

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 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 000-14656

REPLIGEN CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

41 Seyon Street, Bldg. 1, Suite 100
Waltham, MA
(Address of Principal Executive Offices)

04-2729386
(I.R.S. Employer
Identification No.)

02453
(Zip Code)

(781) 250-0111

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, par value \$0.01 per share	RGEN	The Nasdaq Global Select Market

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

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

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

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

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

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

The number of shares outstanding of the registrant's common stock on July 31, 2023 was 55,756,322.

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PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

REPLIGEN CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited, amounts in thousands, except share data)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 603,656	\$ 523,458
Marketable securities held to maturity	—	100,299
Accounts receivable, net of reserves of \$1,571 and \$1,365 at June 30, 2023 and December 31, 2022, respectively	120,304	116,247
Inventories, net	240,869	238,277
Prepaid expenses and other current assets	33,754	19,837
Total current assets	998,583	998,118
Noncurrent assets:		
Property, plant and equipment, net	202,564	190,673
Intangible assets, net	351,704	353,676
Goodwill	870,688	855,513
Deferred tax assets	1,756	840
Operating lease right of use assets	122,044	125,023
Other noncurrent assets	1,664	815
Total noncurrent assets	1,550,420	1,526,540
Total assets	<u>\$ 2,549,003</u>	<u>\$ 2,524,658</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 23,787	\$ 27,554
Operating lease liability	2,889	6,957
Current contingent consideration	16,363	13,950
Accrued liabilities	45,023	71,120
Convertible Senior Notes, net	285,521	284,615
Total current liabilities	373,583	404,196
Noncurrent liabilities:		
Deferred tax liabilities	21,897	23,000
Noncurrent operating lease liability	134,438	131,389
Noncurrent contingent consideration	44,277	51,559
Other noncurrent liabilities	3,882	3,814
Total noncurrent liabilities	204,494	209,762
Total liabilities	578,077	613,958
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value; 80,000,000 shares authorized; 55,744,896 shares at June 30, 2023 and 55,557,698 shares at December 31, 2022 issued and outstanding	557	556
Additional paid-in capital	1,561,393	1,547,266
Accumulated other comprehensive loss	(37,189)	(34,394)
Accumulated earnings	446,165	397,272
Total stockholders' equity	1,970,926	1,910,700
Total liabilities and stockholders' equity	<u>\$ 2,549,003</u>	<u>\$ 2,524,658</u>

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

REPLIGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, amounts in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Products	\$ 159,133	\$ 207,597	\$ 341,754	\$ 413,960
Royalty and other revenue	36	36	75	73
Total revenue	<u>159,169</u>	<u>207,633</u>	<u>341,829</u>	<u>414,033</u>
Costs and operating expenses:				
Cost of product revenue	79,307	86,260	161,152	168,616
Research and development	9,706	10,440	21,860	22,595
Selling, general and administrative	48,966	54,649	105,136	108,949
Contingent consideration	1,791	(6,884)	3,026	(9,295)
Total costs and operating expenses	<u>139,770</u>	<u>144,465</u>	<u>291,174</u>	<u>290,865</u>
Income from operations	<u>19,399</u>	<u>63,168</u>	<u>50,655</u>	<u>123,168</u>
Other income (expenses):				
Investment income	5,964	708	11,450	785
Interest expense	(274)	(271)	(544)	(563)
Amortization of debt issuance costs	(457)	(453)	(914)	(905)
Other expenses	528	(3,396)	605	(3,798)
Other income (expenses), net	<u>5,761</u>	<u>(3,412)</u>	<u>10,597</u>	<u>(4,481)</u>
Income before income taxes	25,160	59,756	61,252	118,687
Income tax provision	5,096	9,895	12,359	21,862
Net income	<u>\$ 20,064</u>	<u>\$ 49,861</u>	<u>\$ 48,893</u>	<u>\$ 96,825</u>
Earnings per share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.90</u>	<u>\$ 0.88</u>	<u>\$ 1.75</u>
Diluted (Note 11)	<u>\$ 0.35</u>	<u>\$ 0.88</u>	<u>\$ 0.86</u>	<u>\$ 1.68</u>
Weighted average common shares outstanding:				
Basic	<u>55,705</u>	<u>55,444</u>	<u>55,648</u>	<u>55,399</u>
Diluted (Note 11)	<u>56,858</u>	<u>56,721</u>	<u>56,932</u>	<u>57,842</u>
Net income	\$ 20,064	\$ 49,861	\$ 48,893	\$ 96,825
Other comprehensive income (loss):				
Foreign currency translation adjustment	(6,068)	(15,517)	(2,795)	(20,205)
Comprehensive income	<u>\$ 13,996</u>	<u>\$ 34,344</u>	<u>\$ 46,098</u>	<u>\$ 76,620</u>

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

REPLIGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, amounts in thousands, except share data)

Three Months Ended June 30, 2023						
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Par Value				
Balance at March 31, 2023	55,644,301	\$ 556	\$ 1,544,956	\$ (31,121)	\$ 426,101	\$ 1,940,492
Net income	—	—	—	—	20,064	20,064
Issuance of common stock for debt conversion	6	0	(3)	—	—	(3)
Exercise of stock options and vesting of stock units	36,184	1	32	—	—	33
Tax withholding on vesting of restricted stock units	(9,631)	(0)	(1,547)	—	—	(1,547)
Issuance of common stock pursuant to the acquisition of FlexBiosys, Inc.	31,415	0	5,243	—	—	5,243
Issuance of common stock pursuant to the Avitide, Inc. contingent consideration earnout payment	42,621	0	7,229	—	—	7,229
Stock-based compensation expense	—	—	5,483	—	—	5,483
Translation adjustment	—	—	—	(6,068)	—	(6,068)
Balance at June 30, 2023	<u>55,744,896</u>	<u>\$ 557</u>	<u>\$ 1,561,393</u>	<u>\$ (37,189)</u>	<u>\$ 446,165</u>	<u>\$ 1,970,926</u>

Three Months Ended June 30, 2022						
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Par Value				
Balance at March 31, 2022	55,429,046	\$ 554	\$ 1,529,144	\$ (21,574)	\$ 258,277	\$ 1,766,401
Net income	—	—	—	—	49,861	49,861
Issuance of common stock for debt conversion	4	(0)	(3)	—	—	(3)
Exercise of stock options and vesting of stock units	51,737	1	166	—	—	166
Tax withholding on vesting of restricted stock units	(14,869)	(0)	(2,448)	—	—	(2,448)
Stock-based compensation expense	—	—	6,985	—	—	6,985
Translation adjustment	—	—	—	(15,517)	—	(15,517)
Other	—	—	(82)	—	—	(82)
Balance at June 30, 2022	<u>55,465,918</u>	<u>\$ 555</u>	<u>\$ 1,533,762</u>	<u>\$ (37,091)</u>	<u>\$ 308,138</u>	<u>\$ 1,805,364</u>

Six Months Ended June 30, 2023						
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Par Value				
Balance at December 31, 2022	55,557,698	\$ 556	\$ 1,547,266	\$ (34,394)	\$ 397,272	\$ 1,910,700
Net income	—	—	—	—	48,893	48,893
Issuance of common stock for debt conversion	6	—	(3)	—	—	(3)
Exercise of stock options and vesting of stock units	176,394	2	60	—	—	62
Tax withholding on vesting of restricted stock units	(63,238)	(1)	(11,139)	—	—	(11,140)
Issuance of common stock pursuant to the acquisition of FlexBiosys, Inc.	31,415	0	5,243	—	—	5,243
Issuance of common stock pursuant to the Avitide, Inc. contingent consideration earnout payment	42,621	0	7,229	—	—	7,229
Stock-based compensation expense	—	—	12,737	—	—	12,737
Translation adjustment	—	—	—	(2,795)	—	(2,795)
Balance at June 30, 2023	<u>55,744,896</u>	<u>\$ 557</u>	<u>\$ 1,561,393</u>	<u>\$ (37,189)</u>	<u>\$ 446,165</u>	<u>\$ 1,970,926</u>

Six Months Ended June 30, 2022						
	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Par Value				
Balance at December 31, 2021	55,321,457	553	\$ 1,572,340	\$ (16,886)	\$ 194,060	\$ 1,750,067
Impact of the adoption of ASU 2020-06	—	—	(39,070)	—	17,253	(21,817)
Net income	—	—	—	—	96,825	96,825
Issuance of common stock for debt conversion	12	0	(5)	—	—	(5)
Exercise of stock options and vesting of stock units	222,727	3	460	—	—	463
Tax withholding on vesting of restricted stock units	(78,278)	(1)	(14,758)	—	—	(14,759)
Stock-based compensation expense	—	—	14,900	—	—	14,900
Translation adjustment	—	—	—	(20,205)	—	(20,205)
Other	—	—	(105)	—	—	(105)
Balance at June 30, 2022	<u>55,465,918</u>	<u>\$ 555</u>	<u>\$ 1,533,762</u>	<u>\$ (37,091)</u>	<u>\$ 308,138</u>	<u>\$ 1,805,364</u>

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

REPLIGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 48,893	\$ 96,825
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,237	23,933
Amortization of debt issuance costs	914	905
Stock-based compensation	12,737	14,900
Deferred income taxes, net	(2,196)	738
Contingent consideration	3,026	(9,295)
Noncash interest income	(2,023)	—
Other	574	276
Changes in operating assets and liabilities, excluding impact of acquisitions:		
Accounts receivable	(4,606)	(8,433)
Inventories	(2,508)	(58,106)
Prepaid expenses and other assets	(11,530)	2,402
Operating lease right of use assets	6,487	(21,457)
Other assets	(888)	(406)
Accounts payable	(3,871)	6,322
Accrued expenses	(26,234)	(4,014)
Operating lease liabilities	(4,544)	23,852
Long-term liabilities	154	392
Total cash provided by operating activities	<u>45,622</u>	<u>68,834</u>
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(28,099)	—
Proceeds from maturity of marketable securities held to maturity	102,323	—
Additions to capitalized software costs	(2,075)	(1,875)
Purchases of property, plant and equipment	(16,749)	(52,576)
Other investing activities	—	17
Total cash provided by (used in) investing activities	<u>55,400</u>	<u>(54,434)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	62	463
Payment of tax withholding obligation on vesting of restricted stock	(11,140)	(14,759)
Repayment of Convertible Senior Notes	(9)	(18)
Payment of earnout consideration	(7,298)	—
Proceeds from issuance of common stock, net	(3)	—
Total cash used in financing activities	<u>(18,388)</u>	<u>(14,314)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,436)	(7,388)
Net increase (decrease) in cash and cash equivalents	<u>80,198</u>	<u>(7,302)</u>
Cash, cash equivalents and restricted cash, beginning of period	523,458	603,814
Cash and cash equivalents, end of period	<u>\$ 603,656</u>	<u>\$ 596,512</u>
Supplemental disclosure of non-cash investing and financing activities:		
Assets acquired under operating leases	<u>\$ 831</u>	<u>\$ 21,739</u>
Fair value of 31,415 shares of common stock issued for the acquisition of FlexBiosys, Inc.	<u>\$ 5,243</u>	<u>\$ —</u>
Fair value of 42,621 shares of common stock issued for the Avitide, Inc. contingent consideration earnout	<u>\$ 7,229</u>	<u>\$ —</u>

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

REPLIGEN CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by Repligen Corporation (the “Company”, “Repligen”, “our” or “we”) in accordance with generally accepted accounting principles accepted in the United States (“GAAP”) and pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”), for Quarterly Reports on Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and footnote disclosures required by GAAP. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which was filed with the SEC on February 22, 2023 (“Form 10-K”).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The business and economic uncertainty resulting from government-mandated actions in response to the COVID-19 pandemic, including all subsequent variants of the SARS-CoV-2 coronavirus (“COVID-19”), the Russia-Ukraine conflict, supply chain challenges, cost pressure and the overall effects of the current high inflation environment on customers' purchasing patterns has made such estimates more difficult to calculate. Accordingly, actual results could differ from those estimates.

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Repligen Sweden AB, Repligen GmbH, Spectrum® LifeSciences LLC and its subsidiaries (“Spectrum”), C Technologies, Inc., ARTeSYN Biosolutions Holdings Ireland Ltd., ARTeSYN Biosolutions Ireland Limited and its subsidiaries (“ARTeSYN”), Polymem S.A. (“Polymem”), Avitide LLC (“Avitide”), Newton T&M Corp. (“NTM”), Bio-Flex Solutions, L.L.C. (“BioFlex”), Repligen Singapore Pte. Ltd., Repligen UK Limited and FlexBiosys, Inc. (“FlexBiosys”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Except for the change in the Company's policy on Convertible Senior Notes, which the Company adopted effective January 1, 2022 as required by Accounting Standards Update No. (“ASU” or “ASUs”) 2020-06 and discussed in Note 6, “*Convertible Senior Notes*,” to these condensed consolidated financial statements, the Company made no material changes in the application of its significant accounting policies that were disclosed in its Form 10-K. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of only normal, recurring adjustments necessary for a fair presentation of its financial position as of June 30, 2023, its results of operations for the three and six months ended June 30, 2023 and 2022 and cash flows for the three and six months ended June 30, 2023 and 2022. The results of operations for the interim periods presented are not necessarily indicative of results to be expected for the entire year.

Recent Accounting Standards Updates

We consider the applicability and impact of all ASUs on the Company’s condensed consolidated financial statements. As of June 30, 2023, there were no accounting standards or ASUs recently issued or effective during the fiscal year that would have a material effect on the Company's condensed consolidated financial statements or disclosures.

2. Fair Value Measurements

The Company uses various valuation approaches in determining the fair value of its assets and liabilities. The Company employs a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the inputs that market participants would use in

pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the source of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access
- Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary among the various types of financial assets and liabilities. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level input that is significant to the overall fair value measurement.

Cash, Cash Equivalents and Marketable Securities Held to Maturity

The following table summarizes the Company's cash, cash equivalents and marketable securities held to maturity as of June 30, 2023 and December 31, 2022 (amounts in thousands):

	As of June 30, 2023			
	Amortized Costs	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and money market funds	\$ 603,656	\$ —	\$ —	\$ 603,656
Total cash and cash equivalents	<u>\$ 603,656</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 603,656</u>
	As of December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and money market funds	\$ 523,458	\$ —	\$ —	\$ 523,458
Total cash and cash equivalents	523,458	—	—	523,458
Marketable securities held to maturity:				
U.S. treasury bills - short-term	100,299	24	—	100,323
Total cash, cash equivalents and marketable securities	<u>\$ 623,757</u>	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ 623,781</u>

During the fourth quarter of 2022, the Company purchased \$100.0 million of 6-month U.S. treasury bills with the positive intent and ability to hold them until maturity. Therefore, the Company classified this investment as held to maturity and stated it at amortized cost on the condensed consolidated balance sheet. These U.S. treasury bills matured in June 2023. The amortized cost and the fair value of the Company's held to maturity securities by contractual maturity at December 31, 2022 is summarized below:

	December 31, 2022	
	Amortized Costs	Estimated Fair Value
Maturity of one year or less	\$ 100,299	\$ 100,323
Total	<u>\$ 100,299</u>	<u>\$ 100,323</u>

Fair Value Measured on a Recurring Basis

Financial assets and financial liabilities measured at fair value on a recurring basis consist of the following as of June 30, 2023 and December 31, 2022 (amounts in thousands):

As of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Assets:				
Money market accounts	\$ 433,966	\$ —	\$ —	\$ 433,966
Liabilities:				
Short-term contingent consideration	\$ —	\$ —	\$ 16,363	\$ 16,363
Long-term contingent consideration	\$ —	\$ —	\$ 44,277	\$ 44,277

As of December 31, 2022				
	Level 1	Level 2	Level 3	Total
Assets:				
Money market accounts	\$ 343,929	\$ —	\$ —	\$ 343,929
Liabilities:				
Short-term contingent consideration	\$ —	\$ —	\$ 13,950	\$ 13,950
Long-term contingent consideration	\$ —	\$ —	\$ 51,559	\$ 51,559

Contingent Consideration – Earnouts

As of June 30, 2023, the maximum amount of future contingent consideration (undiscounted) that we could be required to pay in connection with the completed acquisitions of Avitide in September 2021 and FlexBiosys in April 2023, was \$125.0 million over a three-year earnout period and \$42.0 million over a two-year earnout period, respectively. Refer to Note 4, "Acquisitions" included in Part II, Item 8, "Financial Statements and Supplementary Data" to our Form 10-K and Note 3, "Acquisition of FlexBiosys, Inc.," to this report for additional information on the contingent consideration earnouts.

During 2023, a change in market inputs used to calculate the discount rate resulted in an increase in amounts reported as of June 30, 2023. A reconciliation of the change in the fair value of contingent consideration - earnouts is included in the following table (amounts in thousands):

Balance at December 31, 2022	\$ 65,509
Acquisition date fair value of contingent consideration earnout	6,632
Payment of contingent consideration earnout	(14,527)
Decrease in fair value of contingent consideration earnouts	3,026
Balance at June 30, 2023	\$ 60,640

The recurring Level 3 fair value measurement of our contingent consideration earnout that we expect to be required to settle our 2023, 2024 and 2025 contingent consideration obligations for Avitide and FlexBiosys include the following significant unobservable inputs (amounts in thousands, except percent data):

Contingent Consideration Earnout	Fair Value as of June 30, 2023	Valuation Technique	Unobservable Input	Range	Weighted Average ⁽¹⁾
Commercialization-based payments	\$ 19,175	Monte Carlo Simulation	Probability of Success	100%	100%
			Earnout Discount Rate	6.1%-6.4%	6.3%
Revenue and Volume-based payments	\$ 35,960	Monte Carlo Simulation	Volatility	22.5%-24.6%	23.6%
			Revenue & Volume Discount Rate	5.7%-9.3%	7.5%
			Earnout Discount Rate	6.1%-6.4%	6.3%
Manufacturing line expansions	\$ 5,505	Probability-weighted present value	Probability of Success	100%	100%
			Earnout Discount Rate	6.1%-6.4%	6.3%

(1) Unobservable inputs were weighted by the relative fair value of the contingent consideration liability.

Fair Value Measured on a Nonrecurring Basis

During the three and six months ended June 30, 2023, there were no re-measurements to the fair value of financial assets and liabilities that are measured at fair value on a nonrecurring basis.

3. Acquisition of FlexBiosys, Inc.

On April 17, 2023, the Company completed its acquisition of all of the outstanding equity interests in FlexBiosys, Inc. ("FlexBiosys"), pursuant to an Equity Purchase Agreement ("EPA") with FlexBiosys, TSAP Holdings Inc. ("NJ Seller"), Gayle Tarry and Stanley Tarry, as individuals (collectively with NJ Seller, the "Sellers"), and Stanley Tarry, in his capacity as the representative of the Sellers (the "FlexBiosys Acquisition").

FlexBiosys, which is headquartered in Branchburg, New Jersey, offers expert design and custom manufacturing of single-use bioprocessing products and a comprehensive range of products that include bioprocessing bags, bottles, and tubing assemblies. These products will complement and expand our fluid management portfolio of offerings.

Consideration transferred

The FlexBiosys Acquisition was accounted for as a purchase of a business under ASC 805, "*Business Combinations*," and the Company engaged a third-party valuation firm to assist with the valuation of FlexBiosys. Under the terms of the EPA, all outstanding equity interests of FlexBiosys were acquired for consideration with a value totaling \$41.1 million. The FlexBiosys Acquisition was funded through payment of \$29.0 million in cash, which includes \$6.3 million deposited in escrow for future payments, the issuance of 31,415 unregistered shares of the Company's common stock totaling \$5.4 million and contingent consideration with fair value of approximately \$6.6 million.

Under the acquisition method of accounting, the assets acquired and liabilities assumed of FlexBiosys were recorded as of the acquisition date, at their respective fair values, and consolidated with those of the Company. The fair value of the net assets acquired is estimated to be \$14.1 million, the fair value of the intangible assets acquired is estimated to be \$12.6 million and the residual goodwill is estimated to be \$14.4 million. The estimated consideration and preliminary purchase price information has been prepared using a preliminary valuation. Acquisition-related costs are not included as a component of consideration transferred but are expensed in the periods in which costs are incurred. The Company has incurred \$0.4 million of transaction and integration costs associated with the FlexBiosys Acquisition from the date of acquisition to June 30, 2023. The transaction costs are included in operating expenses in the consolidated statements of comprehensive income for the three and six months ended June 30, 2023.

Fair Value of Net Assets Acquired

The preliminary allocation of purchase price is based on the fair value of assets acquired and liabilities assumed as of the acquisition date. As of June 30, 2023, the purchase accounting for this acquisition had not been finalized. As additional information becomes available, the Company may further revise its preliminary purchase price allocation during the remainder of the measurement period. Besides tax implications of the purchase price allocation, the final allocation may result in changes to the consideration paid related to working capital adjustments as well as changes to other assets and liabilities.

The components and estimated allocation of the purchase price consist of the following (amounts in thousands):

Cash and cash equivalents	\$	1,090
Accounts receivable		683
Inventory		667
Prepaid expenses and other current assets		35
Property and equipment		9,530
Operating lease right of use asset		3,537
Customer relationships		2,530
Developed technology		9,860
Trademark and tradename		30
Non-competition agreements		220
Goodwill		14,355
Other long-term assets		2,514
Accounts payable		(136)
Accrued liabilities		(314)
Operating lease liability		(39)
Operating lease liability, long-term		(3,498)
Fair value of net assets acquired	\$	41,064

Acquired Goodwill

The goodwill of \$14.4 million represents future economic benefits expected to arise from anticipated synergies from the integration of FlexBiosys into the Company. These synergies include operating efficiencies and strategic benefits projected to be achieved as a result of the FlexBiosys Acquisition. Substantially all of the goodwill recorded is expected to be deductible for income tax purposes.

Intangible Assets

The following table sets forth the components of the identified intangible assets associated with the FlexBiosys Acquisition and their estimated useful lives:

	<u>Useful life</u>	<u>Fair Value</u> (Amounts in thousands)
Customer relationships	12 years	\$ 2,530
Developed technology	16 years	9,860
Trademark and tradename	4 years	30
Non-competition agreements	5 years	220
		<u>\$ 12,640</u>

4. Revenue Recognition

Disaggregation of Revenue

Revenues for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
Product revenue	\$ 159,133	\$ 207,597	\$ 341,754	\$ 413,960
Royalty and other income	36	36	75	73
Total revenue	<u>\$ 159,169</u>	<u>\$ 207,633</u>	<u>\$ 341,829</u>	<u>\$ 414,033</u>

When disaggregating revenue, the Company considered all of the economic factors that may affect its revenues. Because substantially all of its revenues are from bioprocessing customers, there are no differences in the nature, timing and uncertainty of the Company's revenues and cash flows from any of its product lines. However, given that the Company's revenues are generated in different geographic regions, regulatory, economic and geopolitical factors within those regions could impact the nature, timing and uncertainty of the Company's revenues and cash flows. In addition, a significant portion of the Company's revenue is generated from a small number of customers; therefore, economic factors specific to these customers could impact the nature, timing and uncertainty of the Company's revenues and cash flows.

Disaggregated revenue from contracts with customers by geographic region and revenue from significant customers can be found in Note 13, "Segment Reporting," included in this report.

For more information regarding our product revenue, see Note 6, "Revenue Recognition" included in Part II, Item 8, "Financial Statements and Supplementary Data" to our Form 10-K.

Contract Balances from Contracts with Customers

The following table provides information about receivables and deferred revenue from contracts with customers as of June 30, 2023 (amounts in thousands):

	June 30, 2023	December 31, 2022
Balances from contracts with customers only:		
Accounts receivable	\$ 120,304	\$ 116,247
Deferred revenue (included in accrued liabilities and other noncurrent liabilities in the condensed consolidated balance sheets)	\$ 14,605	\$ 19,631
Revenue recognized during periods presented relating to:		
The beginning deferred revenue balance	\$ 13,808	\$ 13,390

The timing of revenue recognition, billings and cash collections results in the accounts receivable and deferred revenue balances on the Company's condensed consolidated balance sheets.

5. Goodwill and Intangible Assets

Goodwill

The following table represents the change in the carrying value of goodwill for the six months ended June 30, 2023 (amounts in thousands):

Balance at December 31, 2022	\$ 855,513
Acquisition of FlexBiosys, Inc.	14,355
Cumulative translation adjustment	820
Balance at June 30, 2023	<u>\$ 870,688</u>

During each of the fourth quarters of 2022, 2021 and 2020, the Company completed its annual impairment assessments and concluded that goodwill was not impaired in any of those years. The Company has not identified any "triggering" events which indicate an impairment of goodwill in the three and six months ended June 30, 2023.

Intangible Assets

Indefinite-lived intangible assets are reviewed for impairment at least annually. There has been no impairment of the Company's intangible assets for the periods presented.

Intangible assets, net, consisted of the following at June 30, 2023:

	June 30, 2023			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life (in years)
	(Amounts in thousands)			
Finite-lived intangible assets:				
Technology - developed	\$ 200,468	\$ (37,053)	\$ 163,415	16
Patents	240	(240)	—	8
Customer relationships	255,546	(74,896)	180,650	16
Trademarks	7,717	(1,544)	6,173	19
Other intangibles	3,039	(2,273)	766	4
Total finite-lived intangible assets	467,010	(116,006)	351,004	16
Indefinite-lived intangible asset:				
Trademarks	700	—	700	—
Total intangible assets	\$ 467,710	\$ (116,006)	\$ 351,704	

Intangible assets, net, consisted of the following at December 31, 2022:

	December 31, 2022			
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Weighted Average Useful Life (in years)
	(Amounts in thousands)			
Finite-lived intangible assets:				
Technology - developed	\$ 190,463	\$ (30,992)	\$ 159,471	16
Patents	240	(240)	—	8
Customer relationships	252,934	(66,559)	186,375	15
Trademarks	7,682	(1,319)	6,363	19
Other intangibles	2,811	(2,044)	767	4
Total finite-lived intangible assets	454,130	(101,154)	352,976	16
Indefinite-lived intangible asset:				
Trademarks	700	—	700	—
Total intangible assets	\$ 454,830	\$ (101,154)	\$ 353,676	

Amortization expense for finite-lived intangible assets was \$7.5 million and \$6.6 million for each of the three months ended June 30, 2023 and 2022, respectively, and \$14.9 million and \$13.2 million for each of the six months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, the Company expects to record the following amortization expense in future periods (amounts in thousands):

For the Years Ended December 31,	Estimated Amortization Expense
2023 (remaining six months)	\$ 15,031
2024	29,599
2025	29,369
2026	29,195
2027	29,161
2028 and thereafter	218,649
Total	\$ 351,004

6. Consolidated Balance Sheet Detail

Inventories, net

Inventories, net consists of the following:

	June 30, 2023	December 31, 2022
	(Amounts in thousands)	
Raw materials	\$ 147,996	\$ 149,438
Work-in-process	4,811	6,183
Finished products	88,062	82,656
Total inventories, net	<u>\$ 240,869</u>	<u>\$ 238,277</u>

Property, Plant and Equipment

Property, plant and equipment consist of the following:

	June 30, 2023	December 31, 2022
	(Amounts in thousands)	
Land	\$ 976	\$ 1,003
Buildings	1,657	1,599
Leasehold improvements	124,277	115,672
Equipment	110,047	94,613
Furniture, fixtures and office equipment	8,652	8,307
Computer hardware and software	34,314	29,813
Construction in progress	31,082	31,553
Other	467	420
Total property, plant and equipment	<u>311,472</u>	<u>282,980</u>
Less - Accumulated depreciation	<u>(108,908)</u>	<u>(92,307)</u>
Total property, plant and equipment, net	<u>\$ 202,564</u>	<u>\$ 190,673</u>

Accrued Liabilities

Accrued liabilities consist of the following:

	June 30, 2023	December 31, 2022
	(Amounts in thousands)	
Employee compensation	\$ 11,645	\$ 33,522
Deferred revenue	13,987	19,283
Income taxes payable	4,700	2,459
Other	14,691	15,856
Total accrued liabilities	<u>\$ 45,023</u>	<u>\$ 71,120</u>

7. Convertible Senior Notes

0.375% Convertible Senior Notes due 2024

On July 19, 2019, the Company issued \$287.5 million aggregate principal pursuant to the 2019 Notes, which includes the underwriters' exercise in full of an option to purchase an additional \$37.5 million aggregate principal amount of 2019 Notes (the "Notes Offering"). The net proceeds of the Notes Offering, after deducting underwriting discounts and commissions and other related offering expenses payable by the Company, were approximately \$278.5 million. The 2019 Notes are senior, unsecured obligations of the Company, and bear interest at a rate of 0.375% per year. Interest is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2020. The 2019 Notes will mature on July 15, 2024, unless earlier repurchased or converted in accordance with their terms.

During the second quarter of 2023, the closing price of the Company's common stock exceeded 130% of the conversion price of the 2019 Notes for more than 20 trading days of the last 30 consecutive trading days of the quarter. As a result, the 2019 Notes are convertible at the option of the holders of the 2019 Notes during the third quarter of 2023, the quarter immediately following the

quarter when the conditions are met, as stated in the terms of the 2019 Notes. These conditions have been met each quarter since the third quarter of 2020. As a result, \$0.1 million aggregate principal amount of the 2019 Notes have been requested for conversion by the note holders since the issuance of the 2019 Notes and all conversions have settled as of June 30, 2023 except \$24,000 aggregate principal amount, which settles in the third quarter of 2023. The conversions resulted in the issuance of a nominal number of shares of the Company's common stock to the note holders. The Company continues to classify the carrying value of the 2019 Notes as current liabilities on the Company's condensed consolidated balance sheets at June 30, 2023.

The net carrying value of the liability component of the 2019 Notes is as follows:

	June 30, 2023	December 31, 2022
	(Amounts in thousands)	
0.375% Convertible Senior Notes due 2024:		
Principal amount	\$ 287,461	\$ 287,470
Unamortized debt issuance costs	(1,940)	(2,855)
Net carrying amount	<u>\$ 285,521</u>	<u>\$ 284,615</u>

The following table sets forth total interest expense recognized related to the 2019 Notes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
Contractual interest expense	\$ 269	\$ 269	\$ 539	\$ 539
Amortization of debt issuance costs	457	453	914	905
Total	<u>\$ 726</u>	<u>\$ 722</u>	<u>\$ 1,453</u>	<u>\$ 1,444</u>
Effective interest rate of the liability component	<u>1 %</u>	<u>1 %</u>	<u>1 %</u>	<u>1 %</u>

At June 30, 2023 and December 31, 2022, the carrying value of the 2019 Notes was \$285.5 million and \$284.6 million, respectively, net of unamortized discount, and the fair value of the 2019 Notes was \$372.8 million and \$452.0 million, respectively. The fair value of the 2019 Notes was determined based on the most recent trade activity of the 2019 Notes at June 30, 2023 and December 31, 2022.

8. Stockholders' Equity

Stock Option and Incentive Plans

Under the Company's current 2018 Stock Option and Incentive Plan (the "2018 Plan"), the number of shares of the Company's common stock that were reserved and available for issuance is 2,778,000, plus the number of shares of common stock that were available for issuance under the Company's previous equity plans. The shares of common stock underlying any awards under the 2018 Plan and previous equity plans (together, the "Plans") that are forfeited, canceled or otherwise terminated (other than by exercise) shall be added back to the shares of stock available for issuance under the 2018 Plan. At June 30, 2023, 1,717,510 shares were available for future grants under the 2018 Plan.

Stock Issued for Earnout Payment

In May 2023, the Company issued 42,621 shares of its common stock to former securityholders of Avitide to satisfy the contingent consideration obligation established under the Agreement and Plan of Merger and Reorganization (the "Avitide Agreement") which the Company entered into as part of the acquisition of Avitide in September 2021. See Note 4, "Acquisitions", included in Part II, Item 8 "Financial Statements and Supplemental Data" to our Form 10-K, for additional information on the

acquisition of Avitide and the contingent consideration. The shares represent 50% of the earnout consideration earned in the First Earnout Year (as defined in the Avitide Agreement).

Stock-Based Compensation

The following table presents stock-based compensation expense in the Company's condensed consolidated statements of comprehensive income:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
Cost of product revenue	\$ 522	\$ 615	\$ 1,113	\$ 1,237
Research and development	608	622	1,395	1,421
Selling, general and administrative	4,353	5,748	10,229	12,242
Total stock-based compensation	<u>\$ 5,483</u>	<u>\$ 6,985</u>	<u>\$ 12,737</u>	<u>\$ 14,900</u>

Stock Options

Information regarding option activity for the six months ended June 30, 2023 under the Plans is summarized below:

	Shares	Weighted average exercise price	Weighted- Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Thousands)
Options outstanding at December 31, 2022	609,965	\$ 71.74		
Granted	55,545	\$ 175.75		
Exercised	(4,650)	\$ 13.30		
Forfeited/expired/cancelled	(2,000)	\$ 199.71		
Options outstanding at June 30, 2023	<u>658,860</u>	\$ 80.53		
Options exercisable at June 30, 2023	<u>387,604</u>	\$ 58.94		
Vested and expected to vest at June 30, 2023 ⁽¹⁾	<u>644,427</u>	\$ 80.08	5.77	\$ 47,205

- (1) Represents the number of vested options as of June 30, 2023 plus the number of unvested options expected to vest as of June 30, 2023 based on the unvested outstanding options at June 30, 2023 adjusted for estimated forfeiture rates of 8% for awards granted to non-executive level employees and 3% for awards granted to executive level employees.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the closing price of the common stock on June 30, 2023, the last business day of the first quarter of 2023, of \$141.46 per share and the exercise price of each in-the-money option) that would have been received by the option holders had all option holders exercised their options on June 30, 2023. The aggregate intrinsic value of stock options exercised during the six months ended June 30, 2023 and 2022 was \$0.7 million and \$2.4 million, respectively.

The weighted average grant date fair value of options granted during the six months ended June 30, 2023 and 2022 was \$86.30 and \$76.64, respectively.

Stock Units

The fair value of stock units is calculated using the closing price of the Company's common stock on the date of grant. The Company recognizes expense on awards with service-based vesting over the employee's requisite service period on a straight-line basis. The Company recognizes expense on performance-based awards over the vesting period based on the probability that the

performance metrics will be achieved. Information regarding stock unit activity, which includes activity for RSUs and performance stock units, for the six months ended June 30, 2023 under the Plans is summarized below:

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2022	531,034	\$ 142.57
Awarded	158,084	\$ 176.86
Vested	(156,784)	\$ 115.85
Forfeited/cancelled	(39,397)	\$ 182.56
Unvested at June 30, 2023	492,937	\$ 157.94
Vested and expected to vest at June 30, 2023 ⁽¹⁾	432,340	\$ 154.21

- (1) Represents the number of vested stock units as of June 30, 2023 plus the number of unvested stock units expected to vest as of June 30, 2023 based on the unvested outstanding stock units at June 30, 2023 adjusted for estimated forfeiture rates of 8% for awards granted to non-executive level employees and 3% for awards granted to executive level employees.

The aggregate intrinsic value of stock units vested during the six months ended June 30, 2023 and 2022 was \$29.6 million and \$37.5 million, respectively.

The weighted average grant date fair value of stock units granted during the six months ended June 30, 2023 and 2022 was \$176.86 and \$191.09, respectively.

As of June 30, 2023, there was \$73.2 million of total unrecognized compensation cost related to unvested share-based awards. This cost is expected to be recognized over a weighted average remaining requisite service period of 2.93 years. The Company expects 2,154,003 unvested options and stock units to vest over the next five years.

9. Commitments and Contingencies

Collaboration Agreements

The Company licenses certain technologies that are, or may be, incorporated into its technology under several agreements and also has entered into several clinical research agreements that require the Company to fund certain research projects. Generally, the license agreements require the Company to pay annual maintenance fees and royalties on product sales once a product has been established using the technologies. Research and development expenses associated with license agreements were immaterial amounts for the three and six months ended June 30, 2023 and 2022.

In June 2018, the Company secured an agreement with Navigo Proteins GmbH (“Navigo”) for the exclusive co-development of multiple affinity ligands for which the Company holds commercialization rights. The Company is manufacturing and supplying the first of these ligands, NGL-Impact®, exclusively to Purolite Life Sciences, an Ecolab Inc. company (“Purolite”), who is pairing the Company’s high-performance ligand with Purolite’s agarose jetting base bead technology used in their Jetted A50 Protein A resin product. The Company also signed a long-term supply agreement with Purolite for NGL-Impact and other potential additional affinity ligands that may advance from the Company’s Navigo collaboration. In September 2020, the Company and Navigo successfully completed co-development of an affinity ligand targeting the SARS-CoV-2 spike protein, to be utilized in the purification of vaccines for the COVID-19 pandemic, including emerging variants of the SARS-CoV-2 coronavirus. The Company has proceeded with scaling up and manufacturing this ligand and the development and validation of the related affinity chromatography resin, which is marketed by the Company. In September 2021, the Company and Navigo successfully completed co-development of a novel affinity ligand that addresses aggregation issues associated with pH sensitive antibodies and Fc-fusion proteins. The Company is manufacturing and supplying this ligand, NGL-Impact® HipH, to Purolite. The Navigo and Purolite agreements are supportive of the Company’s strategy to secure and reinforce the Company’s proteins business. The Company made royalty payments to Navigo of \$1.2 million and \$0.7 million for the three months ended June 30, 2023 and 2022, respectively, and payments of \$2.3 million and \$1.1 million for the six months ended June 30, 2023 and 2022, respectively.

Legal Proceedings

From time to time, in the normal course of its operations, the Company is subject to litigation matters and claims relating to employee relations, business practices and patent infringement. Litigation can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict, and the Company's view of these matters may change in the future as the litigation and events related thereto unfold. The Company expenses legal fees as incurred. The Company records a provision for contingent losses when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. An unfavorable outcome to any legal matter, if material, could have an adverse effect on the Company's operations or its financial results.

10. Income Taxes

For the three and six months ended June 30, 2023, the Company recorded an income tax provision of \$5.1 million and \$12.4 million, respectively. The Company's effective tax rate for the three and six months ended June 30, 2023 was 20.3% and 20.2%, respectively, compared to 16.6% and 18.4% for the corresponding periods in the prior year. The difference in effective tax rates between the periods was primarily due to lower income before taxes and increased benefits from business tax credits partially offset by nondeductible contingent consideration and lower foreign-derived intangible income.

On August 16, 2022, the United States enacted the Inflation Reduction Act of 2022 ("Inflation Reduction Act"), which, among other things, implements a 15% alternative minimum tax on global adjusted financial statement income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy and was effective beginning in 2023. We evaluated the provisions of the Inflation Reduction Act and no provision had a material effect on our consolidated financial position or results of operations.

11. Earnings Per Share

A reconciliation of basic and diluted weighted average shares outstanding is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
(Amounts in thousands, except per share data)				
Numerator:				
Net income	\$ 20,064	\$ 49,861	\$ 48,893	\$ 96,825
Effect of dilutive securities:				
Charges associated with convertible debt instruments, net of tax	—	—	—	387
Numerator for diluted earnings per share - net income available to common stockholders after the effect of dilutive securities	<u>\$ 20,064</u>	<u>\$ 49,861</u>	<u>\$ 48,893</u>	<u>\$ 97,212</u>
Denominator:				
Weighted average shares used in computing net income per share - basic	55,705	55,444	55,648	55,399
Effect of dilutive shares:				
Options and stock units	451	598	487	661
Convertible Senior Notes	701	676	797	1,779
Dilutive effect of unvested performance stock units	1	3	1	3
Dilutive potential common shares	1,153	1,277	1,284	2,443
Denominator for diluted earnings per share - adjusted weighted average shares used in computing net income per share - diluted	<u>56,858</u>	<u>56,721</u>	<u>56,932</u>	<u>57,842</u>
Earnings per share:				
Basic	<u>\$ 0.36</u>	<u>\$ 0.90</u>	<u>\$ 0.88</u>	<u>\$ 1.75</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.88</u>	<u>\$ 0.86</u>	<u>\$ 1.68</u>

For the three and six months ended June 30, 2023, 456,315 shares and 400,909 shares, respectively, of the Company's common stock were excluded from the calculation of diluted EPS because the exercise prices of the stock options were greater than or equal to the average price of the common shares and were therefore anti-dilutive. Comparatively, for the three and six months ended June 30, 2022, 325,685 shares and 306,400 shares, respectively, were considered anti-dilutive.

In July 2019, the Company issued \$287.5 million aggregate principal amount of the 2019 Notes. As provided by the terms of the indenture underlying the 2019 Notes, prior to March 4, 2022, conversion of the 2019 Notes could have been settled in cash, shares of the Company's common stock or a combination thereof, at the Company's election. On March 4, 2022, we entered into the Second Supplemental Indenture for the 2019 Notes, which irrevocably elected to settle the conversion of the 2019 Notes using a combination of cash and shares of the Company's common stock, settling the par value of the 2019 Notes in cash and any excess conversion premium in shares.

As provided by the terms of the Second Supplemental Indenture underlying the 2019 Notes, the Company irrevocably elected to settle the conversion obligation for the 2019 Notes in a combination of cash and shares of the Company's common stock. This means the Company will settle the par value of the 2019 Notes in cash and any excess conversion premium in shares. The Company adopted ASU 2020-06 effective January 1, 2022. Under ASU 2020-06, the Company is required to reflect the dilutive effect of the convertible securities by application of the "if-converted" method, which means the denominator of the EPS calculation would include the total number of shares assuming the 2019 Notes had been fully converted at the beginning of the period. Prior to March 4, 2022, the Company had the choice to settle the conversion of the 2019 Notes in cash, stock or a combination of the two. Therefore, from January 1, 2022 (the date the Company adopted ASU 2020-06) to March 4, 2022, the Company included 3,474,429 shares in the denominator of the EPS calculation, applying the if converted method. Subsequent to March 4, 2022, after the Second Supplemental Indenture became effective, the Company irrevocably elected to settle the conversion obligation for the 2019 Notes in a combination of cash and shares of the Company's common stock, and from March 5, 2022 forward, only the excess premium will be settled with shares. Under the if-converted method of calculating dilutive shares, the Company was also required to exclude amortization of debt issuance costs and interest charges applicable to the convertible debt from the numerator of the dilutive EPS calculation for the period from January 1, 2022 to March 4, 2022, as if the interest on convertible debt was never recognized for that period. For the three months ended March 31, 2022, the Company excluded interest charges of \$0.4 million (net of tax) from the numerator.

Prior to the adoption of ASU 2020-06, the Company applied the provisions of ASC 260, "*Earnings Per Share*," Subsection 10-45-44, to determine the diluted weighted average shares outstanding as it related to the conversion spread on its convertible notes. Accordingly, the par value of the 2019 Notes was not included in the calculation of diluted income per share, but the dilutive effect of the conversion premium was considered in the calculation of diluted net income per share using the treasury stock method. The dilutive impact of the 2019 Notes was based on the difference between the Company's current period average stock price and the conversion price of the 2019 Notes, provided there was a premium. Pursuant to this accounting standard, there was no dilution from the accreted principal of the 2019 Notes. For the three and six months ended June 30, 2023, the dilutive effect of the conversion premium included in the calculation of diluted earnings was 700,941 shares and 796,601 shares, respectively. For the three and six months ended June 30, 2022, the dilutive effect of the conversion premium included in the calculation of diluted earnings was 676,166 shares and 1,779,041 shares, respectively.

12. Related Party Transactions

Certain facilities leased by Spectrum are owned by the Roy T. Eddleman Living Trust (the "Trust"). As of June 30, 2023, the Trust owned greater than 5% of the Company's outstanding shares. Therefore, the Company considers the Trust to be a related party. The lease amounts paid to the Trust prior to the public offering were negotiated in connection with the acquisition of Spectrum. The Company incurred rent expense totaling \$0.2 million for each of the three months ended June 30, 2023 and 2022 related to these leases and incurred rent expense of \$0.4 million for each of the six months ended June 30, 2023 and 2022.

13. Segment Reporting

The Company views its operations, makes decisions regarding how to allocate resources and manages its business as one reportable segment and one reporting unit. As a result, the financial information disclosed herein represents all of the material financial information related to the Company.

The following table represents the Company's total revenue by geographic area (based on the location of the customer):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue by customers' geographic locations:				
North America	46 %	45 %	42 %	43 %
Europe	36 %	35 %	37 %	39 %
APAC/Other	18 %	20 %	21 %	18 %
Total revenue	100 %	100 %	100 %	100 %

Concentrations of Credit Risk and Significant Customers

Financial instruments that subject the Company to significant concentrations of credit risk primarily consist of cash and cash equivalents, marketable securities and accounts receivable. Per the Company's investment policy, cash equivalents and marketable securities are invested in financial instruments with high credit ratings and credit exposure to any one issue, issuer (with the exception of U.S. Treasury obligations) and type of instrument is limited. At June 30, 2023 and December 31, 2022, the Company had no investments associated with foreign exchange contracts, options contracts or other foreign hedging arrangements.

Concentration of credit risk with respect to accounts receivable is limited to customers to whom the Company makes significant sales. While a reserve for the potential write-off of accounts receivable is maintained, the Company has not written off any significant accounts to date. To control credit risk, the Company performs regular credit evaluations of its customers' financial condition.

There was no revenue from customers that represented 10% or more of the Company's total revenue for the three and six months ended June 30, 2023 and 2022.

Significant accounts receivable balances representing 10% or more of the Company's total trade accounts receivable and royalties at June 30, 2023 and December 31, 2022 came from our accounts receivable balance outstanding with Purolite, an Ecolab Inc. company, which was 11.5% and 12.7%, respectively, of our total accounts receivable and other receivable balance.

14. Restructuring Plan

In July 2023, we announced that the Board of Directors has authorized our management team to undertake restructuring activities to simplify and streamline our organization and strengthen the overall effectiveness of our operations. As part of these efforts, we expect to incur approximately \$6 million in restructuring charges in the second half of the year, as a result of severance costs.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Repligen and its subsidiaries, collectively doing business as Repligen Corporation ("Repligen", "we", "our", or the "Company") is a global life sciences company that develops and commercializes highly innovative bioprocessing technologies and systems that increase efficiencies and flexibility in the process of manufacturing biological drugs.

As the overall market for biologics continues to grow and expand, our customers – primarily large biopharmaceutical companies and contract development and manufacturing organizations and other life sciences companies (integrators) – face critical production cost, capacity, quality and time pressures. Built to address these concerns, our products help set new standards for the way biologics are manufactured. We are committed to inspiring advances in bioprocessing as a trusted partner in the production of critical biologic drugs – including monoclonal antibodies, recombinant proteins, vaccines and cell and gene therapies – that are improving human health worldwide. Increasingly, our technologies are being implemented to overcome challenges in processing plasmid DNA (a starting material for the production of mRNA) and gene delivery vectors such as lentivirus and adeno-associated viral vectors. For more information regarding our business, products and acquisitions, see Part I, Item 1, "*Business*" included in our 2022 Annual Report on Form 10-K ("Form 10-K"), which was filed with the Securities and Exchange Commission ("SEC") on February 22, 2023.

We currently operate as one bioprocessing business, with a comprehensive suite of products to serve both upstream and downstream processes in biological drug manufacturing. Building on over 40 years of industry expertise, we have developed a broad and diversified product portfolio that reflects our passion for innovation and the customer-first culture that drives our entire organization. We continue to capitalize on opportunities to maximize the value of our product platform through both organic growth initiatives (internal innovation and commercial leverage) and targeted acquisitions.

Macroeconomic Trends

As a result of our global presence, a significant portion of our revenue and expenses is denominated in currencies other than the U.S. dollar. We are therefore subject to non-U.S. exchange exposure. Exchange rates can be volatile and a substantial weakening or strengthening of foreign currencies against the U.S. dollar could increase or reduce our revenue and gross profit margin and impact the comparability of results from period to period.

We have experienced, and expect to continue to experience, cost inflation, primarily in raw materials, and other supply chain costs, as a result of global macroeconomic trends, including the conflict between Russia and Ukraine and labor shortages. Actions taken to mitigate supply chain disruptions and inflation, including price increases and productivity improvements, have generally been successful in offsetting the impact of these trends. In addition, decreasing demand for COVID-19 vaccinations is driving a reduction in future demand of our products related to these vaccines. We expect that these trends will continue to impact our results for significant part of 2023.

2023 Acquisition

Acquisition of FlexBiosys, Inc.

On April 17, 2023, we completed the acquisition of all of the outstanding equity interests in FlexBiosys, Inc. ("FlexBiosys"), pursuant to an Equity Purchase Agreement ("EPA") with FlexBiosys, TSAP Holdings Inc. ("NJ Seller"), Gayle Tarry and Stanley Tarry, as individuals (collectively with NJ Seller, the "Sellers"), and Stanley Tarry, in his capacity as the representative of the Sellers.

FlexBiosys, which is headquartered in Branchburg, New Jersey, offers expert design and custom manufacturing of single-use bioprocessing products and a comprehensive range of products that include bioprocessing bags, bottles, and tubing assemblies. These products will complement and expand our fluid management portfolio of offerings.

Critical Accounting Policies and Estimates

A "critical accounting policy" is one which is both important to the portrayal of our financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For a description of our critical accounting policies that affect our more significant

judgments and estimates used in the preparation of our consolidated financial statements, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and our significant accounting policies in Note 2, "Summary of Significant Accounting Policies", to the consolidated financial statements included in our Form 10-K.

Results of Operations

The following discussion of the financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the related footnotes thereto.

Revenues

Total revenue for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
(Amounts in thousands, except for percentage data)								
Revenue:								
Products	\$ 159,133	\$ 207,597	\$ (48,464)	(23.3 %)	\$ 341,754	\$ 413,960	\$ (72,206)	(17.4 %)
Royalty and other	36	36	—	0.0 %	75	73	2	2.7 %
Total revenue	<u>\$ 159,169</u>	<u>\$ 207,633</u>	<u>\$ (48,464)</u>	<u>(23.3 %)</u>	<u>\$ 341,829</u>	<u>\$ 414,033</u>	<u>\$ (72,204)</u>	<u>(17.4 %)</u>

Product revenues

Since 2016, we have been increasingly focused on selling our products directly to customers in the pharmaceutical industry and to our contract manufacturers. These direct sales represented approximately 84.7% and 89.2% of our product revenue for each of the three months ended June 30, 2023 and 2022, respectively, and represented 84.4% and 88.1% of our product revenue for each of the six months ended June 30, 2023 and 2022, respectively. Sales of our bioprocessing products can be impacted by the timing of large-scale production orders and the regulatory approvals for such antibodies, which may result in significant quarterly fluctuations.

Revenues from our filtration franchise include the sales of our XCell ATF® systems and consumables; Spectrum filtration systems, including KrosFlo®; SIUS® filtration products and systems; the fluid management assemblies and components offered by Engineered Molding Technology LLC, Non-Metallic Solutions, Inc., ARTeSYN Biosolutions Ireland Limited ("ARTeSYN"), BioFlex and FlexBiosys; the hollow fiber membrane technology offered by Polymem, and our ARTeSYN filtration systems. Revenue from our chromatography products includes the sale of our OPUS pre-packed chromatography columns, ELISA test kits and chromatography systems from Spectrum and ARTeSYN. Revenue from proteins products includes the sale of our Protein A ligands and cell culture growth factors, and sales of affinity products, including adeno-associated virus resins offered by Avitide. Revenue from our process analytics products includes the sale of our SoloVPE®, FlowVPE® and FlowVPX® systems, consumables and service. Other revenue primarily consists of sales of our operating room products to hospitals as well as freight revenue.

During the three and six months ended June 30, 2023, product revenue decreased by \$48.5 million, or 23.3%, and \$72.2 million, or 17.4%, respectively, as compared to the same periods of 2022. This is mainly due to a decrease in revenue from programs related to COVID-19 as customers continue to repurpose inventory initially purchased for COVID-19 therapeutics and vaccines. This primarily affected our filtration products. There was also an unfavorable impact on changes in foreign exchange rates during the three and six months ended June 30, 2023, as compared to the same periods of 2022. Partially offsetting these revenue declines were increases from price increases and strong performances within the Chromatography and Process Analytics franchises during the three and six months ended June 30, 2023, as compared to the same periods of 2022. Specifically, revenue from sale of large scale OPUS pre-packed chromatography columns, chromatography systems and flowpaths as well as slope spectroscopy systems, consumables and service.

Royalty revenues

Royalty revenues in the three and six months ended June 30, 2023 and 2022 relate to royalties received from a third-party systems manufacturer associated with our OPUS PD chromatography columns. Royalty revenues are variable and are dependent on sales generated by our partners.

Costs of Product Revenue and Operating Expenses

Total costs and operating expenses for the three and six months ended June 30, 2023 and 2022 were comprised of the following:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
(Amounts in thousands, except for percentage data)								
Cost of product revenue	\$ 79,307	\$ 86,260	\$ (6,953)	(8.1 %)	\$ 161,152	\$ 168,616	\$ (7,464)	(4.4 %)
Research and development	9,706	10,440	(734)	(7.0 %)	21,860	22,595	(735)	(3.3 %)
Selling, general and administrative	48,966	54,649	(5,683)	(10.4 %)	105,136	108,949	(3,813)	(3.5 %)
Contingent Consideration	1,791	(6,884)	8,675	(126.0 %)	3,026	(9,295)	12,321	(132.6 %)
Total costs and operating expenses	\$ 139,770	\$ 144,465	\$ (4,695)	(3.2 %)	\$ 291,174	\$ 290,865	\$ 309	0.1 %

Cost of product revenue

Cost of product revenue decreased 8.1% and 4.4% in the three and six months ended June 30, 2023, respectively, compared to the same periods of 2022, due primarily to the decrease in product revenue related to changes in the product mix and costs associated with lower product volume. Although we continue to manage our operating expenses, these decreases in product costs continue to be partially offset by cost inflation, primarily in raw materials as well as freight charges due to fuel costs and carrier market conditions during the three and six months ended June 30, 2023, compared to the same periods of 2022. Also, our occupancy costs and depreciation expense increased during the three and six months ended June 30, 2023, as compared to the same periods of 2022, due to expanded facilities and manufacturing equipment being placed into service throughout 2022 and 2023.

Gross margin was 50.2% and 58.5% in the three months ended June 30, 2023 and 2022, respectively and gross margin was 52.9% and 59.3% in the six months ended June 30, 2023, respectively. The reduction in gross margin in the three and six months ended June 30, 2023, as compared to the same periods of 2022, is due primarily to lower overall sales and production volumes, and a change in product mix, where we saw a significant decline in revenue associated with higher-margin consumable products due to the decrease in COVID-19 vaccine demand. We also experienced an increase in manufacturing costs from an increase in occupancy costs due to added capacity, an increase in depreciation expense, and an increase in freight charges from cost inflation.

Research and development expenses

Research and development (“R&D”) expenses are related to bioprocessing products, which include personnel, supplies and other research expenses. Due to the fact that these various programs share personnel and fixed costs, we do not track all of our expenses or allocate any fixed costs by program, and therefore, have not provided historical costs incurred by project.

R&D expenses decreased during the three and six months ended June 30, 2023, compared to the same periods of 2022 primarily due to a decrease in employee-related costs during the periods from a decline in headcount since the end of the second quarter of 2022 partially offset by an increase in depreciation expense related to R&D assets that were put into service.

R&D expense also includes payments made to expand our proteins product offering through our development agreement with Navigo Proteins GmbH (“Navigo”). Such expenses were \$1.2 million and \$2.3 million, respectively, for the three and six months ended June 30, 2023, as compared to \$0.7 million and \$1.1 million, respectively, for the same periods in 2022, in the form of milestone payments to Navigo.

We expect our R&D expenses for the remainder of 2023 to gradually increase to support new product development.

Selling, general and administrative expenses

Selling, general and administrative (“SG&A”) expenses include the costs associated with selling our commercial products and costs required to support our marketing efforts, including legal, accounting, patent, shareholder services, amortization of intangible assets and other administrative functions.

During the three and six months ended June 30, 2023, SG&A costs decreased by \$5.7 million, or 10.4%, and \$3.8 million, or 3.5%, respectively, as compared to the same periods of 2022. The decrease is primarily due to a decrease in employee-related costs since June 2022. The decrease is partially offset by the continued expansion of our customer-facing activities to drive sales of our bioprocessing products and to support expected future growth.

Contingent consideration

Contingent consideration expense (benefit) represents the change in fair value of the contingent consideration obligation included in current and noncurrent contingent consideration on the consolidated balance sheets as of the end of each period. Remeasurement of the contingent consideration obligation is done each quarter and the carrying value of the obligation is adjusted to the current fair value through our condensed consolidated statements of comprehensive income. A change in market inputs used to calculate the discount rate resulted in a change to the expense (benefit) reported for the three months ended June 30, 2023 and 2022 of \$1.8 million and (\$6.9) million, respectively, and \$3.0 million and (\$9.3) million for the six months ended June 30, 2023 and 2022, respectively.

Other Income (Expenses), net

The table below provides detail regarding our other expenses, net:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
(Amounts in thousands, except for percentage data)								
Investment income	\$ 5,964	\$ 708	\$ 5,256	742.4 %	\$ 11,450	\$ 785	\$ 10,665	1,358.6 %
Interest expense	(274)	(271)	(3)	1.1 %	(544)	(563)	19	(3.4 %)
Amortization of debt issuance costs	(457)	(453)	(4)	0.9 %	(914)	(905)	(9)	1.0 %
Other income (expenses)	528	(3,396)	3,924	(115.5 %)	605	(3,798)	4,403	(115.9 %)
Total other income (expenses), net	\$ 5,761	\$ (3,412)	\$ 9,173	(268.8 %)	\$ 10,597	\$ (4,481)	\$ 15,078	(336.5 %)

Investment income

Investment income includes income earned on invested cash balances. Our investment income increased by \$5.3 million and \$10.7 million for the three and six months ended June 30, 2023, respectively, compared to the same periods of 2022 due to an increase in interest rates on average invested cash balances since June 30, 2022, as well as interest earned on U.S. treasury bills purchased at the end of 2022. We expect investment income to vary based on changes in the amount of funds invested and fluctuation of interest rates.

Interest expense

Interest expense in the three and six months ended June 30, 2023 and 2022 is primarily from our 0.375% Convertible Senior Notes due 2024 (the “2019 Notes”), which were issued in July 2019. Interest expense for the three and six months ended June 30, 2023 includes the contractual coupon interest on the 2019 Notes.

Amortization of debt issuance costs

Transaction costs related to the issuance of the 2019 Notes and attributable to the liability component of the 2019 Notes are included in amortization of debt issuance costs on the condensed consolidated statements of comprehensive income.

Other expenses

The change in other expenses during the three and six months ended June 30, 2023, compared to the same periods of 2022, is primarily attributable to realized foreign currency gains and losses related to transactions with customers and vendors.

Income Tax Provision

Income tax provision for the three and six months ended June 30, 2023 and 2022 was as follows:

	Three Months Ended June 30,		Increase/(Decrease)		Six Months Ended June 30,		Increase/(Decrease)	
	2023	2022	\$ Change	% Change	2023	2022	\$ Change	% Change
(Amounts in thousands, except for percentage data)								
Income tax provision	\$ 5,096	\$ 9,895	\$ (4,799)	(48.5 %)	\$ 12,359	\$ 21,862	\$ (9,503)	(43.5 %)
Effective tax rate	20.3 %	16.6 %			20.2 %	18.4 %		

For the three and six months ended June 30, 2023, we recorded an income tax provision of \$5.1 million and \$12.4 million, respectively. The effective tax rate was 20.3% and 20.2% for the three and six months ended June 30, 2023, respectively, and is

based upon the estimated income for the year ending December 31, 2023 and the composition of income in different jurisdictions. The difference in effective tax rates between the periods was primarily due to lower income before taxes and increased benefits from business tax credits partially offset by nondeductible contingent consideration and lower foreign-derived intangible income. Our effective tax rate for the three and six months ended June 30, 2023 was lower than the U.S. statutory rate of 21% primarily due to business tax credits, foreign-derived intangible income and windfall benefits recognized on stock option exercises and the vesting of stock units.

For the three and six months ended June 30, 2022, we recorded an income tax provision of \$9.9 million and \$21.9 million, respectively. The effective tax rate was 16.6% and 18.4% for the three and six months ended June 30, 2022, respectively, and is based upon the estimated income for the year ending December 31, 2022 and the composition of income in different jurisdictions. Our effective tax rate for the three and six months ended June 30, 2022 was lower than the U.S. statutory rate of 21% primarily due to business tax credits, foreign-derived intangible income and windfall benefits on stock option exercise and the vesting of stock units.

On August 16, 2022, the United States enacted the Inflation Reduction Act of 2022 ("Inflation Reduction Act"), which, among other things, implements a 15% alternative minimum tax on global adjusted financial statement income of certain large corporations, a 1% excise tax on net stock repurchases and several tax incentives to promote clean energy and will become effective beginning in 2023. We evaluated the provisions of the Inflation Reduction Act and no provision had a material effect on our consolidated financial position or results of operations.

Non-GAAP Financial Measures

We provide non-GAAP adjusted income from operations; adjusted net income; and adjusted EBITDA as supplemental measures to GAAP, measures regarding our operating performance. These financial measures exclude the items detailed below and, therefore, have not been calculated in accordance with GAAP. A detailed explanation and a reconciliation of each non-GAAP financial measure to its most comparable GAAP financial measure are provided below.

We include this financial information because we believe these measures provide a more accurate comparison of our financial results between periods and more accurately reflect how management reviews its financial results. We excluded the impact of certain acquisition-related items because we believe that the resulting charges do not accurately reflect the performance of our ongoing operations for the periods in which such charges are incurred.

Non-GAAP Adjusted Income from Operations

Non-GAAP adjusted income from operations is measured by taking income from operations as reported in accordance with GAAP and excluding acquisition and integration costs, contingent consideration fair value adjustments, and intangible amortization booked through our condensed consolidated statements of comprehensive income. The following is a reconciliation of income from operations in accordance with GAAP to non-GAAP adjusted income from operations for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
GAAP income from operations	\$ 19,399	\$ 63,168	\$ 50,655	\$ 123,168
Non-GAAP adjustments to income from operations:				
Acquisition and integration costs	743	2,702	1,780	5,891
Contingent consideration	1,791	(6,884)	3,026	(9,295)
Intangible amortization	7,514	6,572	14,838	13,165
Non-GAAP adjusted income from operations	<u>\$ 29,447</u>	<u>\$ 65,558</u>	<u>\$ 70,299</u>	<u>\$ 132,929</u>

Non-GAAP Adjusted Net Income and Adjusted Earnings Per Share

Non-GAAP adjusted net income and adjusted earnings per share is measured by taking net income as reported in accordance with GAAP and excluding acquisition and integration costs, contingent consideration fair value adjustments, intangible amortization, amortization of debt issuance costs and the tax effects of these items. The following are reconciliations of net income and fully

diluted earnings per share in accordance with GAAP to non-GAAP adjusted net income and adjusted fully diluted earnings per share for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,			
	2023		2022	
	Amount	Fully Diluted Earnings per Share*	Amount	Fully Diluted Earnings per Share*
(Amounts in thousands, except per share data)				
GAAP net income	\$ 20,064	\$ 0.35	\$ 49,861	\$ 0.88
Non-GAAP adjustments to net income:				
Acquisition and integration costs	743	0.01	2,702	0.05
Contingent consideration	1,791	0.03	(6,884)	(0.12)
Intangible amortization	7,514	0.13	6,572	0.12
Amortization of debt issuance costs ⁽¹⁾	457	0.01	453	0.01
Tax effect of non-GAAP charges	(373)	(0.01)	(1,317)	(0.02)
Non-GAAP adjusted net income	<u>\$ 30,196</u>	<u>\$ 0.53</u>	<u>\$ 51,387</u>	<u>\$ 0.91</u>

	Six Months Ended June 30,			
	2023		2022	
	Amount	Fully Diluted Earnings per Share*	Amount	Fully Diluted Earnings per Share*
(Amounts in thousands, except per share data)				
GAAP net income	\$ 48,893	\$ 0.86	\$ 96,825	\$ 1.68
Non-GAAP adjustments to net income:				
Acquisition and integration costs	1,780	0.03	5,891	0.10
Contingent consideration	3,026	0.05	(9,295)	(0.16)
Intangible amortization	14,838	0.26	13,165	0.23
Amortization of debt issuance costs ⁽¹⁾	914	0.02	905	0.01
Tax effect of non-GAAP charges	(2,956)	(0.05)	(2,359)	(0.04)
Non-GAAP adjusted net income	<u>\$ 66,495</u>	<u>\$ 1.17</u>	<u>\$ 105,132</u>	<u>\$ 1.82</u>

(1) See Note 11, "Earnings Per Share," to this report for more information on the effects of adopting ASU 2020-06, "Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)," which we adopted effective January 1, 2022 to these financial statement line items.

* Per share totals may not add due to rounding.

Adjusted EBITDA

Adjusted EBITDA is measured by taking net income as reported in accordance with GAAP, excluding investment income, interest expense, income tax provision, depreciation and amortization, acquisition and integration costs and contingent consideration fair value adjustments booked through our condensed consolidated statements of comprehensive income. The

following is a reconciliation of net income in accordance with GAAP to adjusted EBITDA for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Amounts in thousands)			
GAAP net income	\$ 20,064	\$ 49,861	\$ 48,893	\$ 96,825
Non-GAAP EBITDA adjustments to net income:				
Investment income	(5,964)	(708)	(11,450)	(785)
Interest expense	274	271	544	563
Amortization of debt issuance costs	457	453	914	905
Income tax provision	5,096	9,895	12,359	21,862
Depreciation	8,443	5,500	16,344	10,713
Intangible amortization	7,542	6,599	14,893	13,220
EBITDA	35,912	71,871	82,497	143,303
Other non-GAAP adjustments:				
Acquisition and integration costs	743	2,702	1,780	5,891
Contingent consideration	1,791	(6,884)	3,026	(9,295)
Adjusted EBITDA	\$ 38,446	\$ 67,689	\$ 87,303	\$ 139,899

(1) See Note 11, "Earnings Per Share," to this report for more information on the effects of adopting ASU 2020-06, which we adopted effective January 1, 2022.

Liquidity and Capital Resources

We have financed our operations primarily through revenues derived from product sales, the issuance of the 2019 Notes in July 2019 and the issuance of common stock in our December 2020, July 2019 and May 2019 public offerings. Our revenue for the foreseeable future will primarily be limited to our bioprocessing product revenue.

On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Subsequently, the U.S. Treasury, Federal Reserve and FDIC announced that SVB depositors would have access to all of their money. We have a banking relationship with SVB and hold cash, cash equivalents and marketable securities of less than \$0.1 million as of June 30, 2023 in SVB depository accounts to cover short-term operational payments. While we have not experienced any losses in such accounts, the recent failure of SVB caused us to utilize our accounts at other financial institutions in order to mitigate potential operational risks stemming from the temporary inability to access funds in our SVB operating accounts. As a result of bank failures, such as SVB, our access to funding sources in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired and could negatively impact the financial institutions with which we have direct arrangements, or the financial services industry or economy in general.

At June 30, 2023, we had cash and cash equivalents of \$603.7 million compared to cash and cash equivalents of \$523.5 million at December 31, 2022.

During the second quarter of 2023, the closing price of our common stock exceeded 130% of the conversion price of the 2019 Notes for more than 20 trading days of the last 30 consecutive trading days of the quarter. As a result, the 2019 Notes are convertible at the option of the holders of the 2019 Notes during the third quarter of 2023, the quarter immediately following the quarter when the conditions are met, as stated in the terms of the 2019 Notes. These conditions have been met each quarter since the third quarter of 2020. As a result, \$0.1 million aggregate principal amount of the 2019 Notes have been requested for conversion by the note holders since the issuance of the 2019 Notes and all conversions have settled as of June 30, 2023 except \$24,000 aggregate principal amount, which settles in the third quarter of 2023. The conversions resulted in the issuance of a nominal number of shares of our common stock to the noteholders. We continue to classify the carrying value of the 2019 Notes as current liabilities on our consolidated balance sheet at June 30, 2023.

Cash Flows

	Six Months Ended June 30,		Increase/(Decrease) \$ Change
	2023	2022 (Amounts in thousands)	
Operating activities	\$ 45,622	\$ 68,834	\$ (23,212)
Investing activities	55,400	(54,434)	109,834
Financing activities	(18,388)	(14,314)	(4,074)
Effect of exchange rate changes on cash and cash equivalents	(2,436)	(7,388)	4,952
Net increase (decrease) in cash and cash equivalents	\$ 80,198	\$ (7,302)	\$ 87,500

Operating activities

For the six months ended June 30, 2023, our operating activities provided cash of \$45.6 million reflecting net income of \$48.9 million and non-cash charges totaling \$44.3 million primarily related to depreciation, amortization, contingent consideration fair value adjustments, deferred income taxes and stock-based compensation charges. An increase in accounts receivable consumed \$4.6 million of cash and was primarily driven by the timing of collections from customers. Additionally, we had an increase in inventory manufactured that consumed \$2.5 million and an \$11.5 million increase in prepaid expenses, primarily related to prepaid taxes and subscriptions. A decrease in accounts payable consumed \$3.9 million and was due to the timing of payments to vendors. A decrease in accrued liabilities consumed \$26.2 million primarily related to the payment of employee bonuses during the six months ended June 30, 2023. The remaining cash provided by operating activities resulted from favorable changes in various other working capital accounts.

For the six months ended June 30, 2022, our operating activities provided cash of \$68.8 million reflecting net income of \$96.8 million and non-cash charges totaling \$31.5 million primarily related to depreciation, amortization, contingent consideration adjustments, deferred income taxes and stock-based compensation charges. An increase in accounts receivable consumed \$8.4 million of cash and was primarily driven by the 35.4% year-to-date increase in revenues. Additionally, we had an increase in inventory manufactured of \$58.1 million to support expected increases in future revenue. A decrease in accrued liabilities of \$4.0 million relates to the payout of employee bonuses and a decrease in our estimated income tax provision during the first half of 2022. Offsetting these uses of cash was a \$6.3 million increase in accounts payable which correlates to the increase in inventory and is also a result of the timing of payments to vendors and a decrease in prepaid expenses driven by a decrease in prepaid corporate income taxes. The remaining cash provided by operating activities resulted from favorable changes in various other working capital accounts.

Investing activities

Our investing activities provided \$55.4 million of cash during the six months ended June 30, 2023, primarily due to the maturity of our short-term investment in U.S. treasury securities in June 2023, which provided cash of \$102.3 million. We used \$28.1 million in cash (net of cash received) for the FlexBiosys Acquisition. Capital expenditures consumed \$18.8 million in 2023 as we continue to increase our manufacturing capacity worldwide. Of these expenditures, \$2.1 million represented capitalized costs related to our internal-use software for the six months ended June 30, 2023.

Our investing activities consumed \$54.4 million of cash during the six months ended June 30, 2022 mainly due to capital expenditures as we continue to increase our manufacturing capacity worldwide. Of these expenditures, \$1.9 million represented capitalized costs related to our internal-use software for the six months ended June 30, 2022.

Financing activities

Our financing activities consumed \$18.4 million of cash for the six months ended June 30, 2023, primarily for \$11.1 million in cash disbursed for shares withheld to cover employee income tax due upon the vesting and release of restricted stock units and the payment of \$7.3 million to settle the cash portion of the First Earnout Year contingent earnout obligation related to our acquisition of Avitide, Inc. in September 2021. This was partially offset by proceeds received from stock option exercises during the period.

Our financing activities consumed \$14.3 million of cash for the six months ended June 30, 2022, which included cash disbursed in relation to shares withheld to cover employee income taxes due upon the vesting and release of restricted stock units of \$14.8 million. This was partially offset by proceeds received from stock option exercises during the period of \$0.5 million.

Working capital increased by \$31.1 million to \$625.0 million at June 30, 2023 from \$593.9 million at December 31, 2022 due to the various changes noted above.

Our future capital requirements will depend on many factors, including the following:

- the expansion of our bioprocessing business;
- the ability to sustain sales and profits of our bioprocessing products and successfully integrate them into our business;
- our ability to acquire additional bioprocessing products;
- the scope of and progress made in our R&D activities;
- the scope of investment in our intellectual property portfolio;
- contingent consideration earnout payments resulting from our acquisitions;
- the extent of any share repurchase activity;
- the success of any proposed financing efforts;
- general economic and capital markets;
- change in accounting standards;
- the impact of inflation on our operations, including our expenditures on raw materials and freight charges;
- fluctuations in foreign currency exchange rates; and
- costs associated with our ability to comply with, emerging environmental, social and governance standards.

Absent acquisitions of additional products, product candidates or intellectual property, we believe our current cash balances are adequate to meet our cash needs for at least the next 24 months from the date of this filing. We expect operating expenses for the rest of the year to increase as we continue to expand our bioprocessing business. We expect to incur continued spending related to the development and expansion of our bioprocessing product lines and expansion of our commercial capabilities for the foreseeable future. Our future capital requirements may include, but are not limited to, purchases of property, plant and equipment, the acquisition of additional bioprocessing products and technologies to complement our existing manufacturing capabilities and continued investment in our intellectual property portfolio.

We plan to continue to invest in our bioprocessing business and in key R&D activities associated with the development of new bioprocessing products. We actively evaluate various strategic transactions on an ongoing basis, including acquiring products, technologies or businesses that would complement our existing portfolio. We continue to seek to acquire such potential assets that may offer us the best opportunity to create value for our shareholders. In order to acquire such assets, we may need to seek additional financing to fund these investments. If our available cash balances and anticipated cash flow from operations are insufficient to satisfy our liquidity requirements, including because of any such acquisition-related financing needs or lower demand for our products, we may seek to sell common or preferred equity or convertible debt securities, enter into a credit facility or another form of third-party funding, or seek other debt funding. The sale of equity and convertible debt securities may result in dilution to our shareholders, and those securities may have rights senior to those of our common shares. If we raise additional funds through the issuance of preferred stock, convertible debt securities or other debt financing, these securities or other debt could contain covenants that would restrict our operations. Any other third-party funding arrangement could require us to relinquish valuable rights. We may require additional capital beyond our currently anticipated amounts. Additional capital may not be available on reasonable terms, if at all.

Net Operating Loss Carryforwards

At December 31, 2022, the Company had federal net operating loss carryforwards of \$42.9 million, state net operating loss carryforwards of \$0.8 million and foreign net operating loss carryforwards of \$4.9 million. Federal net operating loss carryforwards of \$7.3 million will expire at various dates through 2037. The state net operating loss carryforwards will expire at various dates through 2041, while the foreign net operating loss carryforwards do not expire. The other \$35.6 million of federal net operating loss carryforwards have unlimited carryforward periods. We had state business tax credits carryforwards of \$3.8 million available to reduce future domestic income taxes. The state business tax credits carryforwards will expire at various dates through 2042. Net operating loss and business tax credit carryforwards are subject to review and possible adjustment by the

Internal Revenue Service, state and foreign tax authorities and may be limited in the event of certain changes in the ownership interest of significant shareholders.

Effects of Inflation

Our assets are primarily monetary, consisting of cash, cash equivalents and marketable securities. Because of their liquidity, these assets are not directly affected by inflation. Since we intend to retain and continue to use our equipment, furniture, fixtures and office equipment, computer hardware and software and leasehold improvements, we believe that the incremental inflation related to replacement costs of such items will not materially affect our operations. However, the rate of inflation affects our expenses, such as those for employee compensation and contract services, which could increase our level of expenses and the rate at which we use our resources.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The forward-looking statements in this Quarterly Report on Form 10-Q do not constitute guarantees of future performance. Investors are cautioned that statements in this Quarterly Report on Form 10-Q which are not strictly historical statements, including, without limitation, express or implied statements or guidance regarding current or future financial performance and position, potential impairment of future earnings, management’s strategy, plans and objectives for future operations or acquisitions, product development and sales, restructuring activities, product candidate research, development and regulatory approval, SG&A expenditures, intellectual property, development and manufacturing plans, availability of materials and product and adequacy of capital resources, our financing plans and the projected continued impact of, and response to, COVID-19 constitute forward-looking statements. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which the Company operates, and management’s beliefs and assumptions. The Company undertakes no obligation to publicly update or revise the statements in light of future developments. In addition, other written and oral statements that constitute forward-looking statements may be made by the Company or on the Company’s behalf. Words such as “expect,” “seek,” “anticipate,” “intend,” “plan,” “believe,” “could,” “estimate,” “may,” “target,” “project,” or variations of such words and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated, including, without limitation, risks associated with the following: the success of current and future collaborative or supply relationships, including our agreements with Cytiva, MilliporeSigma and Purolite Life Sciences, an Ecolab Inc. company; our ability to successfully grow our bioprocessing business, including as a result of acquisitions, commercialization or partnership opportunities, and our ability to develop and commercialize products; our ability to obtain required regulatory approvals; our compliance with all U.S. Food and Drug Administration regulations, our ability to obtain, maintain and protect intellectual property rights for our products; the risk of litigation regarding our patent and other intellectual property rights; the risk of litigation with collaborative partners; our manufacturing capabilities and our dependence on third-party manufacturers and value-added resellers; our ability to hire and retain skilled personnel; the market acceptance of our products, reduced demand for our products that adversely impacts our future revenues, cash flows, results of operations and financial condition; our ability to integrate acquired businesses successfully into our business and achieve the expected benefits of the acquisitions; our ability to compete with larger, better financed life sciences companies; our history of losses and expectation of incurring losses; our ability to generate future revenues; our ability to successfully integrate our recently acquired businesses; our ability to raise additional capital to fund potential acquisitions; our volatile stock price; and the effects of our anti-takeover provisions. Further information on potential risk factors that could affect our financial results are included in the filings made by us from time to time with the SEC including under the sections entitled “Risk Factors” in our Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have historically held investments in commercial paper, U.S. treasury and government securities as well as corporate bonds and other debt securities. As a result, we have been exposed to potential loss from market risks that may occur as a result of changes in interest rates, changes in credit quality of the issuer or otherwise. Our investment portfolio consists of cash and cash equivalents (cash and money market funds) that total \$603.7 million at June 30, 2023. We held marketable securities (U.S.

treasury bills) of \$100.3 million, which were included in short-term marketable securities on the consolidated balance sheet as of December 31, 2022. These marketable securities matured in June 2023.

Our cash equivalent investments (money market funds) have short-term maturity periods that dampen the impact of market or interest rate risk. Our marketable securities consist of U.S. treasury bills with a short term maturity period of 180 days. As a result, a hypothetical 100 basis point increase in interest rates would have no effect on our cash position as of June 30, 2023.

We manage our investment portfolio in accordance with our investment policy or approval by the Board of Directors. The primary objectives of our investment policy are to preserve principal, maintain a high degree of liquidity to meet operating and other needs, and obtain competitive returns subject to prevailing market conditions without significantly increasing risk. To achieve this objective, we maintain our portfolio of cash equivalents and marketable securities in high-quality securities, including money market funds and U.S. treasury bills. The U.S. treasury bills were classified as held-to-maturity at December 31, 2022 and consequently were recorded at amortized cost on our consolidated balance sheet in accordance with accounting principles generally accepted in the United States. These marketable securities matured in June 2023. We do not expect any material loss from our marketable security investments and therefore believe that our potential interest rate exposure is limited.

Foreign Exchange Risk

The reporting currency of the Company is U.S. dollars, and the functional currency of each of our foreign subsidiaries is its respective local currency. Our foreign currency exposures include the Swedish krona, Euro, British pound, Chinese yuan, Japanese yen, Singapore dollar, South Korean won and Indian rupee; of these, the primary foreign currency exposures are the Swedish krona, Euro and Chinese yuan. Exchange gains or losses resulting from the translation between the transactional currency and the functional currency are included in net income. Fluctuations in exchange rates may adversely affect our results of operations, financial position and cash flows. We currently do not seek to hedge this exposure to fluctuations in exchange rates.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's management, with the participation of the principal executive officer and the principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on such evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control

We acquired FlexBiosys Inc. ("FlexBiosys") on April 17, 2023. The financial results of this acquisition are included in our unaudited consolidated financial statements as of June 30, 2023 and for the quarter then ended. As this acquisition occurred in the second quarter of 2023, the scope of our assessment of our internal control over financial reporting does not include FlexBiosys. This exclusion is in accordance with the Securities and Exchange Commission's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of such acquisition.

In connection with our initiative to integrate and enhance our global information technology systems and business processes, we continued the phased implementation of a new enterprise resource planning ("ERP") system. The Company is implementing the ERP system in phases through 2024. The fifth phase of implementation was completed during the second quarter of 2023. The implementation of the ERP system is expected to, among other things, automate a number of accounting and reporting processes and activities, thereby decreasing the amount of manual processes previously required. As a result of this implementation, we modified certain existing internal controls over financial reporting as well as implemented new controls and procedures related to the new ERP system during the three months ended June 30, 2023.

Other than the foregoing, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rule 13a-15 or Rule 15d-15 that occurred in the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We are not currently aware of any such proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

The matters discussed in this Quarterly Report on Form 10-Q include forward-looking statements that involve risks or uncertainties. These statements are neither promises nor guarantees, but are based on various assumptions by management regarding future circumstances, over many of which Repligen has little or no control. A number of important risks and uncertainties, including those identified under the caption “*Risk Factors*” in Part I, Item 1A of our Form 10-K for the period ended December 31, 2022 and in subsequent filings, including this Quarterly Report on Form 10-Q, could cause our actual results to differ materially from those in the forward-looking statements. Other than as indicated below, there are no material changes to the risk factors described in our Form 10-K for the period ended December 31, 2022.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults, or non-performance by financial institutions or transactional counterparties, could adversely affect our current and projected business operations and our financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank (“SVB”) was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. Since that date, SVB has announced they have been acquired by First Citizens Bank and have resumed mostly normal operations. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. If any of our lenders or counterparties to any such instruments were to be placed into receivership, we may be unable to access such funds. We have a banking relationship with SVB and hold cash, cash equivalents and marketable securities of less than \$0.1 million as of June 30, 2023 in SVB depository accounts to cover short-term operational payments. While we have not experienced any losses in such accounts, the recent failure of SVB caused us to utilize our accounts at other financial institutions in order to mitigate potential operational risks stemming from the temporary inability to access funds in our SVB operating accounts. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds pursuant to such instruments or lending arrangements with such a financial institution, such parties’ ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected.

Inflation and rapid increases in interest rates have led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Although the U.S. Department of Treasury, FDIC and Federal Reserve Board have announced a program to provide up to \$25 billion of loans to financial institutions secured by certain of such government securities held by financial institutions to mitigate the risk of potential losses on the sale of such instruments, widespread demands for customer withdrawals or other liquidity needs of financial institutions for immediately liquidity may exceed the capacity of such program. Additionally, there is no guarantee that the U.S. Department of Treasury, FDIC and Federal Reserve Board will provide access to uninsured funds in the future in the event of the closure of other banks or financial institutions, or that they would do so in a timely fashion.

Although we assess our banking and customer relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired by factors that affect the Company, the financial institutions with which the Company has credit agreements or arrangements directly, or the financial services industry or economy in general. These factors could include, among others, events such as liquidity constraints or failures, the ability to perform obligations under various types of financial, credit or liquidity agreements or arrangements, disruptions or instability in the financial services industry or financial markets, or concerns or negative expectations about the prospects for companies in the financial services industry. These factors could involve financial institutions or financial services industry companies with which the Company has financial or business

relationships, but could also include factors involving financial markets or the financial services industry generally. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our current and projected business operations and our financial condition and results of operations.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, result in breaches of our financial and/or contractual obligations or result in violations of federal or state wage and hour laws. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and/or projected business operations and financial condition and results of operations.

In addition, any further deterioration in the macroeconomic economy or financial services industry, could lead to losses or defaults by our suppliers, which in turn, could have a material adverse effect on our current and/or projected business operations and results of operations and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, modified, or terminated a Rule 10(b)5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2023.

ITEM 6. EXHIBITS

(a) Exhibits

Exhibit Number	Document Description
3.1	<u>Restated Certificate of Incorporation, dated June 30, 1992 and amended September 17, 1999 (filed as Exhibit 3.1 to Repligen Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 and incorporated herein by reference).</u>
3.2	<u>Certificate of Amendment to the Certificate of Incorporation of Repligen Corporation, effective as of May 16, 2014 (filed as Exhibit 3.1 to Repligen Corporation's Current Report on Form 8-K filed on May 19, 2014 and incorporated herein by reference).</u>
3.3	<u>Certificate of Amendment to the Certificate of Incorporation of Repligen Corporation, effective as of May 19, 2023 (filed as Exhibit 3.1 to Repligen Corporation's Current Report on Form 8-K filed on May 22, 2023 and incorporated herein by reference).</u>
3.4	<u>Third Amended and Restated Bylaws (filed as Exhibit 3.1 to Repligen Corporation's Current Report on Form 8-K filed on January 28, 2021 and incorporated herein by reference).</u>
31.1 +	<u>Rule 13a-14(a)/15d-14(a) Certification.</u>
31.2 +	<u>Rule 13a-14(a)/15d-14(a) Certification.</u>
32.1 *	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS+	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH+	Inline XBRL Taxonomy Extension Schema Document.
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104+	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*).
+ Filed herewith.	
* Furnished herewith.	

SIGNATURES

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

REPLIGEN CORPORATION

Date: August 2, 2023

By: /s/ TONY J. HUNT

Tony J. Hunt
President and Chief Executive Officer
(Principal executive officer)
Repligen Corporation

Date: August 2, 2023

By: /s/ JON SNODGRES

Jon Snodgres
Chief Financial Officer
(Principal financial officer)
Repligen Corporation

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED**

I, Tony J. Hunt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Repligen 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(s) 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(s) 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: August 2, 2023

/s/ TONY J. HUNT

Tony J. Hunt
President and Chief Executive Officer
(Principal executive officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) / RULE 15d-14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934, AS AMENDED**

I, Jon Snodgres, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Repligen 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(s) 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(s) 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: August 2, 2023

/s/ JON SNODGRES

Jon Snodgres
Chief Financial Officer
(Principal financial officer)

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

In connection with the Quarterly Report of Repligen Corporation (the “Company”) on Form 10-Q for the period ending June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2023

By:

/s/ TONY J. HUNT

Tony J. Hunt

**Chief Executive Officer and President
(Principal executive officer)**

Date: August 2, 2023

By:

/s/ JON SNODGRES

Jon Snodgres

**Chief Financial Officer
(Principal financial officer)**

* This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.
