending after the closing date of the Credit Agreement (the “Initial Measurement Period”), (b) 4.00 to 1.00 for the first four fiscal quarters ending after the Initial Measurement Period and (c) 3.50 to 1.00 for each fiscal quarter thereafter; and (ii) a minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of 3.00 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 the financial covenants as of April 2, 2023.

The following table provides the detailed amounts within Interest expense, net for the three months ended April 2, 2023 and April 3, 2022.

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
Term Loan	\$ 40.9	\$ —
Revolving Credit Facility	0.5	0.1
Amortization of deferred financing costs	0.8	0.1
Derivative instruments and other	(4.5)	1.1
Interest income	(1.0)	(0.3)
Interest expense, net	\$ 36.7	\$ 1.0

Note 9. Stock-based Compensation

Stock-based compensation expense was as follows:

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
Cost of sales	\$ 1.0	\$ 0.6
Research and development	1.3	1.1
Selling, marketing and administrative	7.2	5.3
Acquisition and integration costs	4.5	0.4
Total stock-based compensation expense	\$ 14.0	\$ 7.4

The table above includes \$3.0 million of compensation expense related to liability-classified awards for the three months ended April 2, 2023, which has been or is expected to be settled in cash. These awards represent the \$7.14 per share cash settled portion of the replacement awards issued in connection with the Combinations.

The Company granted 83 thousand stock options during the three months ended April 2, 2023. As of April 2, 2023, total unrecognized compensation expense related to stock options was approximately \$22.6 million and the related weighted-average period over which it is expected to be recognized is approximately 1.9 years. The maximum contractual term of the Company’s stock options is ten 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:

	Three Months Ended	
	April 2, 2023	April 3, 2022
Risk-free interest rate	3.63 %	1.63 %
Expected option life (in years)	5.51	4.91
Volatility rate	57 %	58 %
Dividend rate	0 %	0 %
Weighted-average grant date fair value	\$47.83	\$51.79

During the three months ended April 2, 2023, the Compensation Committee of the Company's Board of Directors approved a modification to the vesting terms of certain stock options that were previously granted by Ortho to certain Ortho employees, such that the stock options will vest on December 31, 2023. The modification resulted in an additional \$2.0 million of stock-based compensation expense recognized during the three months ended April 2, 2023. The total unrecognized expense relating to unvested shares for these stock options as of April 2, 2023 was \$9.2 million and will be recognized through December 31, 2023.

The Company granted 177 thousand RSUs during the three months ended April 2, 2023. 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 three months ended April 2, 2023 and April 3, 2022 was \$86.70 and \$103.60, respectively. The total amount of unrecognized compensation expense related to non-vested RSUs as of April 2, 2023 was approximately \$66.0 million, which is expected to be recognized over a weighted-average period of approximately 2.3 years.

Note 10. Commitments and Contingencies

From time to time, the Company is involved in litigation and other legal proceedings, including matters related to product liability claims, commercial disputes and intellectual property claims, as well as regulatory, employment, and other claims related to its business. The Company accrues for legal claims when, and to the extent that, amounts associated with the claims become probable and are reasonably estimable. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. When determining the estimated loss or range of loss, significant judgment is required to estimate the amount and timing of a loss to be recorded. Estimates of probable losses resulting from these matters are inherently difficult to predict. 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 the Company is not able to estimate a possible loss or range of loss, the Company is not able to determine whether the loss will have a material adverse effect on its business, financial condition, results of operations or liquidity.

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.

Note 11. 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 millions)	April 2, 2023				January 1, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents	\$ 0.3	\$ —	\$ —	\$ 0.3	\$ 0.6	\$ 2.1	\$ —	\$ 2.7
Marketable securities	—	76.6	—	76.6	2.0	71.1	—	73.1
Derivative assets	—	17.1	—	17.1	—	22.0	—	22.0
Total assets measured at fair value	\$ 0.3	\$ 93.7	\$ —	\$ 94.0	\$ 2.6	\$ 95.2	\$ —	\$ 97.8
Liabilities:								
Derivative liabilities	\$ —	\$ 43.0	\$ —	\$ 43.0	\$ —	\$ 21.8	\$ —	\$ 21.8
Contingent consideration	—	—	0.1	0.1	—	—	0.1	0.1
Deferred consideration	—	39.8	—	39.8	—	39.3	—	39.3
Total liabilities measured at fair value	\$ —	\$ 82.8	\$ 0.1	\$ 82.9	\$ —	\$ 61.1	\$ 0.1	\$ 61.2

There were no transfers of assets or liabilities into or out of Level 3 of the fair value hierarchy during the three months ended April 2, 2023 and fiscal year 2022.

Cash equivalents consist of funds held in money market accounts that are valued using quoted prices in active markets for identical instruments and highly liquid corporate debt securities with maturities within three months from purchase. Marketable securities consist of investment-grade corporate and government debt securities, corporate asset-backed securities and commercial paper. Derivative financial instruments are 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 B-type Natriuretic Peptide ("BNP") assay business run on Beckman Coulter analyzers ("BNP Business") from Alere Inc., the Company paid its last annual installment of \$40.0 million subsequent to April 2, 2023. The fair value of the payment was treated as deferred consideration and was calculated based on the net present value of the cash payment using an estimated borrowing rate based on a quoted price for a similar liability.

Financial Instruments Not Measured at Fair Value

The estimated fair value of the Company's borrowings under the Term Loan was \$2,562.9 million at April 2, 2023, compared to the carrying amount, excluding debt issuance costs, of \$2,595.3 million. The estimate of fair value is generally based on the quoted market prices for similar issuances of long-term debt with the same maturities, which is classified as a Level 2 input.

Note 12. Derivative Instruments and Hedging Activities

The Company selectively uses derivative and non-derivative instruments to manage market risk associated with changes in interest rates and foreign currency exchange rates. The use of derivatives is intended for hedging purposes only, and the Company does not enter into derivative transactions for speculative purposes.

Credit risk represents the Company's 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. The Company generally enters into master netting arrangements that reduce credit risk by permitting net settlement of transactions with the same counterparty. The Company does not have any derivative instruments with credit-risk related contingent features that would require it to post collateral.

Interest Rate Hedging Instruments

The Company's interest rate risk relates primarily to interest rate exposures on variable rate debt, including the Revolving Credit Facility and Term Loan. See Note 8 for additional information on the currently outstanding components of the Revolving Credit Facility and Term Loan. The Company entered into interest rate swap agreements to hedge the related risk of the variability to the Company's cash flows due to the rates specified for these credit facilities.

The Company designates its interest rate swaps as cash flow hedges. The Company records gains and losses due to changes in fair value of the derivatives within Other comprehensive income (loss) ("OCI") and reclassifies these amounts to Interest expense, net in the same period or periods for which the underlying hedged transaction affects earnings. In the event the

Company determines the hedged transaction is no longer probable to occur or concludes the hedge relationship is no longer effective, the hedge is prospectively de-designated. Pre-tax unrealized gains of \$20.0 million are expected to be reclassified from OCI to earnings in the next 12 months.

The following table summarizes the Company's interest rate derivative agreements as of April 2, 2023, all of which were interest rate swaps:

Notional Amount (In millions) ⁽¹⁾	Description	Hedge Designation	Effective Date	Expiration Date
\$ 500.0	Pay 1.58% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	May 29, 2022	December 31, 2023
\$ 397.2	Pay 3.765% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
\$ 144.4	Pay 3.7725% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
\$ 216.7	Pay 3.7675% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
\$ 288.9	Pay 3.7575% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
\$ 252.8	Pay 3.7725% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027

(1) The notional value of interest rate swap contracts with an effective date of December 30, 2022, is expected to increase to \$1.8 billion on December 29, 2023.

Currency Hedging Instruments

The Company has currency risk exposures relating primarily to foreign currency denominated monetary assets and liabilities and forecasted foreign currency denominated intercompany and third-party transactions. The Company uses foreign currency forward contracts and may use option contracts and cross currency swaps to manage its currency risk exposures. The Company's foreign currency forward contracts are denominated primarily in Australian Dollar, Brazilian Real, British Pound, Canadian Dollar, Chilean Peso, Chinese Yuan/Renminbi, Euro, Indian Rupee, Japanese Yen, Mexican Peso, Swiss Franc and the Thai Baht.

The Company designates certain foreign currency forward contracts as cash flow hedges. The Company records gains and losses due to changes in fair value of the derivatives within OCI and reclassifies these amounts to Total revenues and Cost of sales, excluding amortization of intangibles in the same period or periods for which the underlying hedged transaction affects earnings. In the event the Company determines the hedged transaction is no longer probable to occur or concludes the hedge relationship is no longer effective, the hedge is prospectively de-designated. The pre-tax unrealized loss of \$10.5 million within OCI as of April 2, 2023 is expected to be reclassified to earnings in the next 12 months.

The Company also enters into foreign currency forward contracts that are not part of designated hedging relationships and which are intended to mitigate exchange rate risk of monetary assets and liabilities and related forecasted transactions. The Company records these non-designated derivatives at mark-to-market with gains and losses recognized in earnings within Other expense (income), net.

The following table provides details of the currency hedging instruments outstanding as of April 2, 2023:

Description	Notional Amount (In millions)	Hedge Designation
Foreign currency forward contracts	\$ 333.9	Cash Flow Hedge
Foreign currency forward contracts	\$ 636.8	Non-designated

The following table summarizes pre-tax gains and losses from designated derivative and non-derivative instruments within accumulated other comprehensive (loss) income (“AOCI”) for the three months ended April 2, 2023:

(In millions)	Designated Hedging Instruments		
	Amount of Loss (Gain) Recognized in OCI on Hedges	Location of Amounts Reclassified From AOCI Into Income	Amount of Loss (Gain) Reclassified From AOCI Into Income
Foreign currency forward contracts (sales)	\$ 2.1	Total revenues	\$ (0.9)
Foreign currency forward contracts (purchases)	\$ —	Cost of sales, excluding amortization of intangibles	\$ 0.4
Interest rate derivatives	\$ 20.9	Interest expense, net	\$ (5.2)

Gains and losses from designated derivative and non-derivative instruments within AOCI for the three months ended April 3, 2022 were not material.

The following table summarizes the fair value of designated and non-designated hedging instruments recognized within the unaudited Consolidated Balance Sheets as of April 2, 2023 and January 1, 2023:

(In millions)	April 2, 2023		January 1, 2023	
Designated cash flow hedges				
Interest rate derivatives:				
Prepaid expenses and other current assets	\$	11.8	\$	15.9
Other liabilities	\$	25.1	\$	2.1
Foreign currency forward contracts:				
Prepaid expenses and other current assets	\$	2.7	\$	4.6
Other current liabilities	\$	11.9	\$	14.3
Non-designated hedging instruments				
Foreign currency forward contracts:				
Prepaid expenses and other current assets	\$	2.6	\$	1.5
Other current liabilities	\$	6.0	\$	5.4

Note 13. Related Party Transactions

Quotient Limited

As a result of the consummation of the Combinations, the Company acquired Ortho’s Letter Agreement (the “Letter Agreement”), entered into in September 2020 with Quotient Limited (“Quotient”), in which Ortho partnered with Quotient to commercialize, when approved, Quotient’s next generation product in immunohematology, a transfusion diagnostic patient immunohematology microarray intended for use with Quotient’s MosaiQ[®] instruments. Under the Letter Agreement, the Company was required to make certain milestone payments to Quotient as specified milestones and benchmarks were achieved. Quotient subsequently revised its business strategy to pause development and commercialization of its MosaiQ testing solutions in immunohematology and infectious disease immunoassay screening. On January 10, 2023, Quotient filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Proceeding”). Following the completion of the Bankruptcy Proceeding, the Company’s equity interests in Quotient were canceled for no consideration. Quotient is no longer considered a related party of the Company.

Note 14. Accumulated Other Comprehensive Loss

The balance of Accumulated Other Comprehensive Loss, net of tax, was as follows for the three months ended April 2, 2023:

(In millions)	Pension and Other Post- employment Benefits	Cash Flow Hedges	Available-for-Sale Investments	Unrealized Foreign Currency Translation Adjustments	Accumulated Other Comprehensive (Loss) Income
Balance at January 1, 2023	\$ 0.7	\$ 1.5	\$ (0.5)	\$ (69.3)	\$ (67.6)
Current period deferrals ⁽¹⁾	—	(16.9)	0.2	30.7	14.0
Amounts reclassified to net income	—	(5.7)	—	—	(5.7)
Net change	—	(22.6)	0.2	30.7	8.3
Balance at April 2, 2023	<u>\$ 0.7</u>	<u>\$ (21.1)</u>	<u>\$ (0.3)</u>	<u>\$ (38.6)</u>	<u>\$ (59.3)</u>

(1) Includes tax impact of \$6.1 million related to cash flow hedges for the three months ended April 2, 2023.

Amounts related to the three months ended April 3, 2022 were not material.

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

In this Quarterly Report on Form 10-Q (the “Quarterly Report”), all references to “we,” “our” and “us” refer to QuidelOrtho Corporation and its subsidiaries.

Future Uncertainties and Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include any statements contained herein that are not strictly historical, including, but not limited to, certain statements under Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and located elsewhere herein regarding our commercial and other strategic goals, industry prospects, our expected results of operations or financial position, and future plans, objectives, strategies, expectations and intentions. Without limiting the foregoing, the words “may,” “will,” “would,” “should,” “might,” “expect,” “anticipate,” “believe,” “estimate,” “plan,” “intend,” “goal,” “project,” “strategy,” “future,” “continue” or similar words, expressions or the negative of such terms or other comparable terminology are intended to identify forward-looking statements. Such statements are based on the beliefs and expectations of our management as of the date of this Quarterly Report and are subject to significant known and unknown risks and uncertainties. Actual results or outcomes may differ significantly from those set forth or implied in the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth or implied in the forward-looking statements: the challenges and costs of integrating, restructuring and achieving anticipated synergies as a result of the Combinations (as defined in this Quarterly Report); the ability to retain key employees; and other economic, business, competitive and/or regulatory factors affecting our business generally, including those discussed under Part II, Item 1A, “Risk Factors” of this Quarterly Report and Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended January 1, 2023. Investors should not rely on forward-looking statements as predictions of future events because these statements are based on assumptions that may not come true and are speculative by their nature. We undertake no obligation to update any of the forward-looking information or time-sensitive information included in this Quarterly Report, whether as a result of new information, future events, changed expectations or otherwise, except as required by law. All forward-looking statements are based on information currently available to us and speak only as of the date of this Quarterly Report.

Information Available on Our Website

This Quarterly Report and each of our other periodic and current reports, including any amendments thereto, are available, free of charge, on our website, www.quidelortho.com, as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the “SEC”). From time to time, we may use our website as a channel of distribution of material information related to the Company. Financial and other material information regarding the Company is routinely posted on and accessible at <https://ir.quidelortho.com/>. The information contained on or connected to our website is provided for convenience and is not deemed to be incorporated by reference into this Quarterly Report or filed with or furnished to the SEC and should not be considered part of this Quarterly Report.

Overview

Our mission is to develop and manufacture intelligent diagnostic solutions that transform the power of diagnostics into a healthier future for everyone. Our expertise in immunoassay and molecular testing, clinical chemistry and transfusion medicine helps clinicians and patients make better informed decisions across the globe. Our global infrastructure and commercial reach support our customers across more than 130 countries and territories with quality diagnostics, a broad test portfolio and market-leading service. We operate globally with manufacturing facilities in the U.S. and U.K. and with sales centers, administrative offices and warehouses located throughout the world.

We currently sell our products directly to end users through a direct sales force and through a network of distributors, for professional use in physician offices, hospitals, clinical laboratories, reference laboratories, urgent care clinics, leading universities, retail clinics, pharmacies, wellness screening centers, other point-of-care settings, blood banks and donor centers, as well as for individual, non-professional, over-the-counter use. We reached significant new markets as we introduced our QuickVue® At-Home OTC COVID-19 test for at-home consumer use, school districts, health departments and many other locations.

We manage our business geographically to better align with the market dynamics of the specific geographic regions in which we operate, with our reportable segments being North America; Europe, the Middle East and Africa (“EMEA”); and China. Latin America, Japan and Asia Pacific are immaterial operating segments that are not considered reportable segments and are included in “Other.” We generate our revenue primarily in the following business units: Labs, Transfusion Medicine, Point of Care and Molecular Diagnostics.

On May 27, 2022, pursuant to the BCA, Quidel and Ortho consummated the Combinations and each of Quidel and Ortho became a wholly owned subsidiary of QuidelOrtho. For additional information about the Combinations, see Note 2 to the unaudited Consolidated Financial Statements.

For the three months ended April 2, 2023, Total revenues decreased by 16% to \$846.1 million as compared to the same period in the prior year. Currency exchange rates had a favorable impact of 100 basis points on our growth rate. Our revenues can be highly concentrated over a small number of products, including certain of our respiratory products. For the three months ended April 2, 2023 and April 3, 2022, revenues related to our respiratory products accounted for approximately 31% and 93% of our Total revenues, respectively, driven by sales of our COVID-19 products. For the three months ended April 2, 2023, one of our customers exceeded 10% of our Total revenues. For the three months ended April 3, 2022, two of our customers, including one of our distributors, exceeded 10% of our Total revenues.

Impact of the COVID-19 Pandemic

The healthcare challenge and other impacts surrounding the SARS-CoV-2 virus that emerged in late 2019 and the ensuing global pandemic have presented significant business uncertainty and had a dramatic impact on businesses globally, including ours. As the COVID-19 pandemic reaches an endemic state, the degree to which it continues to impact our business operations, strategy, financial condition and results of operations will depend on future developments that are uncertain and difficult to predict. We continue to evaluate the nature and extent to which COVID-19 may impact our business and operations and adjust risk mitigation planning and business continuity activities as needed.

Supply Chains

As a result of the COVID-19 pandemic and other macroeconomic and geopolitical conditions, including inflationary pressures, general economic slowdown or a recession, rising interest rates, foreign exchange rate volatility and changes in monetary policy, we have experienced shortages and delays in receiving certain raw materials and other components for our products and have experienced logistics and distribution challenges, as well as challenges in labor availability and rising labor costs, all of which have affected our ability to fulfill customer orders, including instrument placements, on a timely basis. Supply chain, production, logistics and distribution challenges, including shortages of raw materials and components, cost inflation, shipping delays, labor availability constraints and rising labor costs, have impacted, and we expect will largely continue for some period of time to impact, our results of operations.

Some of our raw materials are available from a limited number of sources. During 2022 and the first quarter of 2023, we encountered some increasing pressures on raw material pricing. To mitigate these supply chain challenges, we continue to (i) partner with suppliers to invest in additional capacity and raw material inventory, (ii) diversify our supply base, where possible, to minimize reliance on a single source of supply for key raw materials and components and (iii) create redundancy in our global supply chain. In addition, we routinely evaluate our supply chain for potential gaps and continue to take other steps intended to help address continuity. In our distribution operations, we are investing in automation capabilities to help improve accuracy and timeliness of customer shipments.

We continue to monitor these developments, as well as other international developments, including the Russia-Ukraine conflict, rising tensions between China and Taiwan and localization efforts, and the impact of such factors on our business. We cannot currently predict the frequency, duration or scope of these supply, production, logistics, distribution and labor disruptions and challenges. However, we proactively work with our suppliers, manufacturers, distributors, industry partners and government agencies to address these challenges in our efforts to meet the needs of our customers. Despite our mitigation efforts, such disruptions and challenges have materially affected and could further materially affect our ability to timely manufacture and distribute our products and could unfavorably impact our results of operations depending on the nature and duration of such disruptions and challenges.

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 occurrence, spread, severity, duration and emergence of new variants of respiratory diseases, including flu, strep, respiratory syncytial virus (RSV) and COVID-19, as well as the ongoing supply, production and logistics challenges.

Demand for our COVID-19 testing products declined in the first quarter of 2023 compared to both the fourth quarter of 2022 and the first quarter of 2022, which may indicate a transition to an endemic environment. For the remainder of the year, we expect demand for our COVID-19 testing products to continue to fluctuate and pricing pressures to persist as a result of a number of factors, including increased supply, emergence and spread of new variants, effectiveness of global containment efforts and other mitigation efforts. However, in light of our experience to date with the virus and the emergence and impact of new variants, we believe some level of COVID-19 testing may continue for some period of time, even as communities continue

to return to more normal practices. We would expect any such normalized demand to continue to experience fluctuations, which may be significant, similar to what we experience with other respiratory product demand.

With respect to our core products, excluding respiratory products, we anticipate revenue growth for the remainder of 2023.

Because our business environment is highly competitive, our long-term growth and profitability will depend in part on our ability to retain and grow our current customers and attract new customers through developing and delivering new and improved products and services that meet our customers' needs and expectations, including with respect to product performance, product offerings, cost, automation and other work-flow efficiency. As a result, we expect to continue to maintain our emphasis on R&D investments for longer term growth, including for our next generation platforms and assays, as well as additional assays to be launched on our current platforms. In addition, we expect to continue to evaluate strategic opportunities to expand our product lines and services, production capabilities, technologies and geographic footprint and address other business challenges and opportunities.

While the revenues and financial results from our COVID-19 products remain uncertain, 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 and services into the market.

Results of Operations

Revenues

The following table compares Total revenues by business unit for the three months ended April 2, 2023 and April 3, 2022:

(Dollars in millions)	Three Months Ended		
	April 2, 2023	April 3, 2022	% Change
Labs	\$ 370.7	\$ 13.3	2,687 %
Transfusion Medicine	155.9	—	N/A
Point of Care	308.1	943.0	(67)%
Molecular Diagnostics	11.4	46.0	(75)%
Total revenues	<u>\$ 846.1</u>	<u>\$ 1,002.3</u>	<u>(16)%</u>

For the three months ended April 2, 2023, Total revenues decreased to \$846.1 million from \$1,002.3 million for the same period in the prior year. The increases in Labs and Transfusion Medicine were primarily related to new revenues from the Combinations. Additionally, the increase in Labs revenue also included a \$20.7 million settlement award from a third party related to one of our collaboration agreements. The Point of Care business unit contributed to revenue decline, driven by decreases of \$468.5 million in sales of QuickVue SARS Antigen assays and \$168.4 million of Sofia® assays. Molecular Diagnostics sales decreased by \$34.6 million, driven primarily by lower demand for the Lyra® SARS Antigen assay. Currency exchange rate had a favorable impact of approximately 100 basis points on the growth rate for the three months ended April 2, 2023.

Cost of Sales, Excluding Amortization of Intangible Assets

Cost of sales, excluding amortization of intangible assets, increased to \$397.5 million, or 47.0% of Total revenues, for the three months ended April 2, 2023, compared to \$260.3 million, or 26.0% of Total revenues, for the three months ended April 3, 2022. The increase in cost of sales, excluding amortization of intangible assets, was driven primarily by new product sales in the Labs and Transfusion Medicine business units as a result of the Combinations, partially offset by decreases in sales of the QuickVue SARS Antigen assays and Sofia assays as well as decreases in other indirect manufacturing costs.

Operating Expenses

The following table summarizes operating expenses for the three months ended April 2, 2023 and April 3, 2022:

(Dollars in millions)	Three Months Ended			
	April 2, 2023	% of Total Revenues	April 3, 2022	% of Total Revenues
Selling, marketing and administrative	\$ 202.4	23.9 %	\$ 84.8	8.5 %
Research and development	62.3	7.4 %	26.4	2.6 %
Amortization of intangible assets	50.8	6.0 %	7.1	0.7 %
Acquisition and integration costs	29.7	3.5 %	3.0	0.3 %
Other operating expense, net	3.8	0.4 %	—	— %

Selling, Marketing and Administrative Expenses

Selling, marketing and administrative expenses for the three months ended April 2, 2023 increased by \$117.6 million, or 138.7%, to \$202.4 million from \$84.8 million for the same period in the prior year, driven primarily by the Combinations which contributed \$144.4 million in increased expense, partially offset by a decrease in freight expense of approximately \$20 million due to lower sales and shipment volume.

Research and Development Expense

Research and development expense for the three months ended April 2, 2023 increased by \$35.9 million, or 136.0%, to \$62.3 million from \$26.4 million for the same period in the prior year, primarily due to the Combinations which contributed \$36.3 million in increased expense.

Amortization of Intangible Assets

Amortization of intangible assets for the three months ended April 2, 2023 and April 3, 2022 was \$50.8 million and \$7.1 million, respectively. The increase in amortization expense in the three months ended April 2, 2023 compared to the prior year period was primarily due to the Combinations.

Acquisition and Integration Costs

Acquisition and integration costs were \$29.7 million and \$3.0 million for the three months ended April 2, 2023 and April 3, 2022, respectively. The increase in costs in the three months ended April 2, 2023 was primarily due to acquisition and integration-related costs attributable to the Combinations. Costs in the prior year period were primarily related to the pending Combinations.

Other Operating Expense, Net

Other operating expense, net was \$3.8 million for the three months ended April 2, 2023, which was related to the profit share expense for our Joint Business with Grifols (acquired in connection with the Combinations) and other operating expenses.

Non-operating Expenses

Interest Expense, Net

Interest expense, net was \$36.7 million and \$1.0 million for the three months ended April 2, 2023 and April 3, 2022, respectively. The increase in interest expense, net in the three months ended April 2, 2023 compared to the prior year period was primarily related to the Term Loan under the Credit Agreement entered into in connection with the Combinations. See Note 8 to the unaudited Consolidated Financial Statements for more information related to our Term Loan.

Other Expense (Income), Net

Other expense (income), net was \$2.9 million and \$(0.9) million for the three months ended April 2, 2023 and April 3, 2022, respectively. Other expense, net in the three months ended April 2, 2023 compared to income in the three months ended April 3, 2022 was primarily related to net foreign currency losses.

Income Taxes

For the three months ended April 2, 2023 and April 3, 2022, we recognized income tax provisions of \$11.2 million in relation to income before taxes of \$60.0 million, and \$140.7 million in relation to income before taxes of \$620.6 million, respectively, resulting in effective tax rates of 18.7% and 22.7%, respectively. For the three months ended April 2, 2023, the effective tax rate was impacted by income tax benefits related to non-U.S. earnings being taxed at rates that are different than the U.S. statutory rate, R&D credits, foreign tax credits, and foreign exchange losses, partially offset by income taxes owed in U.S. states and Global Intangible Low-Tax Income.

Segment Results

We operate under three geographically-based reportable segments: North America; EMEA; and China. Our operations in Latin America, Japan and Asia Pacific are immaterial operating segments that are not considered reportable segments and are included in “Other.”

The key indicators that we monitor are as follows:

- Total revenues — This measure is discussed in the section entitled “Results of Operations.”
- Adjusted EBITDA — Adjusted EBITDA by reportable segment is used by our management to measure and evaluate the internal operating performance of our reportable segments. It is also the basis for calculating certain management incentive compensation programs. We believe that this measurement is useful to investors as a way to analyze the underlying trends in our core business, including at the segment level, consistently across the periods presented and to evaluate performance under management incentive compensation programs. Adjusted EBITDA consists of Net income before Interest expense, net, Provision for (benefit from) income taxes and depreciation and amortization and eliminates (i) certain non-operating income or expense items, and (ii) impacts of certain noncash, unusual or other items that are included in net income and that we do not consider indicative of our ongoing operating performance. See Note 5 to the unaudited Consolidated Financial Statements for a reconciliation of Adjusted EBITDA by reportable segment to Income before provision for income taxes.

North America

Total revenues and Adjusted EBITDA for North America were as follows:

(Dollars in millions)	Three Months Ended		
	April 2, 2023	April 3, 2022	% Change
Total revenues	\$ 582.8	\$ 961.5	(39)%
Adjusted EBITDA	\$ 278.4	\$ 713.4	(61)%

Total revenues were \$582.8 million for the three months ended April 2, 2023, compared to Total revenues of \$961.5 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the impact of the Combinations contributed \$283.6 million to Total revenues. The remaining decrease of \$662.3 million was driven primarily by decreased demand for the QuickVue SARS Antigen assays and the Sofia SARS Antigen assay.

Adjusted EBITDA was \$278.4 million for the three months ended April 2, 2023, compared to Adjusted EBITDA of \$713.4 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the impact of the Combinations contributed \$111.7 million to Adjusted EBITDA. The remaining decrease of \$546.7 million was driven primarily by decreased COVID-19 revenues, partially offset by decreased distribution and selling costs.

EMEA

Total revenues and Adjusted EBITDA for EMEA were as follows:

(Dollars in millions)	Three Months Ended		
	April 2, 2023	April 3, 2022	% Change
Total revenues	\$ 81.3	\$ 15.2	435 %
Adjusted EBITDA	\$ 7.2	\$ 3.5	106 %

Total revenues were \$81.3 million for the three months ended April 2, 2023, compared to Total revenues of \$15.2 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the increase primarily related to the impact of the Combinations, which contributed \$66.1 million to Total revenues.

Adjusted EBITDA was \$7.2 million for the three months ended April 2, 2023, compared to Adjusted EBITDA of \$3.5 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the Combinations were the primary driver of the increase, which contributed \$2.9 million to Adjusted EBITDA.

China

Total revenues and Adjusted EBITDA for China were as follows:

(Dollars in millions)	Three Months Ended		
	April 2, 2023	April 3, 2022	% Change
Total revenues	\$ 70.6	\$ 8.7	711 %
Adjusted EBITDA	\$ 28.5	\$ 3.8	650 %

Total revenues were \$70.6 million for the three months ended April 2, 2023, compared to Total revenues of \$8.7 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the increase primarily related to the impact of the Combinations, which contributed \$61.5 million to Total revenues.

Adjusted EBITDA was \$28.5 million for the three months ended April 2, 2023, compared to Adjusted EBITDA of \$3.8 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the Combinations were the primary driver of the increase, which contributed \$24.7 million to Adjusted EBITDA.

Other

Total revenues and Adjusted EBITDA for Other, which includes our Latin America, Japan and Asia Pacific operating segments, were as follows:

(Dollars in millions)	Three Months Ended		
	April 2, 2023	April 3, 2022	% Change
Total revenues	\$ 111.4	\$ 16.9	559 %
Adjusted EBITDA	\$ 21.8	\$ 9.5	129 %

Total revenues were \$111.4 million for the three months ended April 2, 2023, compared to Total revenues of \$16.9 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the impact of the Combinations contributed \$105.0 million to Total revenues. The remaining decrease of \$10.5 million was primarily due to lower Point of Care revenues, driven primarily by lower demand for QuickVue SARS Antigen and Sofia assays.

Adjusted EBITDA was \$21.8 million for the three months ended April 2, 2023, compared to Adjusted EBITDA of \$9.5 million for the three months ended April 3, 2022. During the three months ended April 2, 2023, the impact of the Combinations contributed \$19.8 million to Adjusted EBITDA. The remaining decrease of \$7.5 million was driven primarily by lower revenues.

Liquidity and Capital Resources

As of April 2, 2023 and January 1, 2023, the principal sources of liquidity consisted of the following:

(Dollars in millions)	April 2, 2023	January 1, 2023
Cash and cash equivalents	\$ 353.9	\$ 292.9
Marketable securities, current	42.8	52.1
Marketable securities, non-current	33.8	21.0
Total cash, cash equivalents and marketable securities	\$ 430.5	\$ 366.0
Amount available to borrow under the Revolving Credit Facility	\$ 787.0	\$ 786.9
Working capital including cash and cash equivalents and marketable securities, current	\$ 591.1	\$ 568.1

As of April 2, 2023, we had \$353.9 million in Cash and cash equivalents, a \$61.0 million increase from January 1, 2023. Our cash requirements fluctuate as a result of numerous factors, including cash generated from operations, progress in R&D, capital expansion projects and acquisition and business development activities. We believe our organizational structure allows us the necessary flexibility to move funds throughout our subsidiaries to meet our operational working capital needs.

Debt Capitalization

Our Credit Agreement consists of a \$2,750.0 million Term Loan and an \$800.0 million Revolving Credit Facility. As of April 2, 2023, letters of credit issued under the Revolving Credit Facility totaled \$13.0 million, which reduced the available amount under the Revolving Credit Facility to \$787.0 million.

The Term Loan is subject to quarterly amortization of the principal amount on the last business day of each of our fiscal quarters. The required quarterly payments are 1.875% of the aggregate initial principal amount of the Term Loan through the fiscal second quarter of 2024, and 1.250% thereafter. The final remaining principal installment is due on the maturity date. The Term Loan and the Revolving Credit Facility will mature on May 27, 2027. We must prepay loans outstanding under the Credit Agreement in an amount equal to the Net Cash Proceeds from (i) certain property dispositions and (ii) the receipt of certain other amounts not in the ordinary course of business, such as certain insurance proceeds and condemnation awards, in each case, if not reinvested within a specified time period as contemplated in the Credit Agreement.

The Credit Agreement 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, investments and transactions with affiliates. The Credit Agreement contains two financial covenants: (i) a maximum Consolidated Leverage Ratio (as defined in the Credit Agreement) as of the last day of each fiscal quarter of (a) 4.50 to 1.00 for the Initial Measurement Period, (b) 4.00 to 1.00 for the first four fiscal quarters ending after the Initial Measurement Period and (c) 3.50 to 1.00 for each fiscal quarter thereafter; and (ii) a minimum Consolidated Interest Coverage Ratio (as defined in the Credit Agreement) of 3.00 to 1.00 as of the end of any fiscal quarter for the most recently completed four fiscal quarters. We were in compliance with the financial covenants as of April 2, 2023.

In connection with the acquisition of the BNP Business, we paid the final installment payment of \$40.0 million subsequent to April 2, 2023. As of April 2, 2023, the remaining payment was recorded at fair value as deferred consideration of \$39.8 million.

On March 31, 2023, the Company entered into an amendment to its existing receivables purchase agreement (the “RPA”), by and among Ortho-Clinical Diagnostics US FinanceCo I, LLC (“Ortho FinanceCo I”), as Seller, a wholly owned receivables financing subsidiary of the Company, Wells Fargo Bank, N.A., as administrative agent (the “Agent”), Ortho-Clinical Diagnostics, Inc., as the Master Servicer and as an Originator (“Ortho Inc.”), Quidel Corporation, as an Originator, and certain Purchasers. Under the RPA, as amended, Ortho FinanceCo I may sell receivables in amounts up to a \$150.0 million limit, subject to certain conditions, including that, at any date of determination, the aggregate capital paid to Ortho FinanceCo I does not exceed a “capital coverage amount,” equal to an adjusted net receivables pool balance minus a required reserve. Ortho FinanceCo I has guaranteed the prompt payment of the sold receivables, and to secure the prompt payment and performance of such guaranteed obligations, Ortho FinanceCo I has granted a security interest to the Agent, for the benefit of the Purchasers, in all assets of Ortho FinanceCo I. Ortho Inc., in its capacity as Master Servicer under the RPA, is responsible for administering and collecting the receivables and has made customary representations, warranties, covenants and indemnities. The Company has also provided a performance guaranty for the benefit of Ortho FinanceCo I to cause the due and punctual performance by Ortho Inc. of its obligations as Master Servicer.

Cash Flow Summary

(In millions)	Three Months Ended	
	April 2, 2023	April 3, 2022
Net cash provided by operating activities:	\$ 188.9	\$ 500.9
Net cash used for investing activities:	(68.9)	(24.7)
Net cash used for financing activities:	(59.6)	(3.4)
Effect of exchange rates on cash	0.6	(0.1)
Net increase in cash, cash equivalents and restricted cash	\$ 61.0	\$ 472.7

Three Months Ended April 2, 2023

Cash provided by operating activities was \$188.9 million for the three months ended April 2, 2023, and reflected net income of \$48.8 million and non-cash adjustments of \$125.7 million, primarily associated with depreciation and amortization and stock-based compensation expense. In addition, we benefited from collections on accounts receivables, which contributed \$187.2 million to Cash provided by operating activities, partially offset by other changes in working capital.

Cash used for investing activities was \$68.9 million for the three months ended April 2, 2023, primarily due to \$66.0 million purchases of property, plant, equipment and intangibles. We also purchased \$31.6 million and sold \$28.4 million of marketable securities during the three months ended April 2, 2023.

Cash used for financing activities was \$59.6 million for the three months ended April 2, 2023 and was primarily related to payments on long-term borrowings of \$51.9 million and payments of tax withholdings related to vesting of stock-based awards of \$9.5 million.

Three Months Ended April 3, 2022

Cash provided by operating activities was \$500.9 million for the three months ended April 3, 2022, and reflected net income of \$479.9 million and non-cash adjustments of \$34.6 million, primarily associated with depreciation and amortization, stock-based compensation expense, net change in operating lease right-of-use assets and liabilities, and accretion of interest on deferred consideration. In addition, we realized a net working capital use of \$1.4 million primarily driven by an increase in accounts receivable, partially offset by an increase in income taxes payable and accounts payable.

Cash used for investing activities was \$24.7 million for the three months ended April 3, 2022, and was primarily related to investments in manufacturing equipment, building improvements, Sofia, Solana® and Triage® instruments available for lease and scientific equipment. Additionally, we purchased \$15.9 million and sold \$13.7 million of available-for-sale securities during the three months ended April 3, 2022.

Cash used for financing activities was \$3.4 million for the three months ended April 3, 2022, and was primarily related to payments of tax withholdings for vesting of stock-based awards of \$6.8 million, partially offset by proceeds of \$3.5 million from the issuance of common stock under our Amended and Restated 1983 Employee Stock Purchase Plan and pursuant to stock option exercises.

Liquidity Outlook

Short-term Liquidity Outlook

Our primary source of liquidity, other than our holdings of Cash and cash equivalents, has been cash flows from operations. Cash generated from operations provides us with the financial flexibility we need to meet normal operating, investing and financing needs. We anticipate that our current Cash and cash equivalents, together with cash provided by operating activities and amounts available under our Revolving Credit Facility, 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, R&D and capital expenditures. Our primary short-term needs for capital, which are subject to change, include expenditures related to:

- interest on and repayments of our long-term borrowings, deferred consideration, contingent consideration and lease obligations;
- acquisitions of property, equipment and other fixed assets in support of our manufacturing facility expansions;
- the continued advancement of R&D efforts;
- our integration of the Ortho business arising from the Combinations;
- support of commercialization efforts related to our current and future products, including support of our direct sales force and field support resources; and
- potential strategic acquisitions and investments.

Due to the risks inherent in the product development process, we are unable to estimate with meaningful certainty the costs we will incur in the continued development of our product candidates for commercialization. Our R&D costs may be substantial as we move product candidates into preclinical and clinical trials and advance our existing product candidates into later stages of development.

The primary purposes of our capital expenditures are to invest in manufacturing capacity expansion, acquire certain of our 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.

We are focused on expanding the number of instruments placed in the field and solidifying long-term contractual relationships with customers. In order to achieve this goal, in certain jurisdictions where it is permitted, we have leveraged a reagent rental model that has been recognized as more attractive to certain customers. In this model, we lease, rather than sell, instruments to our customers. Over the term of the contract, the purchase price of the instrument is embedded in the price of the assays and reagents. Going forward, we intend to increase the number of reagent rental placements in developed markets, a strategy that we believe is beneficial to our commercial goals because it lowers our customers' upfront capital costs and therefore allows purchasing decisions to be made at the lab manager level. For these same reasons, the reagent rental model also benefits our commercial strategy in emerging markets. We believe that the shift in our sales strategy will grow our installed base, thereby increasing sales of higher-margin assays, reagents and other consumables over the life of the customer contracts and enhancing

our recurring revenue and cash flows. During the three months ended April 2, 2023, we transferred \$35.0 million of instrument inventories from Inventories to Property, plant and equipment, net, further increasing our investment in property, plant and equipment.

Long-term Liquidity Outlook

Our future capital requirements and the adequacy of our available funds to service any long-term debt outstanding and to fund working capital expenditures and business development efforts will depend on many factors, including:

- our ability to successfully integrate the recently acquired Ortho business and realize cross-selling revenue synergies;
- our ability to realize revenue growth from our new technologies and create innovative products in our markets;
- 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.

In January 2023, we entered into a lease for warehouse space that has not yet commenced, with total lease payments of approximately \$36 million. This lease is expected to commence during the second half of 2023 with a lease term of 5 years.

Seasonality

Sales of our respiratory products are subject to, and significantly affected by, the seasonal demands of the cold and flu seasons, typically prevalent during the fall and winter. 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.

Recent Accounting Pronouncements

There have been no accounting pronouncements issued or adopted during the three months ended April 2, 2023 that are expected to have a material impact on the Company's financial statements.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based on our unaudited 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 disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to reserve for contractual rebates, goodwill and intangible assets and income taxes. We base our estimates on historical experience and on 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 under different assumptions or conditions.

A comprehensive discussion of our critical accounting 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 fiscal year ended January 1, 2023. There were no material changes to our critical accounting estimates during the three months ended April 2, 2023.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our business and financial results are affected by fluctuations in world financial markets, including interest rates and currency exchange rates. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We have policies governing our use of derivative instruments, and we do not enter into financial instruments for trading or speculative purposes.

Interest Rate Risk

We are subject to interest rate risk in connection with our long-term debt. Our principal interest exposure relates to outstanding amounts under our Credit Agreement. Our Credit Agreement provides for variable rate borrowings of up to \$2,750.0 million under the Term Loan and \$800.0 million under the Revolving Credit Facility. Assuming facilities under the Credit Agreement are fully drawn, each one-eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest expense on our outstanding borrowings under the Credit Agreement by approximately \$4.2 million per year before considering the impact of derivative instruments. For further discussion of the risks related to our Credit Agreement, see "Risk Factors—Risks Relating to Corporate Finance—Our indebtedness could adversely affect our financial condition, limit

our ability to raise additional capital to fund our operations and prevent us from fulfilling our obligations under our indebtedness” in Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended January 1, 2023.

We selectively use derivative instruments to reduce market risk associated with changes in interest rates. The use of derivatives is intended for hedging purposes only, and we do not enter into derivative instruments for speculative purposes.

We entered into an interest rate swap agreement, commencing on May 29, 2022, which fixed a portion of the variable interest due on our variable rate debt. Under the terms of the agreement, we will pay a fixed rate of 1.58% and receive a variable rate of interest based on the USD-SOFR rate from the counterparty, which is reset every month through December 31, 2023. As of April 2, 2023, the notional amount of the interest rate swap was \$500.0 million. We also entered into interest rate swap contracts, commencing on December 30, 2022, with a total notional value of \$1.3 billion through December 29, 2023 and \$1.8 billion subsequently, to hedge future interest rate exposures on variable rate debt, including the Revolving Credit Facility and Term Loan.

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 continue to evaluate our investments, our cash equivalents as of April 2, 2023 consisted primarily of government money market funds and other high credit quality debt securities. 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 exchange risk by virtue of our international 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. We derived approximately 33% of our Total revenues for the three months ended April 2, 2023 from operations outside the U.S. For translation of operations in non-U.S. Dollar currencies, the local currency of most entities is the functional currency. Foreign exchange effects from the translation of our balance sheet resulted in a comprehensive gain of \$30.7 million for the three months ended April 2, 2023. Foreign exchange effects from the translation of our balance sheet were not material during the three months ended April 3, 2022. Adjustments resulting from the re-measurement of transactions denominated in foreign currencies other than the functional currency of our subsidiaries are expensed as incurred.

In the majority of our jurisdictions, we earn revenue and incur costs in the currency used in such jurisdiction. We incur significant costs in foreign currencies, including Brazilian Real, British Pound, Chinese Yuan/Renminbi, Euro, Indian Rupee, Japanese Yen, Mexican Peso, and the Swiss Franc. As a result, movements in exchange rates cause our revenue and expenses to fluctuate, impacting our profitability and cash flows. Future business operations and opportunities, including the continued expansion of our business outside North America, may further increase the risk that cash flows resulting from these activities may be adversely affected by changes in currency exchange rates.

Like many multi-national companies, we have exposure to the British Pound. We are negatively impacted by a lower British Pound exchange rate from translation impact when compared to the U.S. Dollar, but we also benefit from expenses denominated in British Pound, as well as some cross-border transactions at a lower exchange rate. The magnitude of the impact is dependent on our level of operations and business volumes in the U.K., forward contract hedge positions, cross currency volume and the exchange rate.

Additionally, in order to fund the purchase price for the assets and capital stock of certain non-U.S. entities, a combination of equity contributions and intercompany loans were utilized to capitalize certain non-U.S. subsidiaries. In many instances, the intercompany loans are denominated in currencies other than the functional currency of the affected subsidiaries. Where intercompany loans are not a component of permanently invested capital of the affected subsidiaries, increases or decreases in the value of the subsidiaries’ functional currency against other currencies can affect our results of operations. During the three months ended April 2, 2023, we recorded net foreign currency exchange losses of \$2.4 million. Net foreign currency exchange impact was not material for the three months ended April 3, 2022. The foreign currency gains/losses in each period primarily consist of unrealized gains/losses related to intercompany loans denominated in currencies other than the functional currency of the affected subsidiaries. We have entered into and may continue to enter into derivative instruments to manage our foreign currency exposure on these intercompany loans in the future.

We have entered into foreign currency forward contracts to manage our foreign currency exposures on foreign currency denominated firm commitments and forecasted foreign currency denominated intercompany and third-party transactions. We had forward contracts outstanding with a total notional amount of \$970.7 million as of April 2, 2023, with maturity dates through December 2023. Foreign currency forward contracts that qualified and were designated for hedge accounting are recorded at their fair value as of April 2, 2023 and the pre-tax unrealized loss of \$10.5 million is reported as a component of Other comprehensive income (loss), all of which is expected to be reclassified to earnings in the next 12 months. Actual gains (losses) upon settlement will be recognized in earnings, within the line item impacted, during the estimated time in which the

transactions are incurred. Actual gains upon settlement recognized in earnings during the three months ended April 2, 2023 were \$0.5 million. Actual losses/gains upon settlement recognized in earnings during the three months ended April 3, 2022 were not material.

See Note 12 to the unaudited 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 Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of April 2, 2023 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 SEC. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Changes in internal control over financial reporting: As of April 2, 2023, management is in the process of integrating the internal controls of the acquired Ortho business into our existing operations as part of planned integration activities. We believe that we have taken the necessary steps to monitor and maintain appropriate internal control over financial reporting as of the beginning of fiscal year 2023. There were no other changes in our internal control over financial reporting during the fiscal quarter ended April 2, 2023 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information set forth in Note 10 to the unaudited Consolidated Financial Statements 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 fiscal year ended January 1, 2023. For a detailed description of our risk factors, refer to Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended January 1, 2023.

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 April 2, 2023.

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⁾
January 2, 2023 - January 29, 2023	1,988	\$ 85.69	—	\$ 225,677,460
January 30, 2023 - February 26, 2023	92,488	88.22	—	225,677,460
February 27, 2023 - April 2, 2023	12,679	87.33	—	225,677,460
Total	107,155	\$ 88.07	—	\$ 225,677,460

(1) Represents shares surrendered to the Company to satisfy the payment of minimum tax withholding obligations.

(2) On August 17, 2022, the Company’s Board of Directors authorized a stock repurchase program, allowing the Company to repurchase up to \$300.0 million of its common stock through August 17, 2024.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

Exhibit Number

3.1	<u>Amended and Restated Certificate of Incorporation of QuidelOrtho Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on May 27, 2022)</u>
3.2	<u>Amended and Restated Bylaws of QuidelOrtho Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K filed on December 13, 2022)</u>
3.3	<u>Certificate of Change of Registered Agent (incorporated by reference to Exhibit 3.3 to the Registrant's Form 10-K filed on February 23, 2023)</u>
4.1	<u>Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Form 10-Q filed on August 5, 2022)</u>
10.1(1)*	<u>Special Advisor Agreement by and between Quidel Corporation and Randall Steward, dated April 5, 2023</u>
10.2(1)*	<u>Amended and Restated Individual Retirement Program for Werner Kroll, effective as of April 4, 2023</u>
31.1*	<u>Certification by Principal Executive Officer of QuidelOrtho Corporation pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification by Principal Financial Officer of QuidelOrtho Corporation pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1**	<u>Certifications by Principal Executive Officer and Principal Financial Officer of QuidelOrtho Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101	The following financial statements, 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, formatted in Inline XBRL (included as Exhibit 101)

(1) Indicates a management plan or compensatory plan or arrangement.

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

Date: May 4, 2023

QUIDELORTHO CORPORATION

/s/ DOUGLAS C. BRYANT

Douglas C. Bryant

President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH M. BUSKY

Joseph M. Busky

Chief Financial Officer
(Principal Financial and Accounting Officer)

SPECIAL ADVISOR AGREEMENT

THIS SPECIAL ADVISOR AGREEMENT (this “**Agreement**”) is made and entered as of April 5, 2023 by and between QUIDEL CORPORATION, a Delaware corporation (the “**Company**”), and Randall Steward, an individual (“**Steward**”).

BACKGROUND

A. Steward served as the Company’s Chief Financial Officer and retired from this role and transitioned to the role of Special Advisor (as defined below) effective as of May 27, 2022 upon the consummation of the transactions contemplated by the Business Combination Agreement (the “**BCA**”) by and among the Company, Ortho Clinical Diagnostics Holdings plc, Coronado Topco, Inc. and certain other parties (the “**CFO End Date**”).

B. Since May 27, 2022 Steward has served in the role of special advisor in matters relating to the BCA, CFO transition and other general matters (“**Special Advisor**”).

C. The Company and Steward are entering into this Agreement to confirm their understandings as to the terms and conditions of Steward’s employment after the CFO End Date and each party’s commitments and obligations through the Term (as defined below).

D. In connection with Steward’s retirement as Chief Financial Officer and this period of transition, and in the interest of settling all claims that could be raised in relation to Steward’s employment, the Company agrees to provide additional consideration in exchange for a release of claims in accordance with the terms described below.

AGREEMENT

1. Employment.

- a. From and after the CFO End Date, and during the Term, Steward shall continue as a full-time employee of the Company as a non-officer special advisor to the Company, pursuant to which he will provide such advice and services to the Company Group (as defined below) as may be reasonably requested by the Company from time to time, including answering questions and/or assisting with the BCA, CFO transition and other general matters and other special projects (collectively, the “**Special Advisor Services**”).
- b. In providing the Special Advisor Services, Steward shall report to the Chief Executive Officer of the Company. Steward agrees to make himself reasonably available on an as-needed basis to provide the Special Advisor Services and agrees to dutifully provide the Special Advisor Services to the best of his ability and at such locations as reasonably designated by the Company.

2. Term. Steward will serve as the Special Advisor from the CFO End Date through May 27, 2023, unless such date is earlier terminated pursuant to the terms hereof (such period, the “**Transition Term**”). Thereafter, it is anticipated that Steward will continue in the role of Special Advisor until March 31, 2024, unless such date is earlier terminated pursuant to the terms hereof, or extended by mutual agreement (such period after the Transition Term, the “**Extended Special Advisor Term**”). At the conclusion of the Extended Special Advisor Term, Steward’s employment with the Company will terminate (the “**Separation Date**”). The Transition Term and Extended Special Advisor Term,
-

collectively, the “**Term**”). The parties acknowledge that during the Term, Steward’s employment with the Company is “at-will”.

3. Compensation.

a. Base Salary. Subject to the terms and conditions herein, in consideration of Steward’s performance of the Special Advisor Services, the Company shall pay Steward a base salary at a rate equal to \$300,000 per year, commencing on the first pay period after the CFO End Date through the Separation Date.

b. Benefits, Equity, and Incentive Compensation. Steward’s employee benefits for medical, dental and vision and 401(k) plan shall continue through the Term at the same levels as are in effect as of the CFO End Date, provided nothing herein shall restrict the Company from amending such benefits provided that such amendments are effective for all members of the Company’s management entitled to such benefits. Steward acknowledges and agrees that after the CFO End Date he shall not receive any further grants of equity incentive awards nor shall he be eligible to participate in any bonus plans applicable to any periods after June 30, 2022.

4. Additional Release Consideration. In return for Steward’s release of claims and other promises made in the Transition General Release and Separation General Release, substantially in the form attached as Exhibits A and B, the Company will provide the following additional consideration, respectively:

- a. Transition Release: If Steward elects to sign and return the Transition General Release within the review period without revoking it during the revocation period (each period as set forth in Section 10 of the Transition General Release), the Company will pay Steward the amount set forth in Section 4 of the Transition General Release, less applicable taxes and withholdings, in accordance with the terms set forth in the Transition General Release. Steward understands and acknowledges that he is not otherwise entitled to such additional consideration but for signing and returning the Transition General Release and that he is not required to sign the General Release as a condition of continued employment pursuant to this Agreement.
- b. Separation Release: If the Company requests, and Steward elects to sign and return the Separation General Release within 21 days after the Separation Date without revoking it during the revocation period set forth therein, the Company will pay Steward the amount set forth in Section 4 of the Separation General Release, less applicable taxes and withholdings, in accordance with the terms set forth in the Separation General Release. Steward understands and acknowledges that he is not otherwise entitled to such additional consideration but for signing and returning the Separation General Release.

The Transition General Release and Separation General Release shall be substantially in the form attached hereto as Exhibits A and B, with such changes thereto as the Company may determine necessary or appropriate to comply with applicable legal requirements then in effect.

5. Steward’s Acknowledgements and Obligations. As a material condition to Steward’s receipt of the benefits set forth in Sections 3 and 6 hereof, Steward acknowledges and agrees that:

a. he will continue to comply with the terms and conditions of the Agreement Re Confidential Information, Inventions, Non-Solicitation and Conflicts of Interest that he signed on October 19, 2012 (as amended from time to time pursuant to its terms, “**Confidentiality Agreement**”).

b. while employed by the Company hereunder, he will not, directly or indirectly, provide services, whether as an employee, consultant, director, independent contractor, agent, owner or partner, to any person or entity that competes or is planning to compete with the Company or any of its affiliates, including QuidelOrtho Corporation (the “**Company Group**”); provided, however, that Steward’s passive investment in up to five percent (5%) of the outstanding voting securities or similar equity interest in a publicly held entity shall not be deemed a breach of this Agreement; and

c. he will not make, directly or indirectly, any statement that is disparaging of the Company or any of its affiliates, or any of their respective directors, employees or distributors (except to the extent necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process or as otherwise provided herein or by applicable law).

6. Vesting of Equity Awards. The vesting of equity awards (restricted stock and options) held by Steward on the CFO End Date shall continue to vest through the Term and be governed in accordance with the Company’s applicable equity incentive plans and specific equity award grant documentation. All equity awards held by Steward on the Separation Date shall also be handled in accordance with the Company’s applicable equity incentive plans and grant documentation.

7. Termination by the Company. In the event that Steward terminates his employment with the Company or is terminated by the Company prior to March 31, 2024, the Separation Date shall be such date of actual termination (rather than March 31, 2024).

a. In the event that Steward is terminated during the Term from his role as Special Advisor by the Company with “Cause” (as defined below), Steward shall not be entitled to any further notice, payments or consideration hereunder, including any further benefits or vesting of equity as described in Sections 3 or Section 6 hereof, but shall only be entitled to salary, accrued benefits and other amounts legally owing to Steward through the date of employment termination. The Company shall thereafter have no further obligations to Steward under this Agreement.

b. In the event that Steward is terminated from his role as Special Advisor by the Company without “Cause” (as defined below) prior to the end of the Transition Term, provided that Steward executes and delivers to the Company within 21 calendar days after such termination (and there after does not revoke) a General Release substantially in the form attached hereto as Exhibit B, Steward shall be entitled to receive the following severance payments and benefits: (1) a lump-sum payment equal to the remaining amount of base salary that Steward would have received under Section 3(a) if he had continued to be employed through the end of the Transition Term, less any applicable taxes and withholdings, payable within fifteen (15) days from the effective date of the General Release, and (2) the vesting of equity awards, as and to the extent described in and contemplated by Section 6 hereof, as though Steward’s employment continued through the end of the Transition Term.

c. For purposes, hereof, “**Cause**” shall be limited to the following: (1) fraud; (2) personal dishonesty involving money or property of the Company Group or that results in material harm to the Company Group; (3) Steward’s willful misconduct that is injurious to the

Company Group; (4) a serious breach of a fiduciary duty to the Company Group; (5) Steward's conviction for a felony (including via a guilty or *nolo contendere* plea), excluding traffic offenses; (6) Steward's willful and continued neglect of duties to the Company Group (other than any such failure resulting from his incapacity because of physical or mental illness); or (7) Steward's material breach of this Agreement. Steward shall be afforded a reasonable opportunity of up to 30 days (as of and upon written notice from the Company) to cure any willful neglect of his duties and any other alleged material breach of this Agreement if such breach is reasonably susceptible of cure. If, in the reasonable good faith judgment of the Company, the alleged breach is not reasonably susceptible of cure, or such circumstances or material breach has not satisfactorily been cured within such thirty (30) day period, such neglect of duties or material breach shall there upon constitute "Cause".

d. During the Extended Special Advisor Term, Steward's employment may be terminated with 30 days' notice, subject to the approval of the Company's Chief Executive Officer. In its discretion, the Company may provide payment in lieu of the 30 days' notice.

8. **Confidentiality of Business and Legal Information.** Steward acknowledges that the Company Group holds as confidential and/or privileged certain information (including, but not limited to, non-public information obtained by Steward in his position as an executive or Special Advisor for the Company), as well as certain trade secret information and knowledge concerning the intimate and confidential affairs of the Company Group and the various phases of their respective businesses, including, for example and without limitation, processes, formulae, data and know-how, improvements, inventions, techniques, marketing plans, strategies, forecasts, mailing lists, customer lists, pricing information, manufacturing processes, distribution systems, computer systems or programs and other types of similar information within Steward's knowledge by virtue of his employment with the Company Group (collectively, the foregoing shall be referred to herein as "**Confidential Trade Secret, Proprietary and Legal Information**"). Steward agrees that all Confidential Trade Secret, Proprietary and Legal Information shall be the sole property of the Company or other applicable member of the Company Group and that the Company or such other applicable member of the Company Group shall be and is the sole owner of all patents and other rights in connection therewith as well as any privileges. Steward further agrees to hold in strictest confidence and to refrain from using or disclosing to any other person or entity, directly or indirectly, any Confidential Trade Secret, Proprietary and Legal Information, other than to the Company Group, their employees, directors and authorized representatives in the course and scope of his employment duties with the Company. In that regard, Steward expressly acknowledges that he has not disclosed (other than to the Company Group, their respective employees, directors and authorized representatives in the course of performing his job duties for the Company) any Confidential Trade Secret, Proprietary and Legal Information. Steward specifically agrees that he will not disclose any Confidential Trade Secret, Proprietary and Legal Information at any time in the future (other than to the Company Group, their respective employees, directors and authorized representatives for purposes of performing his job duties for the Company). Steward further represents and warrants that, on the Separation Date or upon the Company's request, he will return to the Company all property and documents of the Company Group, whether kept electronically or in hard copy form and will have retained no copies thereof. This Section supplements the obligations of Steward contained in Section 5 hereof.

To the extent there is any conflict between the terms of the Confidentiality Agreement and the terms of this Agreement, the most restrictive terms shall control to the extent permitted by applicable law.

9. **Entire Agreement.** This Agreement sets forth the entire agreement between the parties hereto and, except for the Confidentiality Agreement, Arbitration Agreement, dated May 21, 2018 (the "**Arbitration Agreement**"), and the Company's equity incentive plans and award

documents, fully supersedes any and all prior agreements or understandings between the parties pertaining to the subject matter hereof, including the Individual Retirement Program for Randy Steward (as amended) between Steward and the Company. For the avoidance of doubt, the September 12, 2011, Employment Offer letter (the “**Offer letter**”) and the Agreement Re: Change in Control between the Company and Steward dated September 19, 2011 (as the same may be amended from time to time pursuant to its terms, the “**CIC Agreement**”), have automatically expired as of the CFO End Date (from and after which the Offer letter and CIC Agreement have been of no force or effect), and except as expressly provided in this Agreement, Steward shall not be entitled to any payments or benefits of any kind in connection with a termination or resignation for any reason. The parties agree that no amendment or modification of this Agreement shall be effective unless it is in writing signed by both parties.

10. **No Interference with Rights.** Nothing in this Agreement including but not limited to the acknowledgments, proprietary information, confidentiality, and non-disparagement provisions, (a) limits or affects Steward’s right to disclose or discuss sexual harassment or sexual assault disputes; (b) prevents Steward from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Steward has reason to believe is unlawful or waives Steward’s right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of any member of the Company Group, or on the part of the agents or employees of any member of the Company Group, when Steward has been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, (c) prevents Steward from communicating with, filing a charge or complaint with, providing documents or information voluntarily or in response to a subpoena or other information request to, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, law enforcement, or any other any federal, state or local agency charged with the enforcement of any laws; or from testifying, providing evidence, or responding to a subpoena or discovery request in court litigation or arbitration; or (d) prevents a non-management, non-supervisory employee from engaging in protected concerted activity under §7 of the NLRA or similar state law such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refuse to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment, unless the information was entrusted to the employee in confidence by the Company as part of the employee’s job duties; although by signing this Agreement, in each case, Steward is waiving rights to individual relief (including backpay, front pay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by Steward or on his behalf by any third party, except for (I) any right Steward may have to receive a payment or award from a government agency (and not any member of the Company Group) for information provided to the government agency or (II) where such waiver is prohibited by law.

Notwithstanding the confidentiality and non-disclosure obligations in the Confidentiality Agreement, this Agreement and otherwise, Steward understands that as provided by the Federal Defend Trade Secrets Act, Steward will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to

an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

11. Miscellaneous.

- a. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail to Steward's residence in the case of Steward or to its principal office in the case of the Company.
- b. Arbitration. Any dispute arising out of this Agreement, including related to the Special Advisor Services, shall be resolved exclusively by final and binding arbitration as set forth in the Arbitration Agreement.
- c. Waiver. The waiver of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement. No waiver shall be valid unless in writing and executed by the party to be charged therewith.
- d. Severability/Modification. In the event that any clause or provision of this Agreement shall be determined to be invalid, illegal or unenforceable, such clause or provision may be severed or modified to the extent necessary, and, as severed and/or modified, this Agreement shall remain in full force and effect to the maximum extent permitted by law. Except as provided above, the parties agree that no amendment or modification of this Agreement shall be effective unless it is in writing signed by both parties.
- e. Assignment. This Agreement may not be assigned by Steward. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company.
- f. Governing law and Jurisdiction. This Agreement shall be interpreted, construed, and enforced under the internal laws of the State of California. The courts and authorities of the State of California shall have sole jurisdiction and venue for purposes of enforcing the arbitration agreement above.
- g. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together constitute one in the same agreement.

IN WITNESS, WHEREOF, the parties have executed and delivered this Agreement as of the day and year first above written.

QUIDEL CORPORATION

/s/ Douglas Bryant
Douglas Bryant
President & CEO

RANDALL STEWARD

/s/ Randall Steward

Quidel Corporation
Amended and Restated Individual Retirement Program for Werner Kroll (“Employee”)
Effective April 4, 2023 (“Effective Date”)

Background:

Quidel Corporation (the “**Company**”) and Employee are parties to the Quidel Corporation Individual Retirement Program for Werner Kroll effective as of February 4, 2020 (the “**Kroll Retirement Program**”), which contemplated that Employee’s employment with the Company would terminate on March 31, 2023, unless terminated earlier in accordance with the terms of the Kroll Retirement Program. Employee and the Company desire to amend and restate the Kroll Retirement Program to reflect the parties’ intent that Employee remain employed in the role of Senior Vice President, R&D of the Company through March 31, 2025 or an earlier Transition Date (as defined in Exhibit B), on the terms and conditions set forth herein.

Furthermore, beginning in February 2020, and then in 2021 and 2022, Employee was granted non-qualified stock options (“**Options**”) and/or Restricted Stock Units (“**RSUs**”) with a total then current grant value of a minimum amount of \$1,000,000 in each of such years; within parameters set by the Company, Employee was entitled to choose the mix of Options and RSUs that he wished to receive for each of the years 2020, 2021 and 2022; and Employee was not entitled to any other equity incentive compensation during his employment with the Company from January 1, 2020 through January 1, 2023.

Amended and Restated Kroll Retirement Program:

The parties confirm and agree to the matters set forth in the Background and further agree that the Kroll Retirement Program and the exhibits thereunder, shall be amended and restated effective as of April 4, 2023 (the “**Effective Date**”), as follows:

This Amended and Restated Individual Retirement Program for Werner Kroll (the “**Program**”) is awarded to Employee by the Compensation Committee of the Board of Directors (the “**Compensation Committee**”) of QuidelOrtho Corporation (“**QuidelOrtho**”), on behalf of QuidelOrtho and the Company, as an incentive for Employee to continue his employment with the Company as Senior Vice President, R&D through March 31, 2025 or, if earlier, the Transition Date, and during such period of employment, in addition to his roles and responsibilities to QuidelOrtho and its affiliates as Senior Vice President, R&D, Employee will actively and diligently lead and support QuidelOrtho’s efforts to identify a successor to Employee in the role of Senior Vice President, R&D. Employee understands and agrees that QuidelOrtho and the Company have no obligation to provide the Program to Employee and that any violation of the terms of the Program or other obligations to QuidelOrtho or its affiliates by Employee that constitute Cause (as defined below) may result in, among other matters, termination of the Program by the Company, in the discretion of the Compensation Committee or the Board of Directors of QuidelOrtho (the “**Board**”). Employee further understands and agrees that, in providing the Program to Employee, the Company is not guaranteeing employment to Employee, and Employee remains an “at will” employee who may be terminated at any time, for any reason, in the discretion of the Company, subject to the terms and conditions hereof.

1. Equity Incentive Compensation. In 2023, 2024 and 2025, at the time that any annual equity grant is made to the Board appointed executive officers of QuidelOrtho ("**Executive Officers**," which for this purpose shall not include Employee at any time that he is an executive officer of QuidelOrtho), provided that Employee continues to be employed by the Company as of such date, Employee will be granted Options and/or RSUs with a total then current grant value of \$1,000,000 in each of such years; provided that after 2023 such amount shall be increased annually by the average percentage increase, if any, in the annual equity grant value of other SVPs who are Executive Officers. Within parameters set by the Company, Employee will be entitled to choose the mix of Options and RSUs that he wishes to receive for each of the years 2023, 2024 and 2025, and such Options and RSUs shall be subject to time-based and performance-based vesting requirements as set forth on Exhibit B. Employee shall not be entitled to any other equity incentive compensation during his employment with the Company on or after January 1, 2023, and such awards of Options and/or RSUs shall be the sole equity incentive compensation awarded by QuidelOrtho or its affiliates to Employee on or after January 1, 2023, unless the Board or Compensation Committee in its sole discretion determines otherwise.

2. Extended Option Exercise Period. Provided that Employee remains employed with the Company through at least March 31, 2025, to the extent any Options granted under the Program (or the Kroll Retirement Program) are vested on the date of Employee's termination of employment with the Company, such Options will be exercisable during the full stated term of those Options.

Base Salary and Cash Bonus. For calendar years 2023, 2024 and 2025, provided that Employee continues to be employed by the Company in each such year:

- (a) Subject to the last sentence of this Section 3, Employee will receive a base salary equal to his prior year's base salary, increased by the average of the annual percentage merit increases, if any, granted to other SVPs who are Executive Officers, not inclusive of special adjustments, including promotion adjustments, in such year, and
- (b) Employee will continue to be eligible to receive in each such year an annual cash bonus, calculated as for other SVPs who are Executive Officers in the applicable year, if any, at a target level of 75% of Employee's base salary for such year (or such greater percentage target level as applicable to all other SVPs who are Executive Officers in the applicable year), not inclusive of special cash bonuses in such year.

The base salary rate shall be reduced as set forth in the Special Advisor Agreement, effective on April 1, 2025, or such later date that Employee's employment in the position of Senior Vice President, R&D of the Company (or in any other Board appointed executive officer role with the Company) terminates, and these provisions shall be read with the Special Advisor Agreement such that there is no duplication of salary, bonus, equity or other payments or other consideration for any period. The Special Advisor Agreement shall be in substantially the form attached hereto as Exhibit A (the "**Special Advisor Agreement**"), with such changes thereto as the Company may determine necessary or appropriate to comply with applicable legal requirements then in effect.

3.

Early Termination of the Program.

- (a) If Employee terminates his employment with the Company for any reason other than Good Reason, or is terminated by the Company for Cause prior to March 31, 2025, the Program will terminate on Employee's last day of employment, and Employee shall have no further rights under the Program.
- (b) In the event that Employee's employment with the Company is terminated by the Company without Cause or Employee for Good Reason prior to March 31, 2025, provided that Employee executes and delivers to the Company within 21 calendar days after such termination (and there after does not revoke) a General Release (as defined below), Employee shall be entitled to receive the following severance payments and benefits: (1) a lump-sum payment equal to the remaining amount of equity grants Employee would have received under Section 1 if he had continued to be employed through March 31, 2025 (assuming for this purpose no further increases in grant value and the 2025 annual grant is made prior to March 31, 2025), less any applicable taxes and withholdings, payable within fifteen days after the effective date of the General Release, (2) a lump-sum payment equal to the remaining amount of base salary and bonus that Employee would have received under Section 3 if he had continued to be employed through March 31, 2025 (assuming for this purpose no further increases in salary or bonus after the date of separation and that the 2025 annual grant is made prior to March 31, 2025 and Employee is entitled to receive the target amount for each such year, including calendar year 2025), plus the amount of salary that Employee would have received for twelve months thereafter under the Special Advisor Agreement, less any applicable taxes and withholdings, payable within fifteen days after the effective date of the General Release, (3) the vesting of equity awards as though Employee's employment continued through March 31, 2026, and (4) the extended option exercise period as set forth in Section 2.
- (c) For purposes, hereof, "**Cause**" shall be limited to the following: (1) Employee's fraud; (2) Employee's personal dishonesty involving money or property of the Company Group (as defined below) or that results in material harm to the Company Group; (3) Employee's willful misconduct that is injurious to the Company Group; (4) Employee's serious breach of a fiduciary duty to the Company Group; (5) Employee's conviction for a felony (including via a guilty or nolo contendere plea), excluding traffic offenses; (6) Employee's willful and continued neglect of duties to the Company Group (other than any such failure resulting from his incapacity because of physical or mental illness); or (7) Employee's material breach of any policies of the Company, including QuidelOrtho's Code of Conduct. Employee shall be afforded a reasonable opportunity of up to 30 days (as of and upon written notice from the Company) to cure any willful neglect of his duties and any other alleged material breach of any policies of the Company if such breach is reasonably susceptible of cure. If, in the reasonable good faith judgment of the Company, the alleged breach is not reasonably susceptible of cure, or such circumstances or material breach has not satisfactorily been cured within such 30 day period, such neglect of duties or material breach shall there upon constitute Cause.
- (d) For purposes, hereof, "**Company Group**" shall mean the Company or any of its affiliates, including QuidelOrtho.
- (e) For purposes, hereof, "**Good Reason**" shall mean the occurrence of any of the following without Employee's express prior written consent: (1) a material reduction of Employee's authority or responsibility; (2) a breach by the Company of Sections 1 or 3; or (3) a requirement that Employee relocate his primary work location more than 50 miles from Waltham, Massachusetts or from any other office location to which the Company transfers Employee during the course of his employment as Senior Vice President, R&D (or in any other Board appointed executive officer role with the Company) and to which such transfer Employee has consented; provided that before any claim of material reduction of authority or responsibility under clause (1) or breach by the Company under clause (2) may be relied upon by Employee as Good Reason, Employee must have provided written notice to the Company's CEO of the alleged material reduction of authority or responsibility or breach and stating his basis for determining that it constitutes Good Reason and have given the Company at least 30 calendar days within which to cure the alleged material reduction of authority or responsibility or breach, during which the Company shall have failed to cure the alleged material reduction of authority or responsibility or breach.

Change of Control. In the event of a change in control of QuidelOrtho (as defined in Employee's change in control agreement or any subsequent comparable agreement with the Company or QuidelOrtho, such agreement, the "**Change in Control Agreement**"), during Employee's employment with the Company as Senior Vice President, R&D (or in any other Board appointed executive officer role with the Company), to the extent such agreement has more favorable terms relating to the treatment of Employee's granted equity awards, as determined by the Compensation Committee prior to the Change in Control, the terms of the Change in Control Agreement shall govern the vesting and other treatment of all Options and RSUs, whenever granted. In addition, the administrator of QuidelOrtho's equity plan under which any Options or RSUs are granted, including Options and RSUs granted on or after January 1, 2023, may provide for accelerated vesting upon Employee's death or disability. If Employee elects to receive any other payments under the Change in Control Agreement, then this Program shall terminate upon such election and payment.

5.

Office Location. From and after the Effective Date, during his employment with the Company, Employee will be based out of the Waltham, Massachusetts office of the Company or another location mutually agreed upon by the parties. The Company will reimburse Employee for reasonable travel, accommodation, entertainment and other out of pocket expenses incurred by Employee in the performance of Employee's duties to the Company, subject to the travel and entertainment policies of the Company in effect from time to time.

6.

Special Advisor Agreement. If Employee remains employed with the Company (or QuidelOrtho) through the earlier of: (a) March 31, 2025, and (b) the Transition Date, Employee and the Company shall enter into a Special Advisor Agreement effective upon Employee ceasing to serve as the Company's Senior Vice President, R&D (and any other Board appointed executive officer role with the Company), and subject to the terms and conditions thereof, including that Employee executes and delivers to the Company within 21 calendar days after the effective date of such role transition (and thereafter does not revoke) a general release substantially in the form attached to the Special Advisor Agreement as Exhibit A (a "**General Release**"); provided Employee ends such service in good standing with the Company; and provided further that, in its sole discretion the Company may pay the amounts set forth in Section 3 of the Special Advisor Agreement in lieu of entry into such agreement, and subject to delivery and no revocation of the General Release, including in the event of Employee's termination without Cause or termination by Employee for Good Reason.

Assignment. The Company may assign any or all of its rights and obligations to Employee to QuidelOrtho or another affiliate of the Company that employs the Executive Officers, including assignment of the employment relationship of Employee with the Company.

Arbitration. Any dispute arising out of the Program shall be resolved exclusively by final and binding arbitration as set forth in the Arbitration Agreement by and between Employee and the Company, dated May 2, 2018 (or any successor thereto).

[signature page follows]

IN WITNESS, WHEREOF, the parties have executed and delivered this amended and restated individual retirement program as of the Effective Date.

QUIDEL CORPORATION

/s/ Douglas Bryant —

Douglas Bryant
President & CEO

WERNER KROLL

/s/ Werner Kroll —

Exhibit A

Special Advisor Agreement

SPECIAL ADVISOR AGREEMENT

THIS SPECIAL ADVISOR AGREEMENT (this “**Agreement**”) is made and entered as of _____, 202__ by and between [QUIDELORTHO CORPORATION/QUIDEL CORPORATION], a Delaware corporation (the “**Company**”), and Werner Kroll, an individual (“**Kroll**”).

BACKGROUND

A. Kroll currently serves as the Company’s [SVP, R&D] (the “**Officer Position**”) and intends to retire from this current role and desires to transition to the role of Special Advisor (as defined below) effective as of [March 31, 2025] (the “**Officer End Date**”).

B. The Company and Kroll are entering into this Agreement to confirm their understandings as to the terms and conditions of Kroll’s employment after the Officer End Date and each party’s commitments and obligations through the Term (as defined below).

C. This Agreement is entered into by the parties as contemplated by the Amended and Restated Individual Retirement Program for Werner Kroll, effective as of April 4, 2023 (the “**Program**”).

D. In connection with Kroll’s retirement from the Officer Position and this period of transition, and in the interest of settling all claims that could be raised in relation to Kroll’s employment, the Company agrees to provide additional consideration in exchange for a release of claims in accordance with the terms described below.

AGREEMENT

1. Employment.

- a. From and after the Officer End Date, and during the Term, Kroll shall continue as a full-time employee of the Company, but shall retire from the Officer Position and instead serve as a non-officer special advisor to the Company (“**Special Advisor**”), pursuant to which he will provide such advice and services to the Company Group (as defined below) as may be reasonably requested by the Company from time to time, including answering questions and/or assisting with the R&D leadership transition, other general matters and special projects (the “**Special Advisor Services**”).
- b. In providing the Special Advisor Services, Kroll shall report to the Chief Operating Officer of the Company or such other officer of the Company as designated by the CEO. Kroll agrees to make himself reasonably available on an as-needed basis to provide the Special Advisor Services and agrees to dutifully provide the Special Advisor Services to the best of his ability and at such locations as reasonably designated by the Company.
- c. Employee will provide the Special Advisor Services based out of Massachusetts or another location mutually agreed upon by the parties.

2. Term. Kroll shall provide the Special Advisor Services from the Officer End Date until the later of the first anniversary of the Officer End Date and March 31, 2026 (the “**Initial Term**”). The term of Kroll’s employment shall continue until, and then automatically terminate, as of the last day of the Initial Term, unless terminated earlier pursuant to this Agreement or extended by agreement of the parties (the Initial Term, or such earlier or extended period, the “**Term**”). The parties acknowledge, however, that the Term is intended to be for a total period of [twelve]¹ months. At the conclusion of the Term, Kroll’s employment with the Company will terminate (the “**Separation Date**”). The parties acknowledge that during the Term, Kroll’s employment with the Company is “at-will”.

3. Compensation.

¹ Insert 12 months or if greater, the number of months until March 31, 2026.

a. Base Salary; Cash Bonus; Additional Equity Grants. Subject to the terms and conditions herein, in consideration of Kroll's performance of the Special Advisor Services, the Company shall pay Kroll:

- (1) a base salary (i) at a rate set forth in Section 3(a) of the Program through March 31, 2025, only if the Officer End Date is before March 31, 2025, and (ii) equal to 50% of Kroll's base pay per period as of immediately prior to the Officer End Date, commencing on [April 1, 2025] through the Separation Date;
- (2) a cash bonus as set forth in Section 3(b) of the Program, if any, and only if the Officer End Date is before March 31, 2025, or the cash bonus plan for Executive Officers (as defined in the Program) has not been adopted for calendar year 2025 as of such date and is thereafter adopted in and for calendar year 2025; but Kroll shall not be entitled to participate in any cash bonus plans for any periods after calendar year 2025; and
- (3) an equity grant as set forth in Section 1 of the Program, if any, and only if the Officer End Date is before March 31, 2025, or an annual equity grant for Executive Officers has not been made for calendar year 2025 as of such date and is thereafter made in calendar year 2025; but Kroll shall not otherwise be entitled to any equity grants for any periods during or after calendar year 2025.

b. Benefits. Kroll's employee benefits for medical, dental and vision and 401(k) plan shall continue through the Term at the same levels as are in effect as of the Officer End Date, provided nothing herein shall restrict the Company from amending such benefits provided that such amendments are effective for all Executive Officers entitled to such benefits.

c. No Further Benefits. Kroll understands and agrees that, except as expressly set forth herein, Kroll is not entitled to any other compensation or benefits or to participate in any other benefits programs of the Company.

d. Interpretation. The provisions of this Agreement shall be read with the Program such that there is no duplication of salary, bonus, equity or other payments or other consideration for any period.

4. Additional Release Consideration. In return for Kroll's release of claims and other promises made in the Transition General Release and Separation General Release, substantially in the form attached hereto as Exhibits A and B, the Company will provide the following additional consideration, respectively:

- a. Transition Release: If Kroll elects to sign and return the Transition General Release within the review period without revoking it during the revocation period (each period as set forth in Section 10 of the Transition General Release), the Company will pay Kroll the amount set forth in Section 4 of the Transition General Release, less applicable taxes and withholdings, in accordance with the terms set forth in the Transition General Release. Kroll understands and acknowledges that he is not otherwise entitled to such additional consideration but for signing and returning the Transition General Release.
- b. Separation Release: If the Company requests, and Kroll elects to sign and return the Separation General Release within 21 days after the Separation Date without revoking it during the revocation period set forth therein, the Company will pay Kroll the amount set forth in Section 4 of the Separation General Release, less applicable taxes and withholdings, in accordance with the terms set forth in the Separation General Release. Kroll understands and acknowledges that he is not otherwise entitled to such additional consideration but for signing and returning the Separation General Release.

The Transition General Release and Separation General Release shall be substantially in the form attached hereto as Exhibits A and B, with such changes thereto as the Company may determine necessary or appropriate to comply with applicable legal requirements then in effect.

5. Kroll's Acknowledgements and Obligations. As a material condition to Kroll's receipt of the benefits set forth in Sections 3 and 6 hereof, Kroll acknowledges and agrees that:

- a. he will continue to comply with the terms and conditions of the Agreement Re Confidential Information, Inventions, Non-Solicitation and Conflicts of Interest that he signed on May 27, 2014 (as amended from time to time pursuant to its terms, "**Confidentiality Agreement**"), in accordance with applicable law;
- b. while employed by the Company hereunder, he will not, directly or indirectly, provide services, whether as an employee, consultant, director, independent contractor, agent, owner or partner, to any person or entity that competes or is planning to compete with the Company or any of its affiliates, including QuidelOrtho Corporation (the "**Company Group**"); provided, however, that Kroll's passive investment in up to five percent (5%) of the outstanding voting securities or similar equity interest in a publicly held entity shall not be deemed a breach of this Agreement; and
- c. he will not make, directly or indirectly, any statement that is disparaging of any member of the Company Group, or any of their respective directors, employees or distributors (except to the extent necessary to respond truthfully to any inquiry from applicable regulatory authorities or to provide information pursuant to legal process or as otherwise provided herein or by applicable law).

6. Vesting of Equity Awards. The vesting of unvested equity awards (restricted stock units and options) held by Kroll shall continue to vest through the Term and be governed in accordance with the Company's applicable equity incentive plans and specific equity award grant documentation and the terms of the Program. All equity awards held by Kroll on the Separation Date shall also be handled in accordance with the Company's applicable equity incentive plans and grant documentation and applicable terms of the Program.

7. Termination by the Company. In the event that Kroll terminates his employment with the Company or is terminated by the Company prior to [March 31, 2026], the Separation Date shall be such date of actual termination (rather than [March 31, 2026]).

- a. In the event that Kroll is terminated during the Term from his role as Special Advisor by the Company with Cause (as defined in the Program), Kroll shall not be entitled to any further notice, payments or consideration hereunder, including any further benefits or vesting of equity as described in Sections 3 or Section 6 hereof or under the Program, but shall only be entitled to salary, accrued benefits and other amounts legally owing to Kroll through the date of employment termination. The Company shall thereafter have no further obligations to Kroll under this Agreement or the Program.
- b. In the event that Kroll is terminated from his role as Special Advisor by the Company without Cause prior to the end of the Initial Term, provided that Kroll executes and delivers to the Company within 21 calendar days after such termination (and there after does not revoke) a General Release substantially in the form attached hereto as Exhibit B, Kroll shall be entitled to receive the following severance payments and benefits: (1) a lump-sum payment equal to the remaining amount of base salary and cash bonus, if any, that Kroll would have received under Section 3(a)(1) and (2) if he had continued to be employed through the end of the Initial Term, less any applicable taxes and withholdings, payable within 30 days from the effective date of the General Release, (2) a lump sum cash payment equal to equity awards, if any, that Kroll would have received under Section 3(a)(3) if he had continued to be employed through the end of the Initial Term, less any applicable taxes and withholdings, payable within 30 days from the effective date of the General Release, and (3) the vesting of equity awards, as and to the extent described in and contemplated by Section 6 hereof, as though Kroll's employment continued through the end of the Initial Term.

c. Kroll shall be afforded a reasonable opportunity of up to 30 days (as of and upon written notice from the Company) to cure any willful neglect of his duties and any other alleged material breach of this Agreement if such breach is reasonably susceptible of cure. If, in the reasonable good faith judgment of the Company, the alleged breach is not reasonably susceptible of cure, or such circumstances or material breach has not satisfactorily been cured within such 30 day period, such neglect of duties or material breach shall there upon constitute Cause.

d. During the Term, Kroll's employment may be terminated with 30 days' notice, subject to the approval of the Company's Chief Executive Officer. In its discretion, the Company may provide compensation in lieu of the 30 days' notice.

8. Confidentiality of Business and Legal Information. Kroll acknowledges that the Company Group holds as confidential and/or privileged certain information (including, but not limited to, non-public information obtained by Kroll in his position as an executive for the Company), as well as certain trade secret information and knowledge concerning the intimate and confidential affairs of the Company Group and the various phases of their respective businesses, including, for example and without limitation, processes, formulae, data and know-how, improvements, inventions, techniques, marketing plans, strategies, forecasts, mailing lists, customer lists, pricing information, manufacturing processes, distribution systems, computer systems or programs and other types of similar information within Kroll's knowledge by virtue of his employment with the Company Group (collectively, the foregoing shall be referred to herein as "**Confidential Trade Secret, Proprietary and Legal Information**"). Kroll agrees that all Confidential Trade Secret, Proprietary and Legal Information shall be the sole property of the Company or other applicable member of the Company Group and that the Company or such other applicable member of the Company Group shall be and is the sole owner of all patents and other rights in connection therewith as well as any privileges. Kroll further agrees to hold in strictest confidence and to refrain from using or disclosing to any other person or entity, directly or indirectly, any Confidential Trade Secret, Proprietary and Legal Information, other than to the Company Group, their employees, directors and authorized representatives in the course and scope of his employment duties with the Company. In that regard, Kroll expressly acknowledges that he has not disclosed (other than to the Company Group, their respective employees, directors and authorized representatives in the course of performing his job duties for the Company) any Confidential Trade Secret, Proprietary and Legal Information. Kroll specifically agrees that he will not disclose any Confidential Trade Secret, Proprietary and Legal Information at any time in the future (other than to the Company Group, their respective employees, directors and authorized representatives for purposes of performing his job duties for the Company). Kroll further represents and warrants that, on the Separation Date or upon the Company's request, he will return to the Company all property and documents of the Company Group, whether kept electronically or in hard copy form and will have retained no copies thereof. This Section supplements the obligations of Kroll contained in Section 5 hereof.

To the extent there is any conflict between the terms of the Confidentiality Agreement and the terms of this Agreement, the most restrictive terms shall control to the extent permitted by applicable law.

9. Entire Agreement. This Agreement sets forth the entire agreement between the parties hereto and, except for the Program, the Arbitration Agreement, dated May 2, 2018 (the "**Arbitration Agreement**"), the Confidentiality Agreement, and the Company's equity incentive plans and award documents, fully supersedes any and all prior agreements or understandings between the parties or their affiliates pertaining to the subject matter hereof. For the avoidance of doubt, the April 21, 2014, Employment Offer letter (the "**Offer letter**") and any applicable Change in Control or similar agreement (as the same may be amended from time to time pursuant to its terms, the "**CIC Agreement**"), will automatically expire as of the Officer End Date (and notwithstanding anything contained in the Program to the contrary, from and after which the Offer letter and CIC Agreement will be of no force or effect), and except as expressly provided in this Agreement, Kroll shall not be entitled to any payments or benefits of any kind in connection with a termination or resignation for any reason. The parties agree that no amendment or modification of this Agreement shall be effective unless it is in writing signed by both parties.

10. No Interference with Rights. Nothing in this Agreement including but not limited to the acknowledgments, proprietary information, confidentiality, and non-disparagement provisions,

(a) limits or affects Kroll's right to disclose or discuss sexual harassment or sexual assault disputes, (b) prevents Kroll from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Kroll has reason to believe is unlawful or waives Kroll's right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of any member of the Company Group, or on the part of the agents or employees of any member of the Company Group, when Kroll has been required or requested to attend such a proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature, (c) prevents Kroll from communicating with, filing a charge or complaint with, providing documents or information voluntarily or in response to a subpoena or other information request to, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, law enforcement, or any other any federal, state or local agency charged with the enforcement of any laws; or from testifying, providing evidence, or responding to a subpoena or discovery request in court litigation or arbitration; or (d) prevents a non-management, non-supervisory employee from engaging in protected concerted activity under §7 of the NLRA or similar state law such as joining, assisting, or forming a union, bargaining, picketing, striking, or participating in other activity for mutual aid or protection, or refuse to do so; this includes using or disclosing information acquired through lawful means regarding wages, hours, benefits, or other terms and conditions of employment, unless the information was entrusted to the employee in confidence by the Company as part of the employee's job duties.

Notwithstanding the confidentiality and non-disclosure obligations in the Confidentiality Agreement, this Agreement and otherwise, Kroll understands that as provided by the Federal Defend Trade Secrets Act, Kroll will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret made: (1) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (2) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

11. Miscellaneous.

- a. Notices. Any notice required or permitted to be given under this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail to Kroll's residence in the case of Kroll or to its principal office in the case of the Company.
- b. Arbitration. Any dispute arising out of this Agreement, including related to the Special Advisor Services, shall be resolved exclusively by final and binding arbitration as set forth in the Arbitration Agreement.
- c. Waiver. The waiver of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement. No waiver shall be valid unless in writing and executed by the party to be charged therewith.
- d. Severability/Modification. In the event that any clause or provision of this Agreement shall be determined to be invalid, illegal or unenforceable, such clause or provision may be severed or modified to the extent necessary, and, as severed and/or modified, this Agreement shall remain in full force and effect to the maximum extent permitted by law. Except as provided above, the parties agree that no amendment or modification of this Agreement shall be effective unless it is in writing signed by both parties.

e. Assignment. This Agreement may not be assigned by Kroll. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company.

f. Governing law and Jurisdiction. This Agreement shall be interpreted, construed, and enforced under the internal laws of the State of Massachusetts. The courts and authorities of the State of Massachusetts shall have sole jurisdiction and venue for purposes of enforcing the arbitration agreement above.

g. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, but all of which together constitute one in the same agreement.

IN WITNESS, WHEREOF, the parties have executed and delivered this Agreement as of the day and year first above written.

QUIDEL CORPORATION

WERNER KROLL

**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 QuidelOrtho 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: May 4, 2023

/s/ DOUGLAS C. BRYANT

Douglas C. Bryant

President and Chief Executive Officer

(Principal Executive Officer)

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

I, Joseph M. Busky, certify that:

1. I have reviewed this quarterly report on Form 10-Q of QuidelOrtho 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: May 4, 2023

/s/ JOSEPH M. BUSKY

Joseph M. Busky

Chief Financial Officer

(Principal Financial Officer)

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 QuidelOrtho 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 April 2, 2023 (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: May 4, 2023

/s/ DOUGLAS C. BRYANT

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

/s/ JOSEPH M. BUSKY

Joseph M. Busky
Chief Financial Officer
(Principal Financial Officer)