UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 31, 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	**87-4496285**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9975 Summers Ridge Road, San Diego, California 92121

(Address of principal executive offices, including zip code)

(858) 552-1100

(Registrant’s telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $5,089,571,842 based on the closing sale price at which the common stock was last sold, as of the last business day of the registrant's most recently completed second fiscal quarter.

As of February 22, 2024, 66,849,490 shares of the registrant's common stock were outstanding.

EXPLANATORY NOTE

QuidelOrtho Corporation (the "Company") is filing this Amendment No. 1 on Form 10-K/A to amend the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "Original Form 10-K"), which was filed with the Securities and Exchange Commission (the "SEC") on February 29, 2024, for the sole purpose of adding additional paragraphs under the heading "Critical Audit Matters" to the Report of Independent Registered Public Accounting Firm included in Item 8. Financial Statements and Supplemental Data. The corrected Report of the Independent Registered Public Accounting Firm continues to express an unqualified opinion on the Company's consolidated financial statements at December 31, 2023 and January 1, 2023, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 31, 2023.

Except as described above, no other amendments are being made to the Original Form 10-K and the Original Form 10-K, including the reported financial statements, remains unchanged. This Amendment No. 1 speaks as of the filing date of the Original Form 10-K and does not amend or modify any other information contained in the Original Form 10-K to reflect events that may have occurred subsequent to such filing date. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Form 10-K and the Company's subsequent filings with the SEC.

The Company has attached updated certifications executed as of the date of this Amendment No. 1 by the Principal Executive Officer and Principal Financial Officer, as required by Sections 302 and 906 of the Sarbanes Oxley Act of 2002, as Exhibits 31 and 32 to this Amendment No. 1 on Form 10-K/A.

QUIDELORTHO CORPORATION

FORM 10-K/A

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of QuidelOrtho Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of QuidelOrtho Corporation (the Company) as of December 31, 2023 and January 1, 2023, the related consolidated statements of (loss) income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and January 1, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Reserve for contractual rebates

Description of the Matter	As described in Note 1 and Note 7 to the consolidated financial statements, the Company records revenues from product sales net of contractual rebates that are estimated at the time of sale. As of December 31, 2023, the Company recognized an allowance on accounts receivable of $31.3 million in rebates which are dependent on estimated rebate percentages that vary based on end-user sales mix. Auditing the Company’s allowance for contractual rebates is especially challenging because the calculation involves estimating adjustments to revenue based upon a high volume of data including inputs from third-party sources, such as distributor inventory levels and historical distributor sales to end users. In addition, the determination of such adjustments includes estimating rebate percentages which are dependent on estimated end-user sales mix and customer contractual terms, which vary across customers.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of key controls over the Company’s process to calculate the reserves for contractual rebates, including management’s evaluation of third-party data inputs utilized in the reserve calculations, as well as the Company’s data inputs such as accuracy of contractual pricing and reasonableness of estimated end user sales. Our audit procedures also included, among others, the evaluation of the Company’s retrospective analysis of rebates claimed compared to actual payments issued and performance of analytical procedures and sensitivity analyses over the Company’s significant inputs. We also tested the underlying data used in management’s calculations for accuracy and completeness, which included inspection of source data supporting the inventory levels and agreement of contractual rebate amounts to underlying customer contracts.

Goodwill - quantitative impairment assessment

Description of the Matter	As of December 31, 2023, the Company’s goodwill balance was $2,492 million. As described in Note 1 to the consolidated financial statements, the Company evaluates goodwill at the reporting unit level for impairment on an annual basis on the first day of the fourth quarter of the fiscal year, or whenever events or changes in circumstances occur that indicate that the fair value of a reporting unit is below its carrying amount. Under the quantitative goodwill impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. The Company estimates the fair value of its reporting units by using forecasts of discounted future cash flows and peer market multiples. If the fair value of a reporting unit is less than its carrying value, impairment will be recognized in the amount by which the carrying value exceeds the fair value. Auditing the Company’s quantitative goodwill impairment assessment involved significant auditor judgment due to the significant estimation uncertainty in determining the fair value of the reporting units. The assumptions with a significant level of subjectivity or complexity utilized in the impairment assessments included the revenue growth rates, EBITDA margins and discount rates.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of key controls over the Company’s quantitative goodwill impairment assessment. This included controls over management’s review of the significant assumptions underlying the fair values and undiscounted cash flows described above. To test the estimated fair value of the Company’s reporting units, our audit procedures included, among others, evaluating the significant assumptions discussed above and testing the underlying data used by the Company in its analysis. For example, we compared the significant assumptions used by management to historical results, the Company’s business model and other relevant factors. We performed sensitivity analyses of the significant assumption to evaluate changes in fair value of the reporting units to determine if contrary evidence exists. We also assessed the historical accuracy of the Company’s forecasts of financial results used in developing fair value estimates to assist in evaluating the reliability of the forecasts utilized in the estimate. In addition, with the support of our valuation specialist, we evaluated the Company’s use of the income- and market-based approaches and selection of the discount rates, which included comparing the discount rates used by the Company against discount rate ranges that were independently developed using publicly available market data for comparable entities. In addition, we tested the Company’s reconciliation of the fair value of the reporting units to the market capitalization of the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

San Diego, California

February 29, 2024

QUIDELORTHO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In millions, except par value)

	December 31, 2023	January 1, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 118.9	$ 292.9
Marketable securities	48.4	52.1
Accounts receivable, net	303.3	453.9
Inventories	577.8	524.1
Prepaid expenses and other current assets	262.1	252.1
Total current assets	1,310.5	1,575.1
Property, plant and equipment, net	1,443.8	1,339.0
Marketable securities	7.4	21.0
Right-of-use assets	169.6	181.0
Goodwill	2,492.0	2,476.8
Intangible assets, net	2,934.3	3,123.8
Deferred tax asset	25.9	16.4
Other assets	179.6	122.7
Total assets	$ 8,563.1	$ 8,855.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 294.8	$ 283.3
Accrued payroll and related expenses	84.8	139.2
Income tax payable	11.1	51.6
Current portion of borrowings	139.8	207.5
Other current liabilities	303.3	325.4
Total current liabilities	833.8	1,007.0
Operating lease liabilities	172.8	186.4
Long-term borrowings	2,274.8	2,430.8
Deferred tax liability	192.2	213.2
Other liabilities	83.6	83.8
Total liabilities	3,557.2	3,921.2
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.001 par value per share; 5.0 shares authorized; none issued or outstanding at December 31, 2023 and January 1, 2023	—	—
Common stock, $0.001 par value per share; 126.2 shares authorized; 66.7 and 66.4 shares issued and outstanding at December 31, 2023 and January 1, 2023, respectively	0.1	—
Additional paid-in capital	2,848.0	2,804.3
Accumulated other comprehensive loss	(30.0)	(67.6)
Retained earnings	2,187.8	2,197.9
Total stockholders' equity	5,005.9	4,934.6
Total liabilities and stockholders' equity	$ 8,563.1	$ 8,855.8

See accompanying notes.

QUIDELORTHO CORPORATION

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(In millions, except per share data)

	Fiscal Year Ended		
	2023	2022	2021
Total revenues	$ 2,997.8	$ 3,266.0	$ 1,698.6
Cost of sales, excluding amortization of intangibles	1,503.4	1,330.0	420.3
Selling, marketing and administrative	763.2	621.0	239.6
Research and development	246.8	190.5	95.7
Amortization of intangible assets	204.8	132.5	27.4
Acquisition and integration costs	113.4	136.0	9.6
Other operating expenses	27.1	12.3	—
Operating income	139.1	843.7	906.0
Interest expense, net	147.6	75.7	5.8
Loss on extinguishment of debt	—	24.0	—
Other expense (income), net	20.6	8.1	(0.1)
(Loss) income before income taxes	(29.1)	735.9	900.3
(Benefit from) provision for income taxes	(19.0)	187.2	196.1
Net (loss) income	$ (10.1)	$ 548.7	$ 704.2
Basic (loss) earnings per share	$ (0.15)	$ 9.66	$ 16.74
Diluted (loss) earnings per share	$ (0.15)	$ 9.56	$ 16.43
Weighted-average shares outstanding - basic	66.8	56.8	42.1
Weighted-average shares outstanding - diluted	66.8	57.4	42.9

See accompanying notes.

QUIDELORTHO CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Fiscal Year Ended 2023	Fiscal Year Ended 2022	Fiscal Year Ended 2021
Net (loss) income	$ (10.1)	$ 548.7	$ 704.2
Other comprehensive income (loss)			
Changes in cumulative translation adjustment, net of tax	50.4	(69.8)	(1.6)
Changes in unrealized gains (losses) from investments, net of tax	0.5	(0.4)	(0.1)
Changes from pension and other post-employment benefits, net of tax	(2.0)	0.7	—
Changes in unrealized gains (losses) from cash flow hedges, net of tax:			
Net unrealized gains on derivative instruments	12.6	6.7	0.1
Reclassification of net realized (gains) losses on derivative instruments included in net income	(23.9)	(5.2)	2.4
Total change in unrealized (losses) gains from cash flow hedges, net of tax	(11.3)	1.5	2.5
Comprehensive income	$ 27.5	$ 480.7	$ 705.0

See accompanying notes.

QUIDELORTHO CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In millions)

	Common Stock		Additional paid-in capital	Accumulated other comprehensive (loss) income	Retained earnings	Total stockholders' equity
	Shares	Par				
Balance at January 3, 2021	42.3	$ —	$ 388.1	$ (0.4)	$ 945.0	$ 1,332.7
Issuance of common stock under equity compensation plans	0.6	—	9.6	—	—	9.6
Stock-based compensation expense	—	—	22.7	—	—	22.7
Tax withholdings related to vesting of stock-based awards	(0.2)	—	(37.1)	—	—	(37.1)
Repurchases of common stock	(1.0)	—	(103.5)	—	—	(103.5)
Other comprehensive income, net of tax	—	—	—	0.8	—	0.8
Net income	—	—	—	—	704.2	704.2
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	0.7	—	30.8	—	—	30.8
Stock-based compensation expense	—	—	45.1	—	—	45.1
Issuance of shares in connection with the Combinations	25.1	—	2,495.4	—	—	2,495.4
Issuance of equity replacement awards in connection with the Combinations	—	—	36.1	—	—	36.1
Tax withholdings related to vesting of stock-based awards	(0.1)	—	(8.6)	—	—	(8.6)
Repurchases of common stock	(1.0)	—	(74.3)	—	—	(74.3)
Other comprehensive loss, net of tax	—	—	—	(68.0)	—	(68.0)
Net income	—	—	—	—	548.7	548.7
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	0.6	0.1	13.5	—	—	13.6
Stock-based compensation expense	—	—	50.9	—	—	50.9
Tax withholdings related to vesting of stock-based awards	(0.2)	—	(13.5)	—	—	(13.5)
Repurchases of common stock	(0.1)	—	(7.2)	—	—	(7.2)
Other comprehensive income, net of tax	—	—	—	37.6	—	37.6
Net loss	—	—	—	—	(10.1)	(10.1)
Balance at December 31, 2023	66.7	$ 0.1	$ 2,848.0	$ (30.0)	$ 2,187.8	$ 5,005.9

See accompanying notes.

QUIDELORTHO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Fiscal Year Ended		
	2023	2022	2021
OPERATING ACTIVITIES:			
Net (loss) income	$ (10.1)	$ 548.7	$ 704.2
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	457.2	283.6	52.7
Stock-based compensation expense	51.6	48.4	25.4
Net change in operating lease right-of-use assets and liabilities	—	18.4	3.0
Payment of accreted interest on contingent and deferred consideration	(9.7)	(10.4)	(8.2)
Loss on extinguishment of debt	—	24.0	—
Unwind inventory fair value adjustment	—	60.6	—
Other non-cash, net	(13.9)	(34.8)	31.6
Changes in assets and liabilities:			
Accounts receivable	160.0	150.2	118.9
Inventories	(211.6)	(116.9)	(85.0)
Prepaid expenses and other current and non-current assets	(26.9)	(26.2)	(13.3)
Accounts payable	3.0	23.5	10.4
Accrued payroll and related expenses	(53.9)	18.2	5.0
Income taxes payable	(59.6)	(26.8)	(66.7)
Other current and non-current liabilities	(5.9)	(75.2)	27.9
Net cash provided by operating activities	280.2	885.3	805.9
INVESTING ACTIVITIES			
Acquisitions of property, equipment, investments and intangibles	(209.3)	(140.9)	(292.8)
Acquisition of businesses, net of cash and restricted cash acquired	—	(1,511.4)	—
Proceeds from government assistance allocated to fixed assets	13.5	18.4	36.9
Purchases of marketable securities	(60.1)	(63.7)	(67.4)
Proceeds from sale of marketable securities	78.3	53.4	3.8
Other payments	(10.0)	—	—
Net cash used for investing activities	(187.6)	(1,644.2)	(319.5)
FINANCING ACTIVITIES			
Proceeds from issuance of common stock	11.6	26.4	7.6
Short-term borrowings, net	1.6	—	—
Proceeds from long-term borrowings, net of debt issuance costs	—	2,734.5	—
Payments on long-term borrowings and extinguishment costs	(228.0)	(2,388.3)	(0.3)
Payments of tax withholdings related to vesting of stock-based awards	(13.5)	(8.6)	(37.1)
Repurchases of common stock	(7.2)	(74.3)	(103.5)
Principal payments of acquisition contingent consideration	—	(4.2)	(4.7)
Principal payments of deferred consideration	(30.3)	(33.5)	(35.1)
Net cash (used for) provided by financing activities	(265.8)	252.0	(173.1)
Effect of exchange rates on cash	(1.2)	(2.0)	(0.4)
Net (decrease) increase in cash, cash equivalents and restricted cash	(174.4)	(508.9)	312.9
Cash, cash equivalents and restricted cash at beginning of period	293.9	802.8	489.9
Cash, cash equivalents and restricted cash at end of period	$ 119.5	$ 293.9	$ 802.8
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 150.0	$ 95.1	$ —
Cash paid during the period for income taxes	$ 86.6	$ 264.8	$ 235.6
Purchase of property, equipment and intangibles by incurring current liabilities	$ 40.6	$ 40.4	$ 10.5
Transfer of instrument inventories to fixed assets	$ 154.6	$ 73.7	$ —
Reduction of other current liabilities upon issuance of restricted share units	$ 1.9	$ 4.6	$ 2.0

See accompanying notes.

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

Organization and Business

The Company's vision is to advance diagnostics to power a healthier future. With its expertise in immunoassay and molecular testing, clinical chemistry and transfusion medicine, the Company aims to provide clarity to clinicians and patients to help create better health outcomes. The Company's global infrastructure and commercial reach support its customers across more than 130 countries and territories with quality diagnostics, a broad test portfolio and market-leading service. The Company operates globally with manufacturing facilities in the U.S. and U.K. and with sales centers, administrative offices and warehouses located throughout the world.

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. As a result of the Combinations, QuidelOrtho became the successor issuer to Quidel. The results of operations of Ortho have been included in the Company's Consolidated Financial Statements from the date of acquisition. See "—Note 2. Business Combination" for further information regarding the Combinations.

Basis of Presentation

The accompanying Consolidated Financial Statements of the Company have been prepared in accordance with GAAP.

Accounting Periods

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 fiscal years 2023, 2022 and 2021, the Company's fiscal years ended on December 31, 2023, January 1, 2023 and January 2, 2022, respectively. Fiscal years 2023, 2022 and 2021 were 52 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. The estimates and underlying assumptions can impact all elements of the financial statements, including, but not limited to, accounting for deductions from revenues (e.g. rebates, returns, sales allowances, and discounts), receivable and inventory valuations, fixed asset valuations, useful lives, impairment of goodwill and tangible and intangible assets, the fair value of assets acquired and liabilities assumed in a business combination and related purchase price allocation, long-term employee benefit obligations, income taxes, environmental matters, litigation and allocations of costs. Estimates are based on historical experience, complex judgments, facts and circumstances available at the time and various other assumptions that are believed to be reasonable under the circumstances but are inherently uncertain and unpredictable. Actual results could differ from those estimates.

Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers cash equivalents to be highly liquid investments with a maturity at the date of purchase of three months or less. They are carried at cost plus accrued interest, which approximates fair value because of the short-term maturity of these instruments. Cash equivalents include money market funds and debt securities of high quality institutions. Cash balances may exceed government insured limits in certain jurisdictions.

Marketable Securities

The Company invests excess cash balances in investment-grade corporate and government debt securities, corporate asset-backed securities and commercial paper. The Company seeks to diversify investments and limits the amount of investment concentrations for individual institutions, maturities and investment types. These marketable securities are classified as available-for-sale and, accordingly, such securities are recorded at fair value. Unrealized gains and losses that are deemed temporary are included in Accumulated other comprehensive loss as a separate component of stockholders' equity. If any adjustment to fair value reflects a significant decline in the value of the security, the Company evaluates the extent to which the decline is determined to be other-than-temporary and would mark the security to market through a charge to its Consolidated Statements of (Loss) Income. Marketable securities are classified as non-current when maturities are one year or more.

Accounts Receivable and Allowance for Credit Losses and Concentration of Credit Risk

The Company sells its products directly to physician offices, hospitals, clinical laboratories, reference laboratories, urgent care clinics, leading universities, retail clinics, pharmacies, wellness screening centers, other POC settings, blood banks and donor centers, as well as to individual, non-professional OTC customers, and other distributors in the U.S. and internationally (see "—Note 4. Revenue"). The Company periodically assesses the financial strength of these customers and establishes reserves for anticipated losses when necessary, which historically have not been material. The Company establishes a reserve based on historical losses, the age of receivables, customer mix and credit policies, current economic conditions in customers' country or industry, and expectations associated with reasonable and supportable forecasts, and specific allowances for large or risky accounts. Amounts later determined to be uncollectible are charged or written off against this allowance. The balance of accounts receivable is net of reserves of $91.8 million and $89.1 million at December 31, 2023 and January 1, 2023, respectively, of which the reserve related to contract rebates was $75.6 million and $73.5 million, respectively.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash equivalents, marketable securities and trade accounts receivable.

Credit losses are identified when cash flows received are not expected to be sufficient to recover the amortized cost basis of a security. In the event of a credit loss, only the amount associated with the credit loss is recognized in operating results, with the amount of loss relating to other factors recorded in Accumulated other comprehensive loss.

The Company performs credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. Credit quality is monitored regularly by reviewing credit history. The Company believes that the concentration of credit risk in its trade accounts receivables is moderated by its credit evaluation process, relatively short collection terms, the high level of credit worthiness of its customers, and letters of credit issued on the Company's behalf. Potential credit losses are limited to the gross value of accounts receivable.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value. The Company reviews the components of its inventory periodically for excess, obsolete and impaired inventory and records a reduction to the carrying value when identified.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and depreciated over the estimated useful lives of the assets using the straight-line method as follows:

Asset type	Useful life
Building and building improvements	7-47 years
Machinery and equipment	3-15 years
Customer leased instruments	3-8 years
Computer software	3-5 years

Amortization of leasehold improvements is computed on the straight-line method over the shorter of the lease term or the estimated useful lives of the related assets.

When assets are surrendered, retired, sold or otherwise disposed of, their gross carrying values and related accumulated depreciation are removed from the accounts and included in determining gain or loss on such disposals. Maintenance and repairs are expensed as incurred; major replacements and improvements that extend the useful life are capitalized.

Goodwill

Goodwill represents the excess of purchase price over the fair values of underlying net assets acquired in an acquisition. The Company assesses goodwill for impairment at the reporting unit level on an annual basis, or whenever events or changes in circumstances occur that indicate that the fair value of a reporting unit is below its carrying amount. The Company's annual impairment assessment date is the first day of the fourth quarter of the fiscal year.

The chief operating decision maker ("CODM") reviews the Company's performance and allocates resources based on six operating segments: North America, EMEA, China, Latin America, Japan and Asia Pacific. North America, EMEA and China are the Company's reportable segments; Latin America, Japan and Asia Pacific are immaterial operating segments that are not considered reportable segments and are included in "Other." Each of these six operating segments is considered a reporting unit for the purpose of allocating goodwill and performing the annual goodwill impairment assessment.

When testing goodwill for impairment, the Company first has an option to assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that impairment exists. Such qualitative factors may include the following: macroeconomic conditions, industry and market considerations, cost factors, overall financial performance, and other relevant entity-specific events. In the event the qualitative assessment indicates that an impairment is more likely than not, the Company would be required to perform a quantitative impairment test. Under the quantitative goodwill impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. The Company estimates the fair value of its reporting units by using forecasts of discounted future cash flows and peer market multiples. If the fair value of a reporting unit is less than its carrying value, impairment will be recognized in the amount by which the carrying value exceeds the fair value.

For fiscal year 2023, the Company bypassed the qualitative assessment and proceeded directly to the quantitative goodwill impairment test for all reporting units as of the beginning of the fiscal fourth quarter. In all instances, the estimated fair values of the Company's reporting units exceeded their carrying values and consequently did not result in an impairment.

Intangible Assets

Intangible assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives, except for indefinite-lived intangibles such as goodwill. Software development costs associated with software to be leased or otherwise marketed are expensed as incurred until technological feasibility has been established. After technological feasibility is established, software development costs are capitalized and amortized on a straight-line basis over the estimated product life.

Long-lived Assets

The process of evaluating the potential impairment of long-lived assets, such as property, plant and equipment and intangible assets, is subjective and requires judgment. The Company reviews long-lived assets for impairment when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. If these circumstances exist, recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset group to future undiscounted net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Revenue Recognition

The Company records revenues primarily from product sales. These revenues are recorded net of rebates and other discounts. These rebates and discounts are estimated at the time of sale, and are largely driven by various customer program offerings, including special pricing agreements, promotions and other volume-based incentives. Rebates and discounts are calculated based on historical experience, estimated discounting levels and estimated distributor inventory balances and recorded as a reduction of sales with offsets to accounts receivable and other current liabilities, respectively.

Transaction price for a contract represents the amount to which the Company is entitled in exchange for providing goods and services to the customer. Transaction price does not include amounts subject to uncertainties unless it is probable that there will be no significant reversal of revenue when the uncertainty is resolved. Revenue is recognized when control of the products is transferred to the customers in an amount that reflects the consideration the Company expects to receive from the customers in exchange for those products and services. This process involves identifying the contract with a customer, determining the performance obligations in the contract and the contract price, allocating the contract price to the distinct performance obligations in the contract and recognizing revenue when the performance obligations have been satisfied. A performance obligation is considered distinct from other obligations in a contract when it provides a benefit to the customer either on its own or together with other resources that are readily available to the customer and is separately identified in the contract. A performance obligation is considered to be satisfied once the control of a product is transferred to the customer or the service is provided to the customer, meaning the customer has the ability to use and obtain the benefit of the goods or service.

The Company generates a portion of its revenue from sales of the QuickVue At-Home OTC COVID-19 tests to retail customers. The Company estimates the transaction price for revenue from sales to retail customers based on historical experience and current trends to evaluate when uncertainties related to right of return provisions are resolved. In fiscal years 2022 and 2021, due to a lack of history on which to base an estimate of products to be returned from the retailers, the Company established a reserve based on an estimate of total inventory remaining at our retailers which was subject to return. During fiscal year 2023, the Company concluded that it had developed sufficient historical experience regarding the pattern in customer returns to be able to estimate the amount of consideration to which the Company expects to be entitled, excluding consideration for the products expected to be returned. Amounts received or receivable that are expected to be returned are recognized as a refund liability, which is included in Other current liabilities. The refund liability is estimated utilizing historical sale and return rates over the period during which customers have a right of return, taking into account available information on competitive products and contract changes. The refund liability is remeasured at each reporting period to reflect changes in assumptions about expected returns. Revenues from sales to retail customers amounted to approximately 3% of Total revenues for fiscal year

2023. The impact from this change in estimate is approximately $0.3 million and is not material to the Company's Consolidated Financial Statements.

A portion of product sales includes revenues for diagnostic kits, which are utilized on leased instrument systems under the Company's "reagent rental" program. The reagent rental program provides customers the right to use the instruments at no separate cost to the customer in consideration for a multi-year agreement to purchase annual minimum amounts of consumables. When an instrument is placed with a customer under a reagent rental agreement, the Company retains title to the equipment and it remains capitalized on the Company's Consolidated Balance Sheets as property, plant and equipment, net. The instrument is depreciated on a straight-line basis over the lesser of the lease term or life of the instrument. Depreciation expense is recorded in cost of sales included in the Consolidated Statements of (Loss) Income. Instrument and consumables under the reagent rental agreements are deemed two distinct performance obligations. Though the instrument and consumables do not have any use to customers without one another, they are not highly interdependent because they do not significantly affect each other. The Company would be able to fulfill its promise to transfer the instrument even if its customers did not purchase any consumables and the Company would be able to fulfill its promise to provide the consumables even if customers acquired instruments separately. The contract price is allocated between these two performance obligations based on the relative standalone selling prices. The instrument is considered an operating lease. Variable lease revenue and fixed lease revenue represented approximately 4% and 1%, respectively, of the Company's Total revenues for fiscal year 2023. Revenue allocated to the instrument was not material for fiscal years 2022 and 2021.

Government Assistance

During fiscal year 2020, the Company entered into a contract with the National Institutes of Health ("NIH"), through its newly launched Rapid Acceleration of Diagnostics - Advanced Technology Platforms initiative, to support the Company's expansion of its manufacturing capacity for its diagnostic assays that test for the SARS-CoV-2 antigen. The contract originally provided for consideration to the Company of up to $65.0 million and had a performance period of one year, which began in July 2020. During 2021, the Company entered into several amendments to the contract, which added additional deliverables and milestones, as well as extended the performance period. The contract and amendments included key deliverables and milestones that directly supported the upgrade and addition of new manufacturing lines, as well as the outfitting of the new distribution center. The Company also provided instruments and assays to NIH. There were no refund provisions under the contract.

Consideration from the contract was allocated to each deliverable identified within the contract using a relative fair value allocation method and recognized when there was reasonable assurance the Company would meet the milestones and receive the consideration. Consideration allocated to the delivery of instruments and assays was recognized in accordance with the Company's existing revenue recognition policy described above. Consideration that related to capital expenditures was recorded as a reduction to the carrying value of such assets and amortized over the useful life of the assets. Consideration allocated to the remainder of the contract was recorded as reductions to the related expense. As of January 2, 2022, the Company had achieved and collected payments for all milestones under the NIH contract.

In connection with the Combinations, the Company acquired a previously established agreement between Ortho and the Biomedical Advanced Research and Development Authority ("BARDA"), a division of HHS, which provides funding for Ortho to build manufacturing space and production support equipment to increase COVID-19 assay production capacity, as well as to build a manufacturing facility to produce certain analyzers needed to support COVID-19 testing. Amounts received from BARDA under this grant are recorded as a reduction to the carrying value of the related assets. A portion of the grant is for purposes of reimbursement of certain general and administrative expenses related to the project, which are not capitalized as part of the equipment constructed in connection with the project and are recorded as a reduction to the related expense. The Company received $13.5 million and $18.4 million during fiscal years 2023 and 2022, respectively, which were recorded as reductions to the carrying value of the related assets.

Research and Development Costs

Research and development costs are charged to operations as incurred. Upfront and milestone payments made to third parties in connection with R&D collaborations are expensed as incurred up to the point of regulatory approval. Payments made to third parties at or subsequent to regulatory approval are capitalized and amortized over the remaining useful life of the related product. Amounts capitalized for such payments are included in other intangibles, net of accumulated amortization.

The Company enters into collaborative arrangements to develop and commercialize intellectual property. These arrangements typically involve two (or more) parties who are active participants in the collaboration and are exposed to significant risks and rewards dependent on the commercial success of the activities. These collaborations usually involve various activities by one or more parties, including R&D, marketing and selling and distribution. Often, these collaborations require upfront, milestone and royalty or profit share payments, contingent upon the occurrence of certain future events linked to the success of the asset in development. Amounts due from collaborative partners related to development activities are generally reflected as a reduction of research and development expense because the performance of contract development services is not central to the Company's operations.

Product Shipment Costs

Product shipment costs are included in Selling, marketing and administrative expense in the accompanying Consolidated Statements of (Loss) Income. Shipping and handling costs were $124.1 million, $104.9 million and $29.3 million for fiscal years 2023, 2022 and 2021, respectively.

Advertising Costs

Advertising costs are expensed as incurred and included in Selling, marketing and administrative expense in the accompanying Consolidated Statements of (Loss) Income. Advertising costs were $15.1 million, $26.8 million and $13.7 million for fiscal years 2023, 2022 and 2021, respectively.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The Company's policy is to recognize the interest expense and penalties related to income tax matters as a component of the income tax provision.

The Company does not intend to permanently reinvest earnings of foreign subsidiaries at this time. Accordingly, the Company provides for income taxes and foreign withholding taxes, where applicable, on undistributed earnings. Any repatriation of undistributed earnings would be done at little or no tax cost.

Fair Value of Financial Instruments

The Company uses the fair value hierarchy established in Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures, which requires that the valuation of assets and liabilities subject to fair value measurements be classified and disclosed by the Company in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The carrying amounts of cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Stock-based Compensation

Stock-based compensation, comprised of stock options, restricted stock units ("RSUs") and restricted stock awards to employees and directors, is measured at fair value on the grant date. Compensation expense is recognized over the requisite service period, which is generally the vesting period, and includes an estimate of the awards that will be forfeited, and an estimate of the level of performance the Company will achieve for performance-based awards.

Leases

Lease liabilities represent the obligation to make lease payments and right-of-use ("ROU") assets represent the right to use the underlying asset during the lease term. Lease liabilities and ROU assets are recognized at the commencement date of the lease based on the present value of lease payments over the lease term at the commencement date. When the implicit rate is unknown, an incremental borrowing rate based on the information available at the commencement date is used in determining the present value of the lease payments. Options to extend or terminate the lease are included in the determination of the lease term when it is reasonably certain that the Company will exercise such options.

For certain classes of assets, the Company accounts for lease and non-lease components as a single lease component. Variable lease payments, including those related to changes in the consumer price index, are recognized in the period in which the obligation for those payments is incurred and are not included in the measurement of the ROU assets or lease liabilities. Short-term leases are excluded from the calculation of the ROU assets and lease liabilities.

Operating leases are included in ROU assets, operating lease liabilities and operating lease liabilities non-current in the Consolidated Balance Sheets.

Comprehensive Income

Comprehensive income includes unrealized gains and losses that are related to cumulative translation adjustments; unrealized gains and losses on marketable securities; changes in unamortized pension and post-employment actuarial gains and losses; and changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments excluded from the Consolidated Statements of (Loss) Income.

Business Combinations

The cost of an acquired business is assigned to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of the estimated fair values at the date of acquisition. The Company assesses fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, using a variety of methods including, but not limited to, an income approach and a market approach, such as the estimation of future cash flows of the acquired business and current selling prices of similar assets. Fair value of the assets acquired and liabilities assumed, including intangible assets, IPR&D, and contingent payments, are measured based on the assumptions and estimations with regards to variable factors such as the amount and timing of future cash flows for the asset or liability being measured, appropriate risk-adjusted discount rates, nonperformance risk, or other factors that market participants would consider. Upon acquisition, the Company determines the estimated economic lives of the acquired intangible assets for amortization purposes, which are based on the underlying expected cash flows of such assets. When applicable, adjustments to inventory are based on the fair market value of inventory and are recognized into income based on the period in which the underlying inventory is sold. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that is not individually identified and separately recognized. Actual results may vary from projected results and assumptions used in the fair value assessments.

Defined Benefit Plans and Other Post-Employment Benefits

In connection with the Combinations, the Company assumed Ortho's defined benefit plans in certain countries and a retiree healthcare reimbursement plan for certain U.S. employees. Defined benefit plans specify an amount of pension benefit that an employee will receive on retirement, usually dependent on factors such as age, years of service and compensation. The net obligation with respect to defined benefit plans is calculated separately for each plan by estimating the amount of the future benefits that employees have earned in return for their service in the current and prior periods. These benefits are then discounted to determine the present value of the obligations and are then adjusted for the impact of any unamortized prior service costs. The net obligation is then determined with reference to the fair value of the plan assets (if any). The discount rate used is the yield on bonds that are denominated in the currency in which the benefits will be paid and that have maturity dates approximating the terms of the obligations. The calculations are performed by qualified actuaries using the projected unit credit method.

Recent Accounting Pronouncements

There have been no accounting pronouncements issued or adopted during fiscal year 2023 that are expected to have a material impact on the Company's Consolidated Financial Statements.

Note 2. Business Combination

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. As a result of the Combinations, QuidelOrtho became the successor issuer to Quidel. 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 $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 total purchase consideration was calculated as follows (in millions, except value per share data and Ortho Exchange Ratio):

Total Ortho shares subject to exchange		237.487
Ortho Exchange Ratio		0.1055
QuidelOrtho shares issued		25.055
Value per Quidel share as of May 26, 2022	$	99.60
Fair value of stock consideration	$	2,495.5
Fair value of replacement equity awards [(1)]		47.9
Cash consideration [(2)]		1,747.7
Total purchase consideration	$	4,291.1

(1) Represents the fair value of replacement stock options (which include options with time-based, performance-based, and both performance- and market-based vesting conditions), RSUs and restricted stock outstanding as of May 27, 2022 that are attributable to service prior to the Combinations. The terms of the replacement awards are substantially similar to the former Ortho equity awards for which they were exchanged. The portion of the fair value of the replacement equity awards attributable to service after the Combinations is $46.6 million and will be recognized as compensation expense based on the vesting terms of the replacement equity awards.

(2) Represents cash consideration of $7.14 per share paid to Ortho shareholders and holders of vested Ortho stock options on the closing date of the Combinations for 237.5 million outstanding Ortho shares and 7.3 million vested Ortho stock options.

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.

The Combinations have been accounted for as a business combination, which requires that assets acquired and liabilities assumed be recognized at their fair value as of the date of the consummation of the Combinations, with Quidel considered the accounting and the legal acquirer. The assessment of the fair value of assets acquired and liabilities assumed was finalized in fiscal year 2023. The measurement period adjustments reflected in fiscal year 2023 resulted from finalization of tax related matters. The related impact to net earnings that would have been recognized in previous periods if the adjustments were recognized as of the date of the consummation of the Combinations is immaterial to the Company's Consolidated Financial Statements.

The purchase price allocation resulted in the following amounts being allocated to the assets acquired and liabilities assumed at the acquisition date based upon their respective fair values summarized below:

(In millions)		**Amounts Recognized as of Acquisition Date (As Previously Reported) [(1)]**		**Measurement Period Adjustments**		**Purchase Price Allocation**
Cash and cash equivalents	$	234.5	$	—	$	234.5
Accounts receivable		240.6		—		240.6
Inventories [(2)]		384.4		—		384.4
Property, plant and equipment		948.9		—		948.9
Goodwill		2,178.4		(19.9)		2,158.5
Intangible assets		3,168.0		—		3,168.0
Prepaid expenses and other assets		271.7		(1.3)		270.4
Total assets		7,426.5		(21.2)		7,405.3
Accounts payable		(135.0)		—		(135.0)
Accrued payroll and related expenses		(81.1)		—		(81.1)
Long-term borrowings, including current portion [(3)]		(2,268.4)		—		(2,268.4)
Deferred tax liability		(278.4)		18.3		(260.1)
Other current and non-current liabilities		(372.5)		2.9		(369.6)
Total liabilities		(3,135.4)		21.2		(3,114.2)
Total purchase consideration	$	4,291.1	$	—	$	4,291.1

(1) As reported in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2023.

(2) Includes an estimated fair value adjustment to inventory of $61.7 million, which was fully recognized in the Consolidated Statements of (Loss) Income in fiscal year 2022.

(3) Immediately following the closing of the Combinations, the Company repaid long-term borrowings assumed, which consisted of $1,608.4 million aggregate principal amount related to Ortho's Dollar Term Loan and Euro Term Loan Facilities, $240.0 million aggregate principal amount of 7.375% Senior Notes due 2025 and $405.0 million aggregate principal amount of 7.250% Senior Notes due 2028. The 7.375% and 7.250% Senior Notes were fully discharged following the Combinations. The Company recorded a $23.5 million loss on extinguishment in connection with the Combinations, representing the difference between the reacquisition value, inclusive of $35.9 million of redemption premium, and the net carrying value of the extinguished debt.

Goodwill represents the excess of the total purchase consideration over the estimated fair value of the net assets acquired, and is primarily attributable to synergies which are expected to expand the Company's revenue profile and product diversity, as well as Ortho's assembled workforce. Goodwill is not deductible for tax purposes. The assignment of goodwill by reportable segment at the acquisition date is as follows (in millions):

North America	$	1,202.1
EMEA		365.9
China		120.3
Other		470.2
	$	2,158.5

The following table sets forth the amounts assigned to the identifiable intangible assets acquired (in millions, except years):

Intangible Asset	Amortization Period		Fair Value of Assets Acquired
Customer relationships (1)	20 years	$	1,907.0
Developed technology (2)	15 years		888.0
Trademarks (2)	15 years		373.0
		$	3,168.0

(1) The fair value was estimated using the Multi-Period Excess Earnings Method, which is a form of the income approach. Significant assumptions include: (i) the estimated annual net cash flows, which are a function of expected earnings attributable to the asset, contributory asset charges and the applicable tax rate, and (ii) the discount rate.

(2) The fair value was estimated using the Relief from Royalty Method, which is another form of the income approach. Significant assumptions include: (i) the estimated annual net cash flows, which are a function of expected earnings attributable to the asset, the probability of use of the asset, the royalty rate and the applicable tax rate, and (ii) the discount rate.

Intangible assets are amortized on a straight-line basis over the amortization periods noted above, which reflects the estimated useful life of the underlying assets.

For fiscal year 2022, the Company incurred $46.9 million of transaction costs related to the Combinations, which primarily consisted of financial advisory, legal, accounting and valuation-related expenses. These expenses were recorded in Acquisition and integration costs in the Consolidated Statements of (Loss) Income.

The following supplemental pro forma financial information shows the combined results of operations of the Company as if the Combinations had occurred on January 4, 2021, the beginning of the periods presented:

	Fiscal Year Ended			
(In millions) (unaudited)		2022		2021
Pro forma total revenues	$	4,051.2	$	3,741.4
Pro forma net income		589.3		613.2

This supplemental pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved had the Combinations been completed at the beginning of fiscal year 2021. In addition, the supplemental pro forma financial information is not a projection of the Company's future results of operations, nor does it reflect the expected realization of any synergies or cost savings associated with the Combinations. The supplemental pro forma financial information includes adjustments for:

- incremental intangible assets amortization expense based on the preliminary fair values of the identifiable intangible assets acquired;
- incremental cost of sales related to the fair value step-up of inventory;

- decreases in interest expense associated with the issuance of debt to finance the Combinations and to repay Ortho's then-outstanding indebtedness, including the net impact of the removal of the amortization of the discount on Ortho's indebtedness and the change in amortization of deferred financing fees;
- the removal of loss on extinguishment of debt from Ortho's results in fiscal year 2021 and the reclassification of loss on extinguishment of debt in fiscal years 2021 and 2022;
- the reclassification of expense related to the accelerated vesting of certain stock awards of Ortho's former chief executive officer; and
- tax impacts related to the above adjustments.

From the acquisition date through January 1, 2023, the acquired results of operations of Ortho contributed total revenues of $1,165.2 million and net loss of $126.2 million to the Company's consolidated results, which included amortization of acquired intangible assets of $104.7 million and recognition in Cost of sales, excluding amortization of intangibles of the fair value step-up of inventory of $60.6 million.

Note 3. Computation of Earnings Per Share

Basic earnings per share ("EPS") is computed by dividing Net (loss) 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 and unvested RSUs. 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 the respective periods:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Basic weighted-average shares of common stock outstanding	66.8	56.8	42.1
Dilutive potential shares issuable from stock options and RSUs [(1)]	—	0.6	0.8
Diluted weighted-average shares of common stock outstanding	66.8	57.4	42.9

(1) In fiscal year 2023, all potential shares of common stock issuable for stock options and RSUs were excluded from the dilutive calculations above because the effect of including them would have been anti-dilutive. The dilutive effect of potential shares of common stock issuable for stock options and RSUs on the weighted-average number of shares of common stock outstanding would have been as follows:

	Fiscal Year Ended
(In millions)	**2023**
Basic weighted-average shares of common stock outstanding	66.8
Dilutive potential shares issuable from stock options and RSUs	0.5
Diluted weighted-average shares of common stock outstanding	67.3

Stock options and RSUs where the combined exercise price and unrecognized stock-based compensation was greater than the average market price for the Company's common stock were not included in the computations of diluted weighted-average shares because the effect would have been anti-dilutive. These stock options and RSUs represented 1.6 million, 0.9 million and 0.1 million shares of common stock for fiscal years 2023, 2022 and 2021, respectively.

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 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 Consolidated Balance Sheets as of December 31, 2023 and January 1, 2023 was $46.2 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 $1.9 million and $6.8 million as of December 31, 2023 and January 1, 2023, respectively;
- 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 $41.8 million and $38.5 million as of December 31, 2023 and January 1, 2023, respectively; and
- one of the Company's contract manufacturing agreements that recognizes revenue as the products are manufactured resulted in a contract asset of $2.5 million and $4.3 million as of December 31, 2023 and January 1, 2023, respectively.

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 fiscal years 2023 and 2022.

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 $36.8 million and $76.4 million as of December 31, 2023 and January 1, 2023, respectively. 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 $13.9 million and $9.4 million as of December 31, 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 fiscal year 2023 was $72.1 million. The amount of deferred revenue as of January 2, 2022 that was recorded in Total revenues during fiscal year 2022 was not material.

Joint Business with Grifols

In connection with the Combinations, the Company acquired the Joint Business between Ortho and 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 $47.3 million and $18.6 million during fiscal years 2023 and 2022, respectively. These amounts included the Company's portion of the pre-tax net profit of $21.4 million and $11.1 million during fiscal years 2023 and 2022, respectively, 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 Consolidated Statements of (Loss) Income. The Company's portion of the pre-tax net profit also included revenue from collaboration and royalty agreements of $26.0 million and $7.5 million during fiscal years 2023 and 2022, respectively, which is presented on a net basis within Total revenues.

Disaggregation of Revenue

The following table summarizes Total revenues by business unit:

(In millions)	**Fiscal Year Ended 2023**	**2022**	**2021**
Labs	$ 1,425.4	$ 820.2	$ 44.8
Transfusion Medicine	648.5	393.8	—
Point of Care	892.2	1,955.3	1,453.3
Molecular Diagnostics	31.7	96.7	200.5
Total revenues	$ 2,997.8	$ 3,266.0	$ 1,698.6

Concentration of Revenue and Credit Risk

For fiscal year 2023, no customer individually accounted for more than 10% of Total revenues. Customers that accounted for 10% or more of the Company's Total revenues for fiscal years 2022 and 2021 were as follows:

	Fiscal Year Ended	
	2022	2021
Customer A	20 %	1 %
Customer B	11 %	24 %
	31 %	25 %

As of December 31, 2023 and January 1, 2023, customers with balances due in excess of 10% of Accounts receivable, net totaled $63.5 million and $161.9 million, respectively. Revenue related to our respiratory products accounted for 24%, 57% and 81% of Total revenues for fiscal years 2023, 2022 and 2021, respectively.

Note 5. Segment and Geographic Information

The Company operates in three geographically-based reportable segments: North America, EMEA, and China. Although all three segments are engaged in the marketing, distribution and sale of diagnostic instruments and assays for hospitals, retailers, distributors, laboratories and/or blood and plasma centers worldwide, each region is managed separately to better align with the market dynamics of the specific geographic region. Latin America, Japan and Asia Pacific are immaterial operating segments that are not considered reportable segments and are included in "Other."

Total revenues by reportable segment are as follows:

	Fiscal Year Ended		
(In millions)	2023	2022	2021
North America	$ 1,877.1	$ 2,536.5	$ 1,500.2
EMEA	327.3	206.8	69.6
China	310.1	220.0	58.0
Other	483.3	302.7	70.8
Total revenues	$ 2,997.8	$ 3,266.0	$ 1,698.6

The following table sets forth Adjusted EBITDA by segment and the reconciliations to (Loss) income before income taxes for fiscal years 2023, 2022 and 2021:

	Fiscal Year Ended		
(In millions)	2023	2022	2021
North America	$ 949.2	$ 1,614.6	$ 1,028.5
EMEA	58.3	31.7	28.1
China	129.1	104.1	24.1
Other	116.3	92.7	43.0
Total segment Adjusted EBITDA	1,252.9	1,843.1	1,123.7
Corporate [1]	(529.7)	(512.1)	(152.9)
Interest expense, net	(147.6)	(75.7)	(5.8)
Depreciation and amortization	(457.2)	(283.6)	(52.7)
Acquisition and integration costs	(113.4)	(136.0)	(9.6)
Tax indemnification expense	(12.6)	(0.3)	—
Amortization of deferred cloud computing implementation costs	(9.2)	(5.4)	(3.7)
Impairment of long-lived assets	(4.5)	(2.8)	—
(Loss) gain on investments	(3.6)	(5.8)	1.5
EU medical device regulation transition costs [2]	(2.5)	(1.5)	—
Unwind inventory fair value adjustment	—	(60.6)	—
Loss on extinguishment of debt	—	(24.0)	—
Employee compensation charges	—	(3.2)	—
Derivative mark-to-market gain	—	4.4	—
Other adjustments	(1.7)	(0.6)	(0.2)
(Loss) income before income taxes	$ (29.1)	$ 735.9	$ 900.3

(1) Primarily consists of costs related to executive and staff functions, including certain finance, human resources, manufacturing and 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 R&D manufacturing site costs to align compliance of the Company'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 CODM 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.

The following presents long-lived assets (excluding intangible assets) and total net revenue by geographic territory:

	Long-lived Assets as of		Total Revenues for Fiscal Year		
(In millions)	December 31, 2023	January 1, 2023	2023	2022	2021
Domestic	$ 1,024.5	$ 983.0	$ 1,829.4	$ 2,451.7	$ 1,415.5
Foreign	419.3	356.0	1,168.4	814.3	283.1
Total	$ 1,443.8	$ 1,339.0	$ 2,997.8	$ 3,266.0	$ 1,698.6

Note 6. Income Taxes

Significant components of the provision for income taxes were as follows:

(In millions)	Fiscal Year Ended 2023	2022	2021
Current:			
Federal	$ (49.3)	$ 162.2	$ 148.8
State	(1.6)	48.8	42.4
Foreign	36.4	17.6	2.3
Total current provision	(14.5)	228.6	193.5
Deferred:			
Federal	8.5	(31.9)	7.2
State	(3.6)	(9.3)	(2.6)
Foreign	(9.4)	(0.2)	(2.0)
Total deferred (benefit) provision	(4.5)	(41.4)	2.6
(Benefit from) provision for income taxes	$ (19.0)	$ 187.2	$ 196.1

The Company's income before income taxes was subject to taxes in the following jurisdictions for the following periods:

(In millions)	Fiscal Year Ended 2023	2022	2021
United States	$ (163.9)	$ 672.1	$ 891.2
Foreign	134.8	63.8	9.1
(Loss) income before income taxes	$ (29.1)	$ 735.9	$ 900.3

Significant components of the Company's deferred tax assets and deferred tax liabilities as of December 31, 2023 and January 1, 2023 are shown below:

(In millions)	December 31, 2023	January 1, 2023
Deferred tax assets:		
Lease liability	$ 47.2	$ 51.4
Allowance for returns and discounts	42.3	45.9
Inventory reserve	14.0	34.1
Stock-based compensation	15.8	14.6
Tax loss, interest expense and credit carryforwards	603.8	565.3
Research & development expenses	75.9	50.7
Employee related obligations	6.0	19.9
Other, net	10.8	16.1
Total deferred tax assets	815.8	798.0
Valuation allowance for deferred tax assets	(274.7)	(251.3)
Total deferred tax assets, net of valuation allowance	541.1	546.7
Deferred tax liabilities:		
Right-of-use assets	(38.9)	(43.8)
Intangible assets	(554.2)	(590.2)
Property, plant and equipment	(114.3)	(109.5)
Total deferred tax liabilities	(707.4)	(743.5)
Net deferred tax liabilities	$ (166.3)	$ (196.8)

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to use the existing deferred tax assets. For the fiscal years ended December 31, 2023, January 1, 2023 and January 2, 2022, the Company has demonstrated positive cumulative pre-tax book income. Such objective positive evidence allowed the Company to consider other subjective evidence, such as the Company's projections for future profitability, to determine the realizability of its deferred tax assets.

The valuation allowance of $274.7 million as of December 31, 2023 represents the portion of the deferred tax asset that management could not conclude was more likely than not to be realized. The Company's valuation allowance relates primarily to the realization of recorded tax benefits on tax loss carryforwards from operations in Luxembourg and credits in U.S. state jurisdictions. The amount of the deferred tax assets considered realizable could be adjusted in the future based on changes in available positive and negative evidence.

As of December 31, 2023, the Company had U.S. federal net operating loss ("NOL") carryforwards of $792.5 million, of which $304.1 million are subject to expiration through 2037 and $488.4 million are not subject to expiration. In addition, the Company has state NOLs of approximately $512.0 million, which will expire in years 2024 through 2043. As of December 31, 2023, the Company had U.S. federal research credit carryforwards of $26.7 million and federal foreign tax credits of $3.2 million, which will begin to expire in 2034 and 2028, respectively. In addition, the Company had state research credits of $16.2 million and state business credit carryforwards of $25.6 million, of which none expire. As of December 31, 2023, the Company had $560.7 million of NOL carryforwards in certain non-U.S. jurisdictions, net of uncertain tax positions. Of these, $296.6 million have no expiration and the remaining $264.1 million will expire in years through 2040.

Pursuant to Internal Revenue Code Sections 382 and 383, the Company's use of its NOL and tax credit carryforwards may be limited as a result of cumulative changes in ownership of more than 50% over a three-year period. As a result of an ownership change that occurred in the second quarter of fiscal year 2022, the Company may be limited in its ability to utilize its NOL carryforwards and certain other attributes, starting on the ownership change date.

The reconciliation of income tax computed at the federal statutory rate to the provision for income taxes from continuing operations was as follows:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Tax (benefit) expense at statutory tax rate	$ (6.1)	$ 154.5	$ 189.1
State tax (benefit) expense, net of federal tax	(2.8)	29.3	30.1
Foreign income taxed at rates other than the applicable U.S. rate	(23.0)	(27.5)	—
Permanent differences	(4.3)	8.2	1.8
Federal and state research credits—current year	(10.3)	(7.3)	(7.7)
Stock-based compensation	1.5	1.5	(9.2)
Change in valuation allowance	10.4	26.2	(0.1)
Foreign Derived Intangible Income Deduction	—	(10.2)	(8.4)
Global Intangible Low-Taxed Income	20.1	3.8	—
Change in uncertain tax positions	(11.8)	—	—
Other	7.3	8.7	0.5
(Benefit from) provision for income taxes	$ (19.0)	$ 187.2	$ 196.1

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes that it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcome of examinations by tax authorities in determining the adequacy of its provision for income taxes.

The following table summarizes the activity related to the Company's unrecognized tax benefits:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Beginning balance	$ 40.0	$ 17.7	$ 22.6
Increases related to current year tax positions	2.6	1.8	0.9
(Decreases) increases related to prior year tax positions	(0.1)	(0.6)	0.5
Increases due to current year acquisitions	—	27.8	—
Decreases due to settlements	(13.7)	(6.7)	—
Decreases from voluntary disclosure agreements	—	—	(6.3)
Ending balance	$ 28.8	$ 40.0	$ 17.7

As of December 31, 2023, January 1, 2023 and January 2, 2022, the Company had unrecognized tax benefits of $28.8 million, $40.0 million, and $17.7 million, respectively, of which $21.6 million, $28.3 million and $11.3 million, respectively, would reduce the Company's annual effective tax rate, if recognized. The Company estimates that within the next 12 months, its uncertain tax positions, excluding interest, will decrease by $11.7 million related to the lapse of statutes of limitations as well as an on-going multi-state tax commission audit that is expected to be settled within the next 12 months.

The Company's policy is to recognize the interest expense and penalties related to income tax matters as a component of the income tax expense. The Company had accrued interest and penalties associated with uncertain tax positions of $4.0 million as of December 31, 2023 and $8.3 million as of January 1, 2023. The Company recognized net interest income of $4.3 million for fiscal year 2023 due to the reversals of prior year accrued interest; interest expense for fiscal years 2022 and 2021 was approximately $0.3 million and $0.7 million, respectively.

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 law applied to the facts of each matter.

Ortho is currently under audit in certain jurisdictions for tax years under the responsibility of Johnson & Johnson. Pursuant to the stock and asset purchase agreement entered into by Ortho and Johnson & Johnson in January 2014, Johnson & Johnson retained all income tax liabilities accrued as of the date of acquisition, including reserves for unrecognized tax benefits. Accordingly, all tax liabilities related to these tax years will be indemnified by Johnson & Johnson. During the fourth quarter of fiscal year 2023, the federal examination for tax years 2013 through 2014 closed with no liability due. As such, the related unrecognized tax benefits and interest were released totaling $19.9 million, offset by $5.4 million of competent authority benefits reversed. As of December 31, 2023, the remaining indemnification receivable from Johnson & Johnson totaled $3.0 million and is included as a component of Prepaid expenses and other current assets and Other assets on the Consolidated Balance Sheet.

The following table summarizes the changes to the valuation allowance for balances for fiscal years 2023, 2022 and 2021:

	Beginning Balance	Additions Due to Current Year Acquisitions	Additions Charged to (Benefit From) Provision for Income Taxes	Currency Translation/Other	Ending Balance
Deferred tax valuation allowance					
Fiscal year ended December 31, 2023	$ 251.3	—	10.4	13.0	$ 274.7
Fiscal year ended January 1, 2023	$ 2.3	223.5	26.2	(0.7)	$ 251.3
Fiscal year ended January 2, 2022	$ 2.3	—	—	—	$ 2.3

Note 7. Balance Sheet Account Details

Cash, Cash Equivalents and Restricted Cash

(In millions)	December 31, 2023	January 1, 2023
Cash and cash equivalents	$ 118.9	$ 292.9
Restricted cash included in Other assets	0.6	1.0
Cash, cash equivalents and restricted cash	$ 119.5	$ 293.9

Marketable Securities

The following table is a summary of marketable securities:

(In millions)	December 31, 2023			January 1, 2023		
	Amortized Cost	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Losses	Fair Value
Corporate bonds	$ 38.1	$ (0.1)	$ 38.0	$ 40.5	$ (0.5)	$ 40.0
Corporate asset-backed securities	8.9	—	8.9	6.7	—	6.7
U.S. government securities	—	—	—	2.0	—	2.0
Agency bonds	1.5	—	1.5	1.0	—	1.0
Sovereign government bonds	—	—	—	1.9	—	1.9
Foreign and other	—	—	—	0.5	—	0.5
Total marketable securities, current	48.5	(0.1)	48.4	52.6	(0.5)	52.1
Corporate bonds, non-current	4.5	—	4.5	13.3	(0.1)	13.2
Corporate asset-backed securities, non-current	0.9	—	0.9	7.9	(0.1)	7.8
Sovereign government bonds, non-current	2.0	—	2.0	—	—	—
Total marketable securities	$ 55.9	$ (0.1)	$ 55.8	$ 73.8	$ (0.7)	$ 73.1

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)	December 31, 2023	January 1, 2023
Accounts receivable	$ 395.1	$ 543.0
Allowance for contract rebates and discounts	(77.2)	(77.1)
Allowance for doubtful accounts	(14.6)	(12.0)
Total accounts receivable, net	$ 303.3	$ 453.9

The allowance for contractual rebates involves estimating adjustments to revenue based on a high volume of data, including inputs from third-party sources. In addition, the determination of such adjustments includes estimating rebate percentages which are dependent on estimated end-user sales mix and customer contractual terms, which vary across customers, the related balance of which was $31.3 million and $40.0 million at December 31, 2023 and January 1, 2023, respectively, and was included in the allowance for contract rebates and discounts.

The following table summarizes changes to the accounts receivable allowance balances for fiscal years 2023, 2022 and 2021:

(In millions)	Balance at Beginning of Period	Additions Charged to Expense or as Reductions to Revenue (1)	Deductions (2)	Balance at end of period
Fiscal year ended December 31, 2023	$ 89.1	$ 493.5	$ (490.8)	$ 91.8
Fiscal year ended January 1, 2023	$ 52.4	$ 407.6	$ (370.9)	$ 89.1
Fiscal year ended January 2, 2022	$ 103.4	$ 456.2	$ (507.2)	$ 52.4

(1) Includes opening balance of $31.4 million related to the Combinations during fiscal year 2022. Primarily represents charges for contract rebate allowances recorded as reductions to revenue. Additions to allowance for doubtful accounts are recorded to selling, marketing and administrative expense.

(2) The deductions represent actual charges against the accrual described above.

Inventories

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

(In millions)	December 31, 2023	January 1, 2023
Raw materials	$ 212.7	$ 185.2
Work-in-process (materials, labor and overhead)	92.3	82.7
Finished goods (materials, labor and overhead)	318.1	295.1
Total inventories	$ 623.1	$ 563.0
Inventories	$ 577.8	$ 524.1
Other assets [1]	45.3	38.9
Total inventories	$ 623.1	$ 563.0

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

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

(In millions)	December 31, 2023	January 1, 2023
Prepaid expenses	$ 67.0	$ 96.7
Income taxes and other tax receivables	104.7	38.6
Contract assets	46.2	49.6
Other receivables	34.2	44.3
Derivatives	6.9	22.0
Other	3.1	0.9
Total prepaid expenses and other current assets	$ 262.1	$ 252.1

Property, Plant and Equipment, Net

The following is a summary of property, plant and equipment:

(In millions)	December 31, 2023	January 1, 2023
Equipment, furniture and fixtures	$ 595.2	$ 515.1
Building and improvements	399.7	364.7
Customer leased instruments	602.0	434.5
Land	34.7	34.5
Construction in progress	332.8	268.4
Total property, plant and equipment, gross	1,964.4	1,617.2
Less: accumulated depreciation and amortization	(520.6)	(278.2)
Total property, plant and equipment, net	$ 1,443.8	$ 1,339.0

Construction in progress reflects amounts incurred for construction or improvements of property, plant, or equipment that have not been put in service. In addition, construction in progress includes certain instruments that have not been placed at a customer under a lease agreement that will be reclassified to leased instruments once placed at a customer site. The total expense for depreciation of fixed assets and amortization of leasehold improvements was $252.4 million, $151.1 million and $24.3 million for fiscal years 2023, 2022 and 2021, respectively.

Goodwill and Intangible Assets

Changes in goodwill were as follows:

(In millions)	North America	EMEA	China	Other	Total
Balance at January 2, 2022					$ 337.0
Impact of reportable segment revisions	$ 336.9	$ 0.1	$ —	$ —	337.0
Goodwill acquired	1,211.5	370.0	121.6	475.3	2,178.4
Foreign currency translation	(0.7)	(11.5)	(3.5)	(22.9)	(38.6)
Balance at January 1, 2023	$ 1,547.7	$ 358.6	$ 118.1	$ 452.4	$ 2,476.8
Reallocation of goodwill (1)	$ 204.9	$ 212.6	$ (32.2)	$ (385.3)	—
Purchase accounting adjustments	(9.4)	(4.1)	(1.3)	(5.1)	(19.9)
Foreign currency translation (1)	0.7	15.3	1.1	18.0	35.1
Balance at December 31, 2023	$ 1,743.9	$ 582.4	$ 85.7	$ 80.0	$ 2,492.0

(1) During the fourth quarter of 2023, management identified an incorrect allocation of goodwill arising from the Combinations. The reallocation solely impacts the translation of foreign exchange on goodwill reflected through the cumulative translation adjustments. An out-of-period adjustment was included in fiscal year 2023 to increase goodwill and decrease Accumulated other comprehensive loss by $15.5 million. The adjustment was not material to the previously reported Consolidated Financial Statements of the Company.

Intangible assets consisted of the following:

		December 31, 2023			January 1, 2023		
Description	Weighted-average useful life (years)	Gross assets	Accumulated amortization	Net	Gross assets	Accumulated amortization	Net
Purchased technology	14.3	$ 1,000.4	$ (184.3)	$ 816.1	$ 997.6	$ (120.0)	$ 877.6
Customer relationships	19.2	2,029.0	(259.5)	1,769.5	2,023.5	(148.9)	1,874.6
License agreements	6.7	3.1	(3.1)	—	3.8	(3.7)	0.1
Patent and trademark costs	14.7	401.6	(60.1)	341.5	400.5	(32.8)	367.7
Software development costs	5.0	15.5	(8.3)	7.2	11.5	(7.7)	3.8
Total intangible assets		$ 3,449.6	$ (515.3)	$ 2,934.3	$ 3,436.9	$ (313.1)	$ 3,123.8

Amortization expense related to the capitalized software costs was $0.6 million, $0.9 million and $1.0 million for fiscal years 2023, 2022 and 2021, respectively. Amortization expense (including capitalized software costs) was $204.8 million, $132.5 million and $27.4 million for fiscal years 2023, 2022 and 2021, respectively.

The expected future annual amortization expense of the Company's finite-lived intangible assets held as of December 31, 2023 is as follows:

(In millions)	
2024	$ 202.3
2025	188.8
2026	188.1
2027	186.0
2028	180.8

Other Current Liabilities

Other current liabilities consisted of the following:

(In millions)	December 31, 2023	January 1, 2023
Accrued commissions, rebates and returns	$ 63.8	$ 57.5
Deferred revenue	36.8	76.4
Accrued interest	30.3	1.4
Operating lease liabilities	26.7	24.4
Accrued other taxes payable	17.9	9.3
Derivatives	12.1	19.7
Deferred consideration	—	39.3
Other	115.7	97.4
Total other current liabilities	$ 303.3	$ 325.4

Note 8. Borrowings

The components of borrowings were as follows:

(In millions)	December 31, 2023	January 1, 2023
Term Loan	$ 2,420.2	$ 2,646.9
Other short-term borrowings	1.6	—
Other long-term borrowings	0.4	1.2
Financing lease obligation	0.4	0.8
Unamortized deferred financing costs	(8.0)	(10.6)
Total borrowings	2,414.6	2,638.3
Less: current portion	(139.8)	(207.5)
Long-term borrowings	$ 2,274.8	$ 2,430.8

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 Term Loan and an $800.0 million revolving credit facility (the "Revolving Credit Facility" and with the Term Loan, the "Financing"). The Financing is guaranteed by certain material domestic subsidiaries of the Company (the "Guarantors") and is secured by liens on substantially all of the assets of the Company and the Guarantors, excluding real property and certain other types of excluded assets. Loans under the Credit Agreement will bear interest at a rate per annum equal to the Term SOFR or Base Rate plus the Applicable Rate (each as defined in the Credit Agreement). As of December 31, 2023, letters of credit issued under the Revolving Credit Facility totaled $12.9 million, which reduced the available amount under the Revolving Credit Facility to $787.1 million. In connection with the Credit Agreement, the Company incurred $15.4 million of debt issuance costs, of which $11.9 million was related to the Term Loan and $3.5 million was related to the Revolving Credit Facility. Debt issuance costs related to the issuance of the Term Loan were recorded as a reduction of the principal amount of the borrowings and are amortized using the effective interest method as a component of Interest expense, net over the life of the Term Loan. Debt issuance costs related to the Revolving Credit Facility were recorded as Other assets and are amortized on a straight-line basis over the term of the Revolving Credit Facility. As of December 31, 2023 and January 1, 2023, there were no amounts outstanding under the Revolving Credit Facility. During the year ended December 31, 2023, the Company made $226.7 million in payments on the Term Loan, including a voluntary prepayment of $20.0 million.

The Term Loan is subject to quarterly amortization of the principal amount on the last business day of each fiscal quarter of the Company (commencing on September 30, 2022). 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.

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 December 31, 2023.

The Company entered into the Credit Agreement in connection with the Combinations in order to fund a portion of the cash portion of the purchase price as well as to repay substantially all of Ortho's then-outstanding indebtedness.

The following table provides the detailed amounts within Interest expense, net for fiscal years 2023, 2022 and 2021:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Term Loan	$ 175.6	$ 73.0	$ —
Revolving Credit Facility	3.3	1.5	0.3
Amortization of deferred financing costs	3.3	2.1	0.4
Derivative instruments and other	(29.1)	0.4	5.4
Interest income	(5.5)	(1.3)	(0.3)
Interest expense, net	$ 147.6	$ 75.7	$ 5.8

The following table provides a schedule of required future repayments of all borrowings outstanding as of December 31, 2023:

(In millions)	
2024	$ 139.8
2025	137.6
2026	171.9
2027	1,973.3
2028	—
Total	$ 2,422.6

Note 9. Leases

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

Operating lease cost for fiscal years 2023, 2022 and 2021 was $38.4 million, $26.4 million and $15.4 million, respectively. Variable lease cost for fiscal years 2023, 2022 and 2021 was $9.8 million, $5.6 million and $2.7 million, respectively. Finance leases are immaterial to the Company's Consolidated Financial Statements.

The supplemental cash flow information related to operating leases during the respective periods was as follows:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Cash paid for amounts included in the measurement of operating lease liabilities	$ 36.5	$ 25.2	$ 12.3
ROU assets obtained in exchange for new lease liabilities [1]	$ 17.9	$ 29.9	$ 37.3

(1) Summers Ridge Lease — The Company leases four buildings that are located on the Summers Ridge property in San Diego, California with an initial term through January 2033 with options to extend the lease for two additional five-year terms upon satisfaction of certain conditions, which have not been included in the determination of the lease term. The must-take provisions related to the fourth building became effective in November 2022 upon expiration of the previous tenant's lease. As a result, the Company recorded a ROU asset and a corresponding lease liability of approximately $20.6 million in November 2022.

The Company leases its facilities and certain equipment. Commitments for minimum rentals under non-cancelable operating leases at the end of fiscal year 2023 were as follows:

(In millions)		
2024	$	34.6
2025		31.4
2026		27.2
2027		22.5
2028		21.9
Thereafter		100.4
Total lease payments		238.0
Less: imputed interest		(38.5)
Total		199.5
Less: current portion		(26.7)
Non-current portion	$	172.8

Weighted average remaining lease term	8.7 years
Weighted average discount rate	4 %

Undiscounted lease obligations for operating leases not yet commenced were approximately $36 million as of December 31, 2023. The obligation relates to a warehouse facility that is expected to be ready for use in 2024.

Note 10. Stockholders' Equity

Preferred Stock

The Company's Charter authorizes the issuance of up to 5.0 million shares of preferred stock. The Board is authorized to fix the number of shares of any series of preferred stock and to determine the designation of such shares. No shares of preferred stock were outstanding for fiscal years 2023, 2022 or 2021.

Equity Incentive Plan

In connection with the Combinations, the Company assumed Quidel's 2018 Equity Incentive Plan, as amended and restated (the "Quidel Equity Plan"), including all form of award agreements and grants of awards issued thereunder, and shares of Quidel's common stock ("Quidel Shares") subject to the plan were replaced by an equivalent number of shares of QuidelOrtho's common stock. In connection with the assumption of the Quidel Equity Plan, the Quidel Equity Plan was renamed the "QuidelOrtho Corporation Amended and Restated 2018 Equity Incentive Plan" (the "2018 Plan") and all references to the "Company" in the Quidel Equity Plan were changed to QuidelOrtho. Also in connection with the Combinations, the Company assumed all obligations of Quidel pursuant to each stock option to purchase a Quidel Share and pursuant to each right to acquire or vest in a Quidel Share that was outstanding immediately prior to the closing of the Combinations, and all agreements relating to such equity awards.

The Company grants stock options, time-based RSUs and performance-based RSUs ("PSUs") to employees and non-employee directors under the 2018 Plan. Quidel previously granted stock options under its 2016 Equity Incentive Plan (the "2016 Plan"), Amended and Restated 2010 Equity Incentive Plan (the "2010 Plan") and Amended and Restated 2001 Equity Incentive Plan (the "2001 Plan"). The 2016 Plan, 2010 Plan and 2001 Plan were terminated at the time of adoption of the Quidel Equity Plan, but the terminated plans continue to govern outstanding options granted thereunder.

The Company has stock options, RSUs and PSUs outstanding, which were issued under these equity incentive plans to certain employees and non-employee directors. Stock options granted under these plans have terms ranging up to ten years, have exercise prices ranging from $15.40 to $254.00 per share, and generally vest over three or four years. As of December 31, 2023, approximately 1.3 million shares of common stock remained available for grant and 4.1 million shares of common stock were reserved for future issuance under the 2018 Plan.

RSUs

The Company grants both RSUs and PSUs to certain officers and directors. Until the restrictions lapse, ownership of the shares underlying the affected RSUs or PSUs is conditional upon continuous employment with the Company and/or achievement of certain performance goals.

For fiscal years 2023, 2022 and 2021, the Company granted approximately 0.6 million, 0.7 million and 0.1 million shares of common stock, respectively, of RSUs to certain officers and directors, which either have a time-based, three-year or four-year vesting provision or performance-based vesting provision.

During fiscal years 2023, 2022 and 2021, RSUs were granted to certain members of the Board in lieu of cash compensation as a part of the Company's non-employee director's deferred compensation program. The compensation expense associated with these RSU grants was $0.5 million, $0.6 million and $0.6 million for fiscal years 2023, 2022 and 2021, respectively.

Employee Deferred Bonus Compensation Program

For fiscal years 2023, 2022 and 2021, certain employees of the Company were eligible to participate in the Company's deferred bonus compensation program with respect to any payments received under the Company's cash incentive plan. Participating employees could elect to receive 50% or 100% of the value of their cash bonus in the form of fully vested RSUs, plus a premium of additional RSUs, issued under the 2018 Plan. The premium RSUs are subject to a one-year vesting requirement from the date of issuance. The additional premium is determined based on the length of the deferral period selected by the participating employee as follows: (i) if one year from the date of grant, a premium of 10% on the amount deferred, (ii) if two years from the date of grant, a premium of 20% on the amount deferred, or (iii) if four years from the date of grant, a premium of 30% on the amount deferred.

Employee Stock Purchase Plan

In connection with the Combinations, the Company assumed Quidel's 1983 Employee Stock Purchase Plan, as amended and restated (the "Quidel ESPP"), and the Quidel Shares subject to the Quidel ESPP were replaced by an equivalent number of shares of QuidelOrtho's common stock. In connection with the assumption of the Quidel ESPP, the Quidel ESPP was renamed the "QuidelOrtho Corporation Amended and Restated 1983 Employee Stock Purchase Plan" (the "ESPP") and all references to the "Company" in the Quidel ESPP were changed to QuidelOrtho.

Under the ESPP, full-time employees were allowed to purchase common stock through payroll deductions (which could not exceed 10% of the employee's compensation) at the lower of 85% of fair market value at the beginning or end of each six-month purchase period. As of December 31, 2023, 637,471 shares of common stock remained available for future issuance.

Stock Repurchase Program

On December 18, 2018, Quidel announced a stock repurchase program to repurchase up to $50.0 million of its common stock, which was authorized by Quidel's board of directors (the "Quidel Board") on December 12, 2018. On August 28, 2020, the Quidel Board authorized an increase of an additional $150.0 million to Quidel's existing stock repurchase program authorization, which was announced on September 1, 2020. The Quidel Board also extended the stock repurchase program through August 28, 2022. In connection with the consummation of the Combinations, Quidel's stock repurchase program was terminated. On August 17, 2022, the Board authorized the Stock Repurchase Program, allowing the Company to repurchase up to $300.0 million of its common stock through August 17, 2024.

During fiscal years 2023 and 2022, 120,000 and 953,468 shares of outstanding common stock, respectively, were repurchased under the Stock Repurchase Program. As of December 31, 2023, the Company had approximately $218.4 million available under the Stock Repurchase Program. During fiscal year 2021, 957,239 shares of outstanding common stock were repurchased under Quidel's stock repurchase program.

Note 11. Stock-based Compensation

Stock-based compensation expense was as follows:

	Fiscal Year Ended		
(In millions)	**2023**	**2022**	**2021**
Cost of sales	$ 4.3	$ 2.9	$ 2.7
Research and development	4.9	4.9	4.4
Selling, marketing and administrative	37.7	27.4	18.3
Acquisition and integration costs	16.9	30.4	—
Total stock-based compensation expense	$ 63.8	$ 65.6	$ 25.4
Income tax benefit	$ 1.7	$ 2.1	$ 0.6

The table above includes $12.2 million and $17.2 million of compensation expense related to liability-classified awards for fiscal years 2023 and 2022, respectively, which has been or is expected to be settled in cash. These awards primarily represent the $7.14 per share cash settled portion of the replacement awards issued in connection with the Combinations. Cash paid to settle liability-classified awards was $7.3 million and $20.9 million for fiscal years 2023 and 2022, respectively, and was not material for fiscal year 2021.

For fiscal years 2023, 2022 and 2021, the Company recorded $1.5 million, $3.7 million and $3.0 million in stock-based compensation expense, respectively, associated with the deferred bonus compensation program described in "—Note 10. Stockholders' Equity."

Stock Options

A summary of the status of stock option activity for fiscal year 2023 is as follows:

(In thousands, except price data)	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2023	1,656	$ 90.34		
Granted	253	88.27		
Exercised	(107)	46.42		
Cancellations	(166)	121.73		
Outstanding at December 31, 2023	1,636	$ 89.69	5.67	$ 16,774
Vested and expected to vest at December 31, 2023	1,613	$ 89.59	5.62	$ 16,774
Exercisable at December 31, 2023	1,217	$ 85.93	4.66	$ 16,774

Compensation expense related to stock options granted is recognized ratably over the service vesting period for the entire option award. 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:

	Fiscal Year Ended		
	December 31, 2023	January 1, 2023	January 2, 2022
Risk-free interest rate	3.52 %	1.96 %	0.48 %
Expected option life (in years)	5.53	4.80	4.99
Volatility rate	57 %	57 %	54 %
Dividend rate	0 %	0 %	0 %
Weighted-average grant date fair value	$48.17	$50.62	$106.55

The computation of the expected option life is based on a weighted-average calculation combining the average life of options that have already been exercised and post-vest cancellations with the estimated life of the remaining vested and unexercised options. The expected volatility is based on the historical volatility of the Company's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve over the expected term of the option. The Company has never paid any cash dividends on its common stock, and does not anticipate paying any cash dividends in the foreseeable future. Consequently, the Company uses an expected dividend yield of zero in the Black-Scholes option valuation model. The Company's estimated forfeiture rate is based on its historical experience and future expectations.

The Company's determination of fair value is affected by the Company's stock price, as well as a number of assumptions that require judgment. The total intrinsic value was $4.4 million, $13.7 million and $9.9 million for options exercised during fiscal years 2023, 2022, and 2021, respectively.

In January 2023, the Compensation Committee of the Board 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 vested on December 31, 2023. The modification resulted in an additional $11.1 million of stock-based compensation expense recognized during fiscal year 2023.

As of December 31, 2023, total unrecognized compensation expense related to stock options was approximately $14.9 million and the related weighted-average period over which it is expected to be recognized is approximately 2.0 years. The maximum contractual term of the Company's stock options is ten years.

RSUs

A summary of the status of RSU activity for fiscal year 2023 is as follows:

(In thousands, except price data)	Shares	Weighted-Average Grant Date Fair Value
Non-vested at January 1, 2023	1,032	$ 98.89
Granted	632	86.49
Vested	(422)	90.16
Forfeited	(86)	95.16
Non-vested at December 31, 2023	1,156	$ 95.56

The total amount of unrecognized compensation expense related to non-vested RSUs as of December 31, 2023 was approximately $68.5 million, which is expected to be recognized over a weighted-average period of approximately 2.0 years.

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 fiscal years ended January 1, 2023 and January 2, 2022 was $97.31 and $188.06, respectively.

Note 12. Commitments and Contingencies

Purchase Obligations

The Company had $293.3 million of purchase obligations as of December 31, 2023, the majority of which is expected to be purchased in the next year. These purchase obligations include agreements to purchase goods or services that are enforceable and legally binding and that specify all significant terms, including (i) fixed or minimum quantities to be purchased, (ii) fixed, minimum or variable price provisions and (iii) the approximate timing of the transaction, as well as amounts for planned inventory purchases under contractual arrangements.

Litigation and Other Legal Proceedings

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, are not expected to 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.

Licensing Arrangements

The Company has entered into various licensing and royalty agreements, which largely require payments by the Company based on specified product sales, as well as the achievement of specified milestones. The Company had royalty and license expenses relating to those agreements of approximately $21.8 million, $7.9 million and $2.0 million for fiscal years 2023, 2022 and 2021, respectively.

Note 13. 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:

	December 31, 2023				January 1, 2023			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Cash equivalents	$ —	$ —	$ —	$ —	$ 0.6	$ 2.1	$ —	$ 2.7
Marketable securities	—	55.8	—	55.8	2.0	71.1	—	73.1
Derivative assets	—	6.9	—	6.9	—	22.0	—	22.0
Total assets measured at fair value	$ —	$ 62.7	$ —	$ 62.7	$ 2.6	$ 95.2	$ —	$ 97.8
Liabilities:								
Derivative liabilities	$ —	$ 27.5	$ —	$ 27.5	$ —	$ 21.8	$ —	$ 21.8
Contingent consideration	—	—	0.1	0.1	—	—	0.1	0.1
Deferred consideration (1)	—	—	—	—	—	39.3	—	39.3
Total liabilities measured at fair value	$ —	$ 27.5	$ 0.1	$ 27.6	$ —	$ 61.1	$ 0.1	$ 61.2

(1) In connection with the acquisition of the BNP Business, the Company paid its last annual installment of $40.0 million during fiscal year 2023.

There were no transfers of assets or liabilities into or out of Level 3 of the fair value hierarchy during fiscal years 2023 and 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.

Financial Instruments Not Measured at Fair Value

The estimated fair value of the Company's borrowings under the Term Loan was $2,396.0 million at December 31, 2023, compared to the carrying amount, excluding debt issuance costs, of $2,420.2 million. The estimated fair value of the Company's borrowings under the Term Loan was $2,630.3 million at January 1, 2023, compared to the carrying amount, excluding debt issuance costs of $2,646.9 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 14. 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. Borrowings" 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 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 gain of $15.8 million as of December 31, 2023 is 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 December 31, 2023, all of which were interest rate swaps:

Notional Amount (In millions)		Description	Hedge Designation	Effective Date	Expiration Date
$	550.0	Pay 3.765% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
$	200.0	Pay 3.7725% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
$	300.0	Pay 3.7675% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
$	400.0	Pay 3.7575% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027
$	350.0	Pay 3.7725% fixed, receive floating rate (1-month USD-SOFR)	Designated cash flow hedge	December 30, 2022	May 27, 2027

During the fourth quarter of 2022 the Company terminated its non-designated $1.0 billion notional value 3.428% interest rate cap. As a result of this termination in fiscal year 2022, the Company recognized an immaterial gain within Other expense (income), net and received $3.3 million of cash proceeds, presented within operating activities in the Consolidated Statements of Cash Flows.

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, Colombian Peso, Euro, Indian Rupee, Japanese Yen, Mexican Peso, Philippine Peso, South Korean Won, Swiss Franc, Danish Krone, Czech Koruna and 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 $6.7 million as of December 31, 2023 is expected to be reclassified from OCI 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 December 31, 2023:

Description	Notional Amount (In millions)		Hedge Designation
Foreign currency forward contracts	$	448.8	Cash Flow Hedge
Foreign currency forward contracts		803.4	Non-designated

The following table summarizes pre-tax gains and losses from designated derivative and non-derivative instruments within AOCI for fiscal years ended December 31, 2023 and January 1, 2023:

	Designated Hedging Instruments		
(In millions)	**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**
Fiscal Year Ended December 31, 2023			
Foreign currency forward contracts (sales)	$ 7.0	Total revenues	$ 4.3
Foreign currency forward contracts (purchases)	(2.5)	Cost of sales, excluding amortization of intangibles	1.9
Interest rate derivatives	(13.4)	Interest expense, net	(30.1)
Fiscal Year Ended January 1, 2023			
Foreign currency forward contracts (sales)	$ 1.3	Total revenues	$ (2.9)
Foreign currency forward contracts (purchases)	3.5	Cost of sales, excluding amortization of intangibles	(0.6)
Interest rate derivatives	(11.4)	Interest expense, net	(1.7)

Gains and losses from designated derivative and non-derivative instruments within AOCI for fiscal year 2021 were not material.

The Company also uses forward exchange contracts to hedge a portion of its net investment in foreign operations against movements in exchange rates. In fiscal year 2023, the Company entered into forward contracts that are designated as hedges of the net investment in a foreign operations. The unrealized gains or losses on these contracts are recorded in translation adjustment within OCI, and remain in AOCI until either the sale or complete or substantially complete liquidation of the subsidiary. The Company excludes certain portions of the change in fair value of its derivative instruments from the assessment of hedge effectiveness (excluded components). Changes in fair value of the excluded components are recognized in OCI. The Company recognizes in earnings the initial value of the excluded components on a straight-line basis over the life of the derivative instrument.

The effect of the Company's net investment hedges on OCI and the Consolidated Statements of (Loss) Income are shown below:

	Amount of Pre-tax (Gain) Loss Recognized in OCI	**Amount of Pre-tax (Gain) Loss Recognized in Other Expense (Income), Net for Amounts Excluded from Effectiveness Testing**
Fiscal Year Ended December 31, 2023		
Net Investment Hedging Relationships		
Foreign exchange contracts	$ 8.5	$ (1.0)

Fair value (gains) and losses on foreign currency forward contracts, as determined using Level 2 inputs, that do not qualify for hedge accounting treatment are recorded in Other expense (income), net and were not material for fiscal years 2023, 2022 and 2021.

Fair value gains on interest rate derivatives, as determined using Level 2 inputs, that do not qualify for hedge accounting treatment are recorded in Other expense (income), net and were $3.4 million for fiscal year 2022 and were immaterial for fiscal year 2021. There were no fair value gains and losses on interest rate derivatives that do not qualify for hedge accounting treatment for fiscal year 2023.

The following table summarizes the fair value of designated and non-designated hedging instruments recognized within the Consolidated Balance Sheets as of December 31, 2023 and January 1, 2023:

(In millions)	December 31, 2023	January 1, 2023
Designated cash flow hedges		
Interest rate derivatives:		
Prepaid expenses and other current assets	$ 0.2	$ 15.9
Other liabilities	6.9	2.1
Foreign currency forward contracts:		
Prepaid expenses and other current assets	3.2	4.6
Other current liabilities	9.4	14.3
Other liabilities	8.5	—
Non-designated hedging instruments		
Foreign currency forward contracts:		
Prepaid expenses and other current assets	3.5	1.5
Other current liabilities	2.7	5.4

Note 15. Long-term Employee Benefits

Defined Benefit Plans and Other Post-employment Benefits

In connection with the Combinations, the Company assumed certain defined benefit plan obligations and acquired related plan assets for employees of non-U.S. subsidiaries.

In addition to these defined benefit plans, the Company also assumed one non-U.S. post-employment benefit plan and a replacement retiree health care reimbursement plan for certain U.S employees. The U.S. plan is funded on a pay-as-you-go basis and is not accepting new participants.

Obligation and Funded Status

The measurement dates used to determine the defined benefit and other post-employment benefit obligations were December 31, 2023 and January 1, 2023. The following tables set forth the changes to the projected benefit obligations ("PBO") and plan assets:

(In millions)	Fiscal Year Ended December 31, 2023	Fiscal Year Ended January 1, 2023
Defined Benefit Plans		
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 33.9	$ —
Service cost	2.0	1.2
Interest cost	1.0	0.4
Benefits paid	(0.2)	(0.3)
Actuarial loss (gain)	2.8	(0.6)
Assumed obligation from the Combinations	—	33.3
Settlements	(2.4)	(0.2)
Foreign currency exchange rate changes	(0.2)	0.1
Projected benefit obligation at end of year	$ 36.9	$ 33.9
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 20.6	$ —
Actual return on plan assets	1.1	(0.5)
Employer contributions	2.1	1.6
Benefits paid	(0.2)	(0.3)
Transfers in from the Combinations	—	20.1
Settlements	(2.4)	(0.2)
Foreign currency exchange rate changes	(0.8)	(0.1)
Fair value of plan assets at end of year	$ 20.4	$ 20.6
Funded status at end of year	$ (16.5)	$ (13.3)
Amounts recognized on the consolidated balance sheets:		
Other assets	$ 0.7	$ 0.4
Other current liabilities	(0.4)	(0.3)
Other liabilities	(16.8)	(13.4)
Net amount recognized	$ (16.5)	$ (13.3)

(In millions)	Fiscal Year Ended December 31, 2023	Fiscal Year Ended January 1, 2023
Other Post-employment Benefits		
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 18.6	$ 18.9
Service cost	0.4	0.3
Interest cost	0.9	0.4
Benefits paid	(1.1)	(0.7)
Actuarial gain	(0.3)	(0.7)
Assumed obligation from the Combinations	—	0.4
Projected benefit obligation at end of year	$ 18.5	$ 18.6
Amounts recognized on the consolidated balance sheets:		
Other current liabilities	$ (3.9)	$ (3.5)
Other liabilities	(14.6)	(15.1)
Net amount recognized	$ (18.5)	$ (18.6)

PBO is the actuarial present value of benefits attributable to employee service rendered to date and reflects the effects of estimated future pay increases. The accumulated benefit obligation ("ABO") is the actuarial present value of benefits attributable to employee service to date, but does not include the effects of estimated future pay increases.

The following table reflects the ABO for all defined benefit plans as of December 31, 2023 and January 1, 2023. Further, the table reflects the aggregate PBO, ABO and fair value of plan assets for defined benefit plans with PBO in excess of plan assets and for defined benefit plans with ABO in excess of plan assets.

(In millions)	December 31, 2023	January 1, 2023
ABO	$ 29.3	$ 27.1
Plans with PBO in excess of plan assets		
PBO	$ 22.2	$ 18.3
Fair value of plan assets	5.7	5.1
Plans with ABO in excess of plan assets		
PBO	$ 20.4	$ 17.0
ABO	17.6	14.3
Fair value of plan assets	4.0	3.8

The pretax amounts that are not yet reflected in the net periodic benefit cost and are included in AOCI as of December 31, 2023 and January 1, 2023 include the following:

(In millions)	Fiscal Year Ended December 31, 2023	Fiscal Year Ended January 1, 2023
Defined Benefit Plans		
Accumulated net actuarial losses	$ (2.3)	$ (0.2)
Accumulated prior service credit	$ 0.1	$ —
Other Post-employment Benefits		
Accumulated net actuarial gains	$ 0.9	$ 0.7

These accumulated net actuarial gains (losses) for defined benefit plans and other post-employment benefits primarily relate to differences between the actual net periodic expense and the expected net periodic expense from differences in significant assumptions, including primarily return on plan assets and discount rates used in these estimates.

Components of Net Periodic Benefit Cost

Net periodic benefit cost for the Company's defined benefit plans was $2.5 million and $1.4 million for the fiscal years ended December 31, 2023 and January 1, 2023, respectively, and was primarily related to service cost. Changes in plan assets and benefit obligations recognized in other comprehensive income were $2.1 million and $0.1 million for the fiscal years ended December 31, 2023 and January 1, 2023, respectively.

Net periodic benefit cost for the Company's other post-employment benefit plans was $1.3 million and $0.7 million for the fiscal years ended December 31, 2023 and January 1, 2023, respectively, and was primarily related to interest cost. Changes in benefit obligations recognized in other comprehensive income were not material for fiscal years 2023 and 2022.

The components of net periodic benefit cost other than the service cost component are recorded in Other expense (income), net in the Consolidated Statements of (Loss) Income.

Assumptions and Sensitivities

The following assumptions were used to measure the fair value of the benefit obligations and associated plan assets for the periods below:

	December 31, 2023	January 1, 2023
Defined Benefit Plans		
Weighted average discount rate	3.3 %	3.1 %
Weighted average rate of compensation increases	3.2 %	3.0 %
Other Post-employment Benefit Plans		
Weighted average discount rate	4.8 %	5.5 %

The critical assumptions used in determining the net periodic benefit cost for fiscal years 2023 and 2022 are as follows:

	December 31, 2023	January 1, 2023
Defined Benefit Plans		
Weighted average discount rate	3.1 %	2.2 %
Weighted average expected rate of compensation increases	3.0 %	2.6 %
Weighted average expected return on plan assets	2.5 %	2.5 %
Other Post-employment Benefit Plans		
Weighted average discount rate	5.5 %	4.0 %

The discount rates used reflect the expected future cash flow based on plan provisions, participant data and the currencies in which the expected future cash flows will occur. For the majority of defined benefit obligations, the Company utilizes prevailing long-term high quality corporate bond indices applicable to the respective country at the measurement date. In countries where established corporate bond markets do not exist, the Company utilizes other index movement and duration analysis to determine discount rates. The long-term rate of return on plan assets assumptions reflect economic assumptions applicable to each country and assumptions related to the preliminary assessments regarding the type of investments to be held by the respective plans.

The discount rate is determined as of each measurement date, based on a review of yield rates associated with long-term, high-quality corporate bonds. The calculation separately discounts benefit payments using the spot rates from a long-term, high-quality corporate bond yield curve.

The long-term rate of return on plan assets assumption represents the expected average rate of earnings on the funds invested to provide for the benefits included in the benefit obligations and is determined based on a number of factors, including historical market index returns, the anticipated long-term allocation of the plans, historical plan return data, plan expenses and the potential to outperform market index returns.

A significant factor in estimating future per capita cost of covered healthcare benefits for retirees is the healthcare cost trend rate assumption. The health care cost trend rate assumptions for other post-retirement benefit plans are as follows:

	December 31, 2023
Health care cost trend rate assumed for next year - Pre-65	6.12 %
Health care cost trend rate assumed for next year - Post-65	5.87 %
Rate to which the cost trend rate is assumed to decline	4.00 %
Year that the trend rate reaches the ultimate trend rate	2047

Anticipated Contributions to Defined Benefit Plans

For funded plans, our policy is to fund amounts for defined benefit plans sufficient to meet minimum requirements set forth in applicable benefit and local tax laws. Based on the same assumptions used to measure the defined benefit obligations at December 31, 2023, the Company expects to contribute $1.9 million to defined benefit plans in fiscal year 2024.

Estimated Future Benefit Payments

The following table reflects the total benefit payments expected to be made for defined benefit plans and other long-term post-employment benefits:

(In millions)	Defined Benefit Plans	Other Post-employment Benefit Plans
2024	$ 1.9	$ 3.9
2025	2.1	3.5
2026	1.7	2.7
2027	3.5	2.1
2028	2.0	1.8
2029-2033	13.9	5.4

Plan Assets

The tables below present the fair value of the defined benefit plans by level within the fair value hierarchy, as described in "—Note 1. Basis of Presentation and Summary of Significant Accounting Policies" at December 31, 2023 and January 1, 2023.

	Fair Value Measurements at December 31, 2023			
(In millions)	Total	Level 1	Level 2	Level 3
U.S. equity securities	$ 2.1	$ 2.1	$ —	$ —
Japan equity securities	3.6	3.6	—	—
Other international equity securities	1.5	1.5	—	—
U.S. government bonds	0.4	0.4	—	—
Japan government bonds	0.5	0.5	—	—
Other international government bonds	1.5	1.5	—	—
Cash and cash equivalents	5.1	5.1	—	—
Insurance contracts	5.7	—	—	5.7
Total	$ 20.4	$ 14.7	$ —	$ 5.7

(In millions)	Fair Value Measurements at January 1, 2023			
	Total	Level 1	Level 2	Level 3
U.S. equity securities	$ 2.2	$ 2.2	$ —	$ —
Japan equity securities	3.7	3.7	—	—
Other international equity securities	1.6	1.6	—	—
U.S. government bonds	0.2	0.2	—	—
Japan government bonds	0.5	0.5	—	—
Other international government bonds	1.6	1.6	—	—
Cash and cash equivalents	4.7	4.7	—	—
Insurance contracts	6.1	—	—	6.1
Total	$ 20.6	$ 14.5	$ —	$ 6.1

The Company has funded defined benefit plans in Japan, Korea and Philippines. The Japanese and Philippines plan asset consists primarily of Japan equity and government bond securities, U.S. equity and government bond securities, other international equity and debt securities and cash and cash equivalents. The plan assets are invested in assets with quoted prices in active markets and therefore are classified as Level 1 assets. The Company's investment strategy is to maintain a target rate of return that is higher than that required to maintain sound defined benefit plan management into the future. In order to achieve its investment targets, the Company has established an asset composition ratio which was formulated from a long-term perspective, taking into account the maturity of the defined benefit plan and other factors. The Company considers expected returns and risks of returns, as well as the correlation between the returns of each investment asset, the diversification of its investments, and other factors related to risk management in order to maximize returns in accordance with its targeted asset mix to achieve its investment targets. The target allocation rates of the Japanese plan is 40% for debt securities, 57% for equity securities and 2% for other assets.

The table below presents a roll-forward of activity for the Level 3 assets for fiscal years 2023 and 2022:

(In millions)	Level 3 Assets
Balance at January 2, 2022	$ —
Transfers in	5.5
Net purchases and settlements	0.6
Balance at January 1, 2023	$ 6.1
Transfers out	(1.0)
Net purchases and settlements	0.6
Balance at December 31, 2023	$ 5.7

Defined Contribution Plans

The Company offers defined contribution plans to eligible employees primarily in the U.S., whereby employees contribute a portion of their compensation. Company matching and other Company contributions are also provided to the plans. Once Company matching contributions have been paid, the Company has no further payment obligations. The Company's contributions for its employees totaled approximately $18.6 million, $15.1 million and $3.8 million for fiscal years ended 2023, 2022 and 2021, respectively, which are recognized as expense as incurred in the Consolidated Statements of (Loss) Income. The increase in Company contributions for fiscal year 2022 was due to defined contribution plans assumed in connection with the Combinations.

Note 16. 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 17. Accumulated Other Comprehensive Loss

The following table summarizes the changes in balance of AOCI by component:

(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 2, 2022	$ —	$ —	$ (0.1)	$ 0.5	$ 0.4
Current period deferrals [1]	0.7	6.7	(0.4)	(69.8)	(62.8)
Amounts reclassified to Net (loss) income	—	(5.2)	—	—	(5.2)
Net change	0.7	1.5	(0.4)	(69.8)	(68.0)
Balance at January 1, 2023	$ 0.7	$ 1.5	$ (0.5)	$ (69.3)	$ (67.6)
Current period deferrals [1]	(2.0)	12.6	0.5	50.4	61.5
Amounts reclassified to Net (loss) income	—	(23.9)	—	—	(23.9)
Net change	(2.0)	(11.3)	0.5	50.4	37.6
Balance at December 31, 2023	$ (1.3)	$ (9.8)	$ —	$ (18.9)	$ (30.0)

(1) Includes tax impact of $3.7 million and $0.1 million related to cash flow hedges for fiscal years 2023 and 2022, respectively.

Amounts related to fiscal year 2021 were not material.

Part IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Form 10-K/A:

(a) (1) Financial Statements

The Consolidated Financial Statements required by this Item are submitted in Part II, Item 8 of this Annual Report.

(2) Financial Statement Schedules

Financial Statement Schedules have been omitted because of the absence of conditions under which they are required or because the required information is included in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits

See Item 15(b) below.

(b) Exhibits

The Exhibit Index immediately following this Item 15 is filed as part of, and incorporated by reference into, this Annual Report.

(c) Financial Statements Required by Regulation S-X Which Are Excluded from the Annual Report by Exchange Act Rule 14(a)-3(b).

Not applicable.

EXHIBIT INDEX

Exhibit Number	Description
23.1*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification by Principal Executive Officer of QuidelOrtho Corporation pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by Principal Financial Officer of QuidelOrtho Corporation pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certifications by Principal Executive Officer and Principal Financial Officer of QuidelOrtho Corporation pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial statements from the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of (Loss) Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 2023, formatted in Inline XBRL (included as Exhibit 101).

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

QUIDELORTHO CORPORATION

By /s/ JOSEPH M. BUSKY

Date: July 31, 2024

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

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-265354) pertaining to the QuidelOrtho Corporation Amended and Restated 2018 Equity Incentive Plan and the QuidelOrtho Corporation Amended and Restated 1983 Employee Stock Purchase Plan, and

(2) Post-Effective Amendment No. 1 to Registration Statement (Form S-8 No. 333-262434) pertaining to the Quidel Corporation 2016 Equity Incentive Plan, Quidel Corporation 2010 Equity Incentive Plan, Quidel Corporation Amended and Restated 2001 Equity Incentive Plan, Ortho Clinical Diagnostics Holdings plc 2021 Omnibus Incentive Award Plan, and Ortho-Clinical Diagnostics Bermuda Co. Ltd. 2014 Equity Incentive Plan;

of our report dated February 29, 2024, with respect to the consolidated financial statements of QuidelOrtho Corporation included in this Annual Report (Form 10-K/A) of QuidelOrtho Corporation for the year ended December 31, 2023.

/s/ Ernst & Young LLP

San Diego, California
July 31, 2024

Exhibit 31.1

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

I, Brian J. Blaser, certify that:

1. I have reviewed this annual report on Form 10-K/A 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: July 31, 2024

/s/ BRIAN J. BLASER

Brian J. Blaser
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Joseph M. Busky, certify that:

1. I have reviewed this annual report on Form 10-K/A 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: July 31, 2024

/s/ JOSEPH M. BUSKY

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

Exhibit 32.1

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

Each of the undersigned hereby certifies, in his capacity as an officer of 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 Annual Report on Form 10-K/A for the period ended December 31, 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: July 31, 2024

/s/ BRIAN J. BLASER

Brian J. Blaser
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH M. BUSKY

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