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DELTA REPORT

10-Q

MRVI - MARAVAI LIFESCIENCES HOLD

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JUNE 30, 2023

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TOTAL DELTAS 895

█ CHANGES 458

█ DELETIONS 282

█ ADDITIONS 155

**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** **September 30, 2023**
OR

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

Commission file number 001-39725

Maravai LifeSciences Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

85-2786970

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

10770 Wateridge Circle, Suite 200

92121

San Diego, California

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (858) 546-0004

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.01 par value	MRVI	The Nasdaq Stock Market LLC

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" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. Yes No

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

As of **August 1, 2023** **November 1, 2023**, **131,923,561** **132,188,632** shares of the registrant's Class A common stock were outstanding and 119,094,026 shares of the registrant's Class B common stock were outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this report, including, without limitation, statements under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements often may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "may," "will," "should," "can have," "likely" and other words and terms of similar meaning. These statements are based upon management's current expectations, assumptions and estimates and are not guarantees of the timing or nature of our future operating or financial performance or other events. All forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results to differ materially from those that we expected, including:

- The extent and duration of our revenue associated with COVID-19 related products and services are uncertain and are dependent, in important respects, on factors outside of our control.
- We are dependent on the level of our customers' spending on and demand for outsourced nucleic acid production and biologics safety testing products and services. A reduction in spending or change in spending priorities of our customers could significantly reduce demand for our products and services and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.
- Ongoing macroeconomic challenges and changes in economic conditions, including adverse developments affecting banks and financial institutions, follow-on effects of those events and related systemic pressures, could negatively impact, directly or indirectly, our and our customers' current and future business operations and our financial condition, revenue and earnings.
- Certain of our products are used by customers in the production of vaccines and therapies, some of which represent relatively new and still-developing modes of treatment. Unforeseen adverse events, negative clinical outcomes, development of alternative therapies, or increased regulatory scrutiny of these and their financial cost may damage public perception of the safety, utility, or efficacy of these vaccines and therapies or other modes of treatment and may harm our customers' ability to conduct their business. Such events may negatively impact our revenue and have an adverse effect on our performance.
- We compete with life science, pharmaceutical and biotechnology companies who are substantially larger than we are and potentially capable of developing new approaches that could make our products, services and technology obsolete.
- If our products and services do not perform as expected or the reliability of the technology on which our products and services are based is questioned, we could experience lost revenue, delayed or reduced market acceptance of our products and services, increased costs and damage to our reputation.
- Our products are highly complex and are subject to quality control requirements.
- Our commercial success depends on the market acceptance of our life science reagents. Our reagents may not achieve or maintain significant commercial market acceptance.

- Our operating results may fluctuate significantly in the future, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or any guidance we may provide.
- Ongoing geopolitical instability and the resulting economic disruption may negatively impact our business, operations and financial condition.
- Our acquisitions expose us to risks that could adversely affect our business, and we may not achieve the anticipated benefits of acquisitions of businesses or technologies.
- Product liability lawsuits against us could cause us to incur substantial liabilities, limit sales of our existing products and limit commercialization of any products that we may develop.
- Our acquisitions expose us to risks that could adversely affect our business, and we may not achieve the anticipated benefits of acquisitions of businesses or technologies.
- We depend on a limited number of customers for a high percentage of our revenue. If we cannot maintain our current relationships with customers, fail to sustain recurring sources of revenue with our existing customers, or if we fail to enter into new relationships, our future operating results will be adversely affected.

- We rely on a limited number of suppliers or, in some cases, sole suppliers, for some of our raw materials and may not be able to find replacements or immediately transition to alternative suppliers.
- Our products could become subject to more onerous regulation by the FDA or other regulatory agencies in the future, which could increase our costs and delay or prevent commercialization of our products, thereby materially and adversely affecting our business, financial condition, results of operations, cash flows and prospects.
- If we are unable to obtain, maintain and enforce intellectual property protection for our current or future products, or if the scope of our intellectual property protection is not sufficiently broad, our ability to commercialize our products successfully and to compete effectively may be materially adversely affected.
- If we fail to comply with our obligations under any license agreements, disagree over contract interpretation, or otherwise experience disruptions to our business relationships with our licensors, we could lose intellectual property rights that are necessary to our business.
- Our existing indebtedness could adversely affect our business and growth prospects.
- Our principal asset is our interest in Maravai Topco Holdings, LLC ("Topco LLC"), and, accordingly, we depend on distributions from Topco LLC to pay our taxes and expenses, including payments under a tax receivable agreement with the former owners of Topco LLC (the "Tax Receivable Agreement" or "TRA"). Topco LLC's ability to make such distributions may be subject to various limitations and restrictions.
- Conflicts of interest could arise between our shareholders and Maravai Life Sciences Holdings, LLC ("MLSH 1"), the only other member of Topco LLC, which may impede business decisions that could benefit our shareholders.
- The Tax Receivable Agreement requires us to make cash payments to MSLH 1 and Maravai Life Sciences Holdings 2, LLC ("MLSH 2"), an entity through which certain of our former owners hold their interests in the Company, in respect of certain tax benefits to which we may become entitled, and we expect that the payments we will be required to make will be substantial.
- Our organizational structure, including the Tax Receivable Agreement, confers certain benefits upon MSLH 1 and MSLH 2 that will not benefit the other common shareholders to the same extent as they will benefit MSLH 1 and MSLH 2.
- GTCR, LLC ("GTCR") controls us, and its interests may conflict with ours or yours in the future.
- Provisions of our corporate governance documents could make an acquisition of us more difficult and may prevent attempts by our shareholders to replace or remove our current management, even if beneficial to our shareholders.

We derive many of our forward-looking statements from our operating budgets and forecasts, which are based on many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause our actual results to differ materially from our expectations or cautionary statements are disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022 and in this Quarterly Report on Form 10-Q.

The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Part I.

Item 1. Financial Statements and Supplementary Data

MARAVAI LIFESCIENCES HOLDINGS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except par value)
(Unaudited)

Assets	Assets	June 30, 2023	December 31, 2022	Assets	September 30, 2023	December 31, 2022
Current assets:	Current assets:			Current assets:		

Cash and cash equivalents	Cash and cash equivalents	\$ 580,176	\$ 632,138	Cash and cash equivalents	\$ 579,605	\$ 632,138
Accounts receivable, net	Accounts receivable, net	48,987	138,624	Accounts receivable, net	45,674	138,624
Inventory	Inventory	47,402	43,152	Inventory	49,142	43,152
Prepaid expenses and other current assets	Prepaid expenses and other current assets	22,515	25,798	Prepaid expenses and other current assets	22,916	25,798
Government funding receivable	Government funding receivable	232	8,190	Government funding receivable	3,528	8,190
Total current assets	Total current assets	699,312	847,902	Total current assets	700,865	847,902
Property and equipment, net	Property and equipment, net	141,619	52,694	Property and equipment, net	153,565	52,694
Goodwill	Goodwill	326,459	283,668	Goodwill	326,029	283,668
Intangible assets, net	Intangible assets, net	234,726	216,663	Intangible assets, net	227,856	216,663
Deferred tax assets	Deferred tax assets	769,586	765,799	Deferred tax assets	773,659	765,799
Other assets	Other assets	92,735	115,589	Other assets	85,579	115,589
Total assets	Total assets	\$ 2,264,437	\$ 2,282,315	Total assets	\$ 2,267,553	\$ 2,282,315
Liabilities and stockholders' equity	Liabilities and stockholders' equity			Liabilities and stockholders' equity		
Current liabilities:	Current liabilities:			Current liabilities:		
Accounts payable	Accounts payable	\$ 6,658	\$ 5,991	Accounts payable	\$ 9,424	\$ 5,991
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	50,344	53,371	Accrued expenses and other current liabilities	56,042	53,371
Deferred revenue	Deferred revenue	2,459	3,088	Deferred revenue	2,553	3,088
Current portion of payable to related parties pursuant to the Tax Receivable Agreement	Current portion of payable to related parties pursuant to the Tax Receivable Agreement	9,458	42,254	Current portion of payable to related parties pursuant to the Tax Receivable Agreement	4,198	42,254
Current portion of long-term debt	Current portion of long-term debt	5,440	5,440	Current portion of long-term debt	5,440	5,440
Current portion of finance lease liabilities	Current portion of finance lease liabilities	560	—	Current portion of finance lease liabilities	596	—
Total current liabilities	Total current liabilities	74,919	110,144	Total current liabilities	78,253	110,144
Long-term debt, less current portion	Long-term debt, less current portion	520,336	521,997	Long-term debt, less current portion	519,520	521,997
Finance lease liabilities, less current portion	Finance lease liabilities, less current portion	32,236	—	Finance lease liabilities, less current portion	32,077	—
Deferred tax liabilities	Deferred tax liabilities	8,512	—	Deferred tax liabilities	6,690	—
Payable to related parties pursuant to the Tax Receivable Agreement, less current portion	Payable to related parties pursuant to the Tax Receivable Agreement, less current portion	667,934	675,956	Payable to related parties pursuant to the Tax Receivable Agreement, less current portion	674,201	675,956
Other long-term liabilities	Other long-term liabilities	62,862	68,975	Other long-term liabilities	64,531	68,975
Total liabilities	Total liabilities	1,366,799	1,377,072	Total liabilities	1,375,272	1,377,072

Stockholders' equity:		Stockholders' equity:	
Class A common stock, \$0.01 par value - 500,000 shares authorized; 131,901 and 131,692 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	1,319	1,317	
Class B common stock, \$0.01 par value - 300,000 shares authorized; 119,094 and 123,669 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	1,191	1,237	
Class A common stock, \$0.01 par value - 500,000 shares authorized; 131,945 and 131,692 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively			Class A common stock, \$0.01 par value - 500,000 shares authorized; 131,945 and 131,692 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively
Class B common stock, \$0.01 par value - 300,000 shares authorized; 119,094 and 123,669 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively			Class B common stock, \$0.01 par value - 300,000 shares authorized; 119,094 and 123,669 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively
Additional paid-in capital	119,903	137,898	Additional paid-in capital
Retained earnings	398,158	404,766	Retained earnings
Total stockholders' equity attributable to Maravai LifeSciences Holdings, Inc.	520,571	545,218	Total stockholders' equity attributable to Maravai LifeSciences Holdings, Inc.
Non-controlling interest	377,067	360,025	Non-controlling interest
Total stockholders' equity	897,638	905,243	Total stockholders' equity
Total liabilities and stockholders' equity	\$ 2,264,437	\$ 2,282,315	Total liabilities and stockholders' equity

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

MARAVAI LIFESCIENCES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)
(Unaudited)

		Three Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,					
		2023		2022		2023		2022		2023		2022			
		Revenue	Revenue	\$ 68,914	\$ 242,732	Revenue	Revenue	\$ 66,865	\$ 191,263	Revenue	Revenue	\$ 214,804	\$ 678,288		
Revenue	Revenue														
Operating expenses:	Operating expenses:														
Cost of revenue	Cost of revenue	43,273	37,496	76,949	77,528	Cost of revenue	36,686	38,176	113,635	115,704					
Selling, general and administrative	Selling, general and administrative	35,377	28,061	74,048	61,261	Selling, general and administrative	38,864	30,795	112,912	92,056					
Research and development	Research and development	4,194	4,274	8,339	7,969	Research and development	4,347	5,389	12,686	13,358					
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration	(2,316)	(7,800)	(2,316)	(7,800)	Change in estimated fair value of contingent consideration	2,385	—	69	(7,800)					
Total operating expenses	Total operating expenses	80,528	62,031	157,020	138,958	Total operating expenses	82,282	74,360	239,302	213,318					
(Loss) income from operations	(Loss) income from operations	(11,614)	180,701	(9,081)	348,067	(Loss) income from operations	(15,417)	116,903	(24,498)	464,970					
Other income (expense):	Other income (expense):					Other income (expense):									
Interest expense	Interest expense	(7,022)	(4,434)	(18,855)	(7,098)	Interest expense	(11,637)	(3,136)	(30,492)	(10,234)					
Interest income	Interest income	6,791	—	12,836	—	Interest income	7,432	—	20,268	—					
Loss on extinguishment of debt	Loss on extinguishment of debt	—	—	—	(208)	Loss on extinguishment of debt	—	—	—	(208)					
Change in payable to related parties pursuant to the Tax Receivable Agreement	Change in payable to related parties pursuant to the Tax Receivable Agreement	101	—	(1,335)	2,340	Change in payable to related parties pursuant to the Tax Receivable Agreement	(1,007)	—	(2,342)	2,340					
Other expense	Other expense	(1,620)	(1,275)	(1,452)	(1,268)	Other income (expense)	66	(4)	(1,386)	(1,272)					
Other income (expense)	Other income (expense)					(Loss) income before income taxes	(13,364)	174,992	(17,887)	341,833	(Loss) income before income taxes	(20,563)	113,763	(38,450)	455,596
(Loss) income before income taxes	(Loss) income before income taxes					Income tax (benefit) expense	(1,421)	18,271	(4,596)	38,252	Income tax (benefit) expense	(5,461)	14,110	(10,057)	52,362
Income tax (benefit) expense	Income tax (benefit) expense					Net (loss) income	(11,943)	156,721	(13,291)	303,581	Net (loss) income	(15,102)	99,653	(28,393)	403,234
Net (loss) income	Net (loss) income					Net (loss) income attributable to non-controlling interests	(5,402)	85,481	(6,683)	165,479	Net (loss) income attributable to non-controlling interests	(8,640)	55,184	(15,323)	220,663
Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$ (6,541)	\$ 71,240	\$ (6,608)	\$ 138,102	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$ (6,462)	\$ 44,469	\$ (13,070)	\$ 182,571					

Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:	Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:	Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:
Basic	Basic	Basic
\$ (0.05)	\$ 0.54	\$ (0.05)
\$ 1.05	\$ 0.34	\$ (0.10)
Diluted	Diluted	Diluted
\$ (0.05)	\$ 0.53	\$ (0.05)
\$ 1.03	\$ 0.34	\$ (0.10)
Weighted average number of Class A common shares outstanding:	Weighted average number of Class A common shares outstanding:	Weighted average number of Class A common shares outstanding:
Basic	Basic	Basic
131,864	131,524	131,802
131,506	131,540	131,845
Diluted	Diluted	Diluted
131,864	255,361	131,802
255,324	255,324	131,930
		131,651
		131,845
		255,323

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

MARAVAI LIFESCIENCES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands)
(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022		2023		2022		2023	2022	2023	2022
	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income	Net (loss) income
Net (loss) income	\$ (11,943)	\$ 156,721	\$ (13,291)	\$ 303,581	\$ (15,102)	\$ 99,653	\$ (28,393)	\$ 403,234				
Comprehensive (loss) income attributable to non-controlling interests	Comprehensive (loss) income attributable to non-controlling interests	(5,402)	85,481	(6,683)	165,479	(8,640)	55,184	(15,323)	220,663			
Total comprehensive (loss) income attributable to Maravai LifeSciences Holdings, Inc.	Total comprehensive (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$ (6,541)	\$ 71,240	\$ (6,608)	\$ 138,102	\$ (6,462)	\$ 44,469	\$ (13,070)	\$ 182,571			

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

MARAVAI LIFESCIENCES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands)
(Unaudited)

Three Months Ended June 30, 2023				Three Months Ended September 30, 2023			
Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock

		Additional								Non-				Total		Additional										
		Paid-In				Retained		Controlling		Stockholders'		Paid-In				Retained										
		Shares	Amount	Shares	Amount	Capital	Earnings	Interest	Equity	Shares	Amount	Shares	Amount	Capital	Earnings	Shares	Amount	Shares	Amount	Capital	Earnings					
March 31, 2023		131,789	\$ 1,318	119,094	\$ 1,191	\$ 114,309	\$ 404,699	\$ 379,121	\$ 900,638	June 30, 2023	131,901	\$ 1,319	119,094	\$ 1,191	\$ 119,	June 30, 2023	131,901	\$ 1,319	119,094	\$ 1,191	\$ 119,					
June 30, 2023	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	112	1	—	—	530	—	445	976	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	44	—	—	—	—	—	—	—	—	—	(242)					
Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	—	—	—	—	193	—	(193)	—	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	—	—	—	—	—	—	—	—	—	—	178					
Stock-based compensation	Stock-based compensation	—	—	—	—	4,871	—	4,401	9,272	Stock-based compensation	—	—	—	—	—	—	—	—	—	—	5,249					
Distribution for tax liabilities to non-controlling interest holder	—	—	—	—	—	—	(1,305)	(1,305)	—	—	—	—	—	—	—	—	—	—	—	—						
Net loss	Net loss	—	—	—	—	(6,541)	(5,402)	(11,943)	Net loss	—	—	—	—	—	—	—	—	—	—	—	(6,					
June 30, 2023		131,901	\$ 1,319	119,094	\$ 1,191	\$ 119,903	\$ 398,158	\$ 377,067	\$ 897,638	September 30, 2023	131,945	\$ 1,319	119,094	\$ 1,191	\$ 125,	September 30, 2023	131,945	\$ 1,319	119,094	\$ 1,191	\$ 125,					
September 30, 2023		Six Months Ended June 30, 2023								Nine Months Ended September 30,								Nine Months Ended September 30,								
December 31, 2022	December 31, 2022	Class A Common Stock				Class B Common Stock				Class A Common Stock				Class B Common Stock				Additional								
Effects of Structuring Transactions	Effects of Structuring Transactions	—	—	(4,575)	(46)	(26,348)	—	26,392	(2)	December 31, 2022	131,692	\$ 1,317	123,669	\$ 1,237	\$ 137,898	\$ 404,766	\$ 360,025	\$ 905,243	Effects of Structuring Transactions	—	—	(4,575)	(46)	(26,348)	—	—
Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	209	2	—	—	34	—	—	36	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	253	2	—	—	—	—	—	—	—	—	(208)					

Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	—	—	—	—	315	—	(315)	—	Topco LLC	—	—	—	—	493
Stock-based compensation	Stock-based compensation	—	—	—	—	8,004	—	7,255	15,259	Stock-based compensation	—	—	—	—	13,253
Distribution for tax liabilities to non-controlling interest holder	Distribution for tax liabilities to non-controlling interest holder	—	—	—	—	—	—	(9,607)	(9,607)	holder	—	—	—	—	—
Net loss	Net loss	—	—	—	—	(6,608)	(6,683)	(13,291)	Net loss	—	—	—	—	(1)	
June 30, 2023		131,901	\$ 1,319	119,094	\$ 1,191	\$ 119,903	\$ 398,158	\$ 377,067	\$ 897,638						
September 30, 2023										September 30, 2023	131,945	\$ 1,319	119,094	\$ 1,191	\$ 12

	Three Months Ended June 30, 2022								Three Months Ended September 30, 2022											
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital				Non-Controlling Interest		Total Stockholders' Equity		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital			
	Shares	Amount	Shares	Amount	Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity	Shares	Amount	Shares	Amount	Paid-In Capital	Retained Earnings	Non-Controlling Interest	Total Equity				
	March 31, 2022	131,490	\$ 1,315	123,669	\$ 1,237	\$ 128,584	\$ 251,423	\$ 271,743	\$ 654,302	June 30, 2022	131,539	\$ 1,315	123,669	\$ 1,237	\$ 131,125	\$ 251,423	\$ 271,743	\$ 654,302		
June 30, 2022										June 30, 2022	131,539	\$ 1,315	123,669	\$ 1,237	\$ 131,125	\$ 251,423	\$ 271,743	\$ 654,302		
Effect of exchange of LLC Units	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	49	—	—	—	1,114	—	—	1,114	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	1	—	—	—	—	—	25			
Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	—	—	—	—	(480)	—	480	—	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	—	—	—	—	—	—	(35)			
Stock-based compensation	Stock-based compensation	—	—	—	—	2,220	—	2,088	4,308	Stock-based compensation	—	—	—	—	—	—	2,443			

Distribution for tax liabilities to non-controlling interest holder	Distribution for tax liabilities to non-controlling interest holder	—	—	—	—	(65)	—	(42,588)	(42,653)	Distribution for tax liabilities to non-controlling interest holder	—	—	—	—	271
Net income	Net income	—	—	—	—	—	71,240	85,481	156,721	Net income	—	—	—	—	44,
June 30, 2022		131,539	\$ 1,315	123,669	\$ 1,237	\$ 131,373	\$ 322,663	\$ 317,204	\$ 773,792						

September 30, 2022		September 30, 2022		131,540	\$ 1,315	123,669	\$ 1,237	\$ 134,
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Six Months Ended June 30, 2022																Nine Months Ended September 30,																				
December 31, 2021		Class A Common				Class B Common				Additional Paid-In Retained Non-Controlling Stockholders' Total								Class B Common				Additional Paid-In Retained Non-Controlling Stockholders' Total														
		Stock		Stock		Shares		Amount		Shares		Amount		Capital		Earnings		Interest		Equity		Stock		Shares		Amount		Capital		Earnings		Interest		Equity		
Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	Issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	131,488	\$ 1,315	123,669	\$ 1,237	\$ 128,386	\$ 184,561	\$ 229,862	\$ 545,361	December 31, 2021	131,488	\$ 1,315	123,669	\$ 1,237	\$ 128,386	\$ 184,561	\$ 229,862	\$ 545,361	December 31, 2021	131,488	\$ 1,315	123,669	\$ 1,237	\$ 128,386	\$ 184,561	\$ 229,862	\$ 545,361	December 31, 2021	131,488	\$ 1,315	123,669	\$ 1,237	\$ 128,386	\$ 184,561	\$ 229,862	\$ 545,361
Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	Non-controlling interest adjustment for changes in proportionate ownership in Topco LLC	51	—	—	—	—	1,148	—	—	—	1,148	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,173			
Stock-based compensation	Stock-based compensation	—	—	—	—	—	(494)	—	494	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(529)				
Distribution for tax liabilities to non-controlling interest holder	Distribution for tax liabilities to non-controlling interest holder	—	—	—	—	—	4,089	—	3,846	7,935	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	6,532					
Impact of change to deferred tax asset associated with cash contribution to Topco LLC	Impact of change to deferred tax asset associated with cash contribution to Topco LLC	—	—	—	—	—	(65)	—	(82,477)	(82,542)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	206					
Net income	Net income	—	—	—	—	—	(1,691)	—	—	(1,691)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,691)				
June 30, 2022		131,539	\$ 1,315	123,669	\$ 1,237	\$ 131,373	\$ 322,663	\$ 317,204	\$ 773,792																											
September 30, 2022		September 30, 2022		131,540	\$ 1,315	123,669	\$ 1,237	\$ 134,																												

MARAVAI LIFESCIENCES HOLDINGS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

		Six Months Ended June 30,		Nine Months Ended September 30,	
				2023	2022
		Operating activities:	Operating activities:	Operating activities:	Operating activities:
Net (loss) income	Net (loss) income	\$ (13,291)	\$ 303,581	\$ (28,393)	\$ 403,234
Adjustments to reconcile net (loss) income to net cash provided by operating activities:	Adjustments to reconcile net (loss) income to net cash provided by operating activities:				
Depreciation	Depreciation	4,895	3,747	Depreciation	8,966
Amortization of intangible assets	Amortization of intangible assets	13,617	11,779	Amortization of intangible assets	20,487
Amortization of operating lease right-of-use assets	Amortization of operating lease right-of-use assets	4,193	2,639	Amortization of operating lease right-of-use assets	6,348
Amortization of deferred financing costs	Amortization of deferred financing costs	1,448	1,410	Amortization of deferred financing costs	2,186
Stock-based compensation expense	Stock-based compensation expense	15,259	7,935	Stock-based compensation expense	25,246
Loss on extinguishment of debt	Loss on extinguishment of debt	—	208	Loss on extinguishment of debt	—
Deferred income taxes	Deferred income taxes	(4,276)	26,073	Deferred income taxes	(9,808)
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration	(2,316)	(7,800)	Change in estimated fair value of contingent consideration	69
Revaluation of liabilities under the Tax Receivable Agreement	Revaluation of liabilities under the Tax Receivable Agreement	1,335	(2,340)	Revaluation of liabilities under the Tax Receivable Agreement	2,342
Other	Other	(3,489)	(1,283)	Other	(4,474)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:	
Accounts receivable	Accounts receivable	89,968	(2,332)	Accounts receivable	93,180
Inventory	Inventory	4,328	(7,502)	Inventory	2,833
Prepaid expenses and other assets	Prepaid expenses and other assets	(1,718)	(10,052)	Prepaid expenses and other assets	1,761
Accounts payable	Accounts payable	1,639	6,310	Accounts payable	3,625
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	6,582	(1,773)	Accrued expenses and other current liabilities	8,962
					14,114

Deferred revenue	Deferred revenue	(652)	(4,776)	Deferred revenue	(558)	(4,388)
Other long-term liabilities	Other long-term liabilities	(13,254)	759	Other long-term liabilities	(14,338)	1,750
Net cash provided by operating activities	Net cash provided by operating activities	104,268	326,583	Net cash provided by operating activities	118,434	436,642
Investing activities:	Investing activities:			Investing activities:		
Cash paid for acquisition of a business, net of cash acquired	Cash paid for acquisition of a business, net of cash acquired	(69,622)	(238,836)	Cash paid for acquisition of a business, net of cash acquired	(69,622)	(238,836)
Purchases of property and equipment	Purchases of property and equipment	(32,927)	(4,409)	Purchases of property and equipment	(48,754)	(10,876)
Proceeds from government assistance allocated to property and equipment	Proceeds from government assistance allocated to property and equipment	8,662	—	Proceeds from government assistance allocated to property and equipment	8,969	—
Proceeds from sale of business, net of cash divested				Proceeds from sale of business, net of cash divested	—	620
Net cash used in investing activities	Net cash used in investing activities	(93,887)	(243,245)	Net cash used in investing activities	(109,407)	(249,092)
Financing activities:	Financing activities:			Financing activities:		
Distributions for tax liabilities to non-controlling interest holders	Distributions for tax liabilities to non-controlling interest holders	(9,607)	(82,477)	Distributions for tax liabilities to non-controlling interest holders	(9,607)	(119,289)
Proceeds from borrowings of long-term debt	Proceeds from borrowings of long-term debt	—	8,455	Proceeds from borrowings of long-term debt	—	8,455
Principal repayments of long-term debt	Principal repayments of long-term debt	(2,720)	(11,175)	Principal repayments of long-term debt	(4,080)	(12,535)
Payments of finance lease liabilities	Payments of finance lease liabilities	(66)	—	Payments of finance lease liabilities	(190)	—
Proceeds from derivative instruments	Proceeds from derivative instruments	1,890	—	Proceeds from derivative instruments	3,845	—
Payment of acquisition consideration holdback	Payment of acquisition consideration holdback	(9,706)	—	Payment of acquisition consideration holdback	(9,706)	—
Payments to MSLH 1 pursuant to the Tax Receivable Agreement	Payments to MSLH 1 pursuant to the Tax Receivable Agreement	(35,661)	—	Payments to MSLH 1 pursuant to the Tax Receivable Agreement	(35,661)	—
Payments to MSLH 2 pursuant to the Tax Receivable Agreement	Payments to MSLH 2 pursuant to the Tax Receivable Agreement	(6,492)	—	Payments to MSLH 2 pursuant to the Tax Receivable Agreement	(6,492)	—
Proceeds from issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	Proceeds from issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	19	1,263	Proceeds from issuance of Class A common stock under employee equity plans, net of shares withheld for employee taxes	331	1,993
Net cash used in financing activities	Net cash used in financing activities	(62,343)	(83,934)	Net cash used in financing activities	(61,560)	(121,376)
Net decrease in cash and cash equivalents		(51,962)	(596)			
Net (decrease) increase in cash and cash equivalents				Net (decrease) increase in cash and cash equivalents	(52,533)	66,174
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	632,138	551,272	Cash and cash equivalents, beginning of period	632,138	551,272

Cash and cash equivalents, end of period	\$ 580,176	\$ 550,676
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	Six Months Ended June 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Cash and cash equivalents, end of period			Cash and cash equivalents, end of period	\$ 579,605
Supplemental cash flow information:			Supplemental cash flow information:	
Cash paid for interest	\$ 20,608	\$ 6,132	Cash paid for interest	\$ 32,188
Cash (refunded) paid for income taxes, net	\$ (72)	\$ 13,856	Cash (refunded) paid for income taxes, net	\$ (3,077)
Supplemental disclosures of non-cash activities:			Supplemental disclosures of non-cash activities:	
Property and equipment included in accounts payable and accrued expenses	\$ 2,763	\$ 2,145	Property and equipment included in accounts payable and accrued expenses	\$ 3,703
Accrued receivable for capital expenditures to be reimbursed under a government contract	\$ 232	\$ —	Accrued receivable for capital expenditures to be reimbursed under a government contract	\$ 3,528
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 32,862	\$ —	Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 32,862
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3,931	\$ 773	Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 3,931
Fair value of contingent consideration liability recorded in connection with acquisition of a business	\$ 5,289	\$ 7,800	Fair value of contingent consideration liability recorded in connection with acquisition of a business	\$ 5,289
Accrued consideration payable for MyChem acquisition	\$ —	\$ 10,000	Accrued consideration payable for MyChem acquisition	\$ —

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

MARAVAI LIFESCIENCES HOLDINGS, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Significant Accounting Policies

Description of Business

Maravai LifeSciences Holdings, Inc. (the "Company", and together with its consolidated subsidiaries, "Maravai", "we", "us", and "our") provides critical products to enable the development of drugs, therapeutics, diagnostics and vaccines and to support research on human diseases. Our products address the key phases of biopharmaceutical development and include complex nucleic acids for diagnostic and therapeutic applications and antibody-based products to detect impurities during the production of biopharmaceutical products.

The Company is headquartered in San Diego, California, and has two principal businesses: Nucleic Acid Production and Biologics Safety Testing. Our Nucleic Acid Production business manufactures and sells products used in the fields of gene therapy, vaccines, nucleoside chemistry, oligonucleotide therapy and molecular diagnostics, including reagents used in the chemical synthesis, modification, labelling and purification of deoxyribonucleic acid ("DNA") and ribonucleic acid ("RNA"). Our core Nucleic Acid Production offerings include messenger ribonucleic acid ("mRNA"), long and short oligonucleotides, our proprietary CleanCap® capping technology and oligonucleotide building blocks, blocks, and custom enzyme development and manufacturing. Our Biologics Safety Testing business sells highly specialized analytical products for use in biologic manufacturing process development, including custom product-specific development antibody and assay development services.

Organization and Organizational Transactions

We were incorporated as a Delaware corporation in August 2020 for the purpose of facilitating an initial public offering ("IPO"). Immediately prior to the IPO, we effected a series of organizational transactions (the "Organizational Transactions"), which, together with the IPO, were completed in November 2020, that resulted in the Company operating, controlling all of the business affairs and becoming the ultimate parent company of Maravai Topco Holdings, LLC ("Topco LLC") and its consolidated subsidiaries. Maravai Life Sciences Holdings, LLC ("MLSH 1"), which is controlled by investment entities affiliated with GTCR, is the only other member of Topco LLC.

The Company is the sole managing member of Topco LLC, which operates and controls TriLink Biotechnologies, LLC ("TriLink"), Glen Research, LLC, MockV Solutions, LLC, Cygnus Technologies, LLC ("Cygnus") and Alphazyme, LLC ("Alphazyme") and their respective subsidiaries.

In connection with the Company's acquisition of Alphazyme (see Note 2), the Company undertook a series of structuring transactions (the "Structuring Transactions"), including:

- On January 18, 2023, the Company acquired all of the outstanding membership interests in Alphazyme (see Note 2).
- On January 19, 2023, the Company entered into a contribution agreement (the "Contribution Agreement") with Alphazyme Holdings, Inc. ("Alphazyme Holdings"), a wholly-owned subsidiary of the Company, pursuant to which the Company contributed all such membership interests in Alphazyme (the "Alphazyme Membership Interest") to Alphazyme Holdings.
- On January 22, 2023, Alphazyme Holdings entered into a contribution and exchange Agreement agreement (the "Contribution and Exchange Agreement") with Topco LLC, pursuant to which it contributed all of the Alphazyme Membership Interests to TopCo LLC in exchange for 5,059,134 newly-issued LLC Units of Topco LLC at a price per unit of \$13.87, which was equal to the 50-day volume-weighted average price of the Company's Class A common stock as calculated on January 18, 2023 (the "Contribution and Exchange").
- Immediately following the Contribution and Exchange, the Company entered into a forfeiture agreement (the "Forfeiture Agreement") with Alphazyme Holdings, TopCo LLC and MSLH 1, a related party, pursuant to which each of the Company (together with Alphazyme Holdings) and MSLH 1 agreed to forfeit 5,059,134 and 4,871,970 LLC Units, respectively, representing 3.7% of the Company's (together with Alphazyme Holdings) and MSLH 1's respective LLC Units of Topco LLC, and an equal number of shares of the Company's Class B common stock, par value \$0.01 per share, were forfeited by MSLH 1, in each case for no consideration.

These were considered transactions between entities under common control. As a result, the consolidated financial statements for periods prior to the these transactions have been adjusted to combine the previously separate entities for presentation purposes.

Basis of Presentation

The Company operates and controls all of the business and affairs of Topco LLC, and, through Topco LLC and its subsidiaries, conducts its business. Because we manage and operate the business and control the strategic decisions and day-to-day operations of Topco LLC and also have a substantial financial interest in Topco LLC, we consolidate the financial results of Topco LLC, and a portion of our net (loss) income is allocated to the non-controlling interests in Topco LLC held by MSLH 1.

The accompanying unaudited interim condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and accounts between the businesses comprising the Company have been eliminated in the accompanying consolidated financial statements.

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and pursuant to Form 10-Q of Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements include all adjustments necessary to fairly state the financial position and the results of our operations and cash flows for interim periods in accordance with GAAP. All such adjustments are

of a normal, recurring nature. Operating results for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** are not necessarily indicative of the results that may be expected for the year ending December 31, 2023 or for any future period.

The condensed consolidated balance sheet presented as of December 31, 2022 has been derived from the audited consolidated financial statements as of that date. The condensed consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain all information that is included in the annual financial statements and notes thereto of the Company. The condensed consolidated financial statements and notes included in this report should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K") filed with the SEC.

Use of Estimates

The preparation of consolidated financial statements in accordance with GAAP requires the Company to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, equity, revenue and expenses, and related disclosures. These estimates form the basis for judgments the Company makes about the carrying values of assets and liabilities that are not readily apparent from other sources. The Company bases its estimates and judgments on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances. These estimates are based on management's knowledge about current events and expectations about actions the Company may undertake in the future. Significant estimates include, but are not limited to, the measurement of right-of-use assets and lease liabilities and related incremental borrowing rate, the payable to related parties pursuant to the Tax Receivable Agreement (as defined in Note **11** **12**), the realizability of our net deferred tax assets, and the valuation of goodwill and intangible assets acquired in business combinations. Actual results could differ materially from those estimates.

Significant Accounting Policies

A description of the Company's significant accounting policies is included in Note 1 of the Notes to the Consolidated Financial Statements included in its 2022 Form 10-K. There have been no material changes in the Company's significant accounting policies during the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**.

Revenue Recognition

The Company generates revenue primarily from the sale of products and, to a much lesser extent, services in the fields of nucleic acid production and biologics safety testing. Revenue is recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To determine revenue recognition for its arrangements with customers, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The majority of the Company's contracts include only one performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is defined as the unit of account for revenue recognition. The Company also recognizes revenue from other contracts that may include a combination of products and services, the provision of solely services, or from license fee arrangements which may be associated with the delivery of product. Where there is a combination of products and services, the Company accounts for the promises as individual performance obligations if they are concluded to be distinct. Performance

obligations are considered distinct if they are both capable of being distinct and distinct within the context of the contract. In determining whether performance obligations meet the criteria for being distinct, the Company considers a number of factors, such as the degree of interrelation and interdependence between obligations, and whether or not the good or service significantly modifies or transforms another good or service in the contract. As a practical expedient, we do not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and the transfer of goods or services is expected to be one year or less. Contracts with customers are evaluated on a contract-by-contract basis as contracts may include multiple types of goods and services as described below.

Nucleic Acid Production

Nucleic Acid Production revenue is generated from the manufacture and sale of highly modified, complex nucleic acids products to support the needs of our customers' research, therapeutic and vaccine programs. The primary offering of products includes CleanCap®, mRNA and specialized oligonucleotides. Contracts typically consist of a single performance obligation. We also sell nucleic acid products for labeling and detecting proteins in cells and tissue samples research. The Company recognizes revenue from these products in the period in which the performance obligation is satisfied by transferring control to the customer. Revenue for nucleic acid catalog products is recognized at a single point in time, generally upon shipment to the customer. Revenue for contracts for certain custom nucleic acid products, with an enforceable right to payment and a reasonable margin for work performed to date, is recognized over time, based on a cost-to-cost input method over the manufacturing period. Payments received from customers in advance of manufacturing their products is recorded as deferred revenue until the products are delivered.

Biologics Safety Testing

The Company's Biologics Safety Testing revenue is associated with the sale of bioprocess impurity detection kit products. We also enter into contracts that include custom antibody development, assay development and antibody affinity extraction services. These products and services enable the detection of impurities that occur in the manufacturing of biologic drugs and other therapeutics. The Company recognizes revenue from the sale of bioprocess impurity detection kits in the period in which the performance obligation is satisfied by transferring control to the customer. Custom antibody development contracts consist of a single performance obligation, typically with an enforceable right to payment and a reasonable margin for work performed to date. Revenue is recognized over time based on a cost-to-cost input method over the contract term. Where an enforceable right to payment does not exist, revenue is recognized at a point in time when control is transferred to the customer. Assay development service contracts consist of a single performance obligation. Revenue is recognized at a point in time when a successful antigen test and report is provided to the customer. Affinity extraction services, which generally occur over a short period of time, consist of a single performance obligation to perform the extraction service and provide a summary report to the customer. Revenue is recognized either over time or at a point in time depending on contractual payment terms with the customer.

The Company elected the practical expedient to not disclose the unfulfilled performance obligations for contracts with an original length of one year or less. The Company had no material unfulfilled performance obligations for contracts with an original length greater than one year for any period presented.

The Company accepts returns only if the products do not meet customer specifications, and historically, the Company's volume of product returns has not been significant. Further, no warranties are provided for promised goods and services other than assurance type warranties.

Revenue for an individual contract is recognized at the related transaction price, which is the amount the Company expects to be entitled to in exchange for transferring the products and/or services. The transaction price for product sales is calculated at the contracted product selling price. The transaction price for a contract with multiple performance obligations is allocated to the separate performance obligations on a relative standalone selling price basis. Standalone selling prices for products are determined based on the prices charged to customers, which are directly observable. Standalone selling price of services are mostly based on time and materials. Generally, payments from customers are due when goods and services are transferred. As most contracts contain a single performance obligation, the transaction price is representative of the standalone selling price charged to customers. Revenue is recognized only to the extent that it is probable that a significant reversal of the cumulative amount recognized will not occur in future periods. Variable consideration has not been material to our consolidated financial statements.

Sales taxes

Sales taxes collected by the Company are not included in the transaction price as revenue as they are ultimately remitted to a governmental authority.

Shipping and handling costs

The Company has elected to account for shipping and handling activities related to contracts with customers as costs to fulfill the promise to transfer the associated products. Accordingly, revenue for shipping and handling is recognized at the same time that the related product revenue is recognized.

Contract costs

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred when the amortization period of the assets that otherwise would have been recognized is one year or less. These costs are included in sales and marketing and general and administrative expenses. The costs to fulfill the contracts are determined to be immaterial and are recognized as an expense when incurred.

Contract balances

Contract assets are generated when contractual billing schedules differ from revenue recognition timing and the Company records a contract receivable when it has an unconditional right to consideration. There were no contract asset balances as of **June 30, 2023** **September 30, 2023** and December 31, 2022.

Contract liabilities include billings in excess of revenue recognized, such as customer deposits and deferred revenue. Customer deposits, which are included in accrued expenses, are recorded when cash payments are received or due in advance of performance. Deferred revenue is recorded when the Company has unsatisfied performance obligations. Total contract liabilities were **\$5.6 million** and was **\$4.8 million** as of **June 30, 2023** **September 30, 2023** and December 31, 2022, respectively. Contract liabilities are expected to be recognized as revenue within the next twelve months.

Disaggregation of revenue

The following tables summarize the revenue by segment and region for the periods presented (in thousands):

		Three Months Ended June 30, 2023			Three Months Ended September 30, 2023			
		Nucleic Acid Production	Biologics Safety Testing	Total	Nucleic Acid Production	Biologics Safety Testing	Total	
North America	North America	\$ 27,653	\$ 6,677	\$ 34,330	North America	\$ 27,893	\$ 6,622	\$ 34,515
Europe, the Middle East and Africa	Europe, the Middle East and Africa	13,221	3,928	17,149	Europe, the Middle East and Africa	3,703	3,919	7,622
Asia Pacific	Asia Pacific	12,343	4,977	17,320	Asia Pacific	19,601	5,022	24,623
Latin and Central America	Latin and Central America	48	67	115	Latin and Central America	31	74	105
Total revenue	Total revenue	\$ 53,265	\$ 15,649	\$ 68,914	Total revenue	\$ 51,228	\$ 15,637	\$ 66,865
		Six Months Ended June 30, 2023			Nine Months Ended September 30, 2023			
		Nucleic Acid Production	Biologics Safety Testing	Total	Nucleic Acid Production	Biologics Safety Testing	Total	
North America	North America	\$ 61,068	\$ 13,770	\$ 74,838	North America	\$ 88,961	\$ 20,392	\$ 109,353
Europe, the Middle East and Africa	Europe, the Middle East and Africa	17,642	8,499	26,141	Africa	21,345	12,418	33,763
Asia Pacific	Asia Pacific	35,894	10,798	46,692	Asia Pacific	55,495	15,820	71,315
Latin and Central America	Latin and Central America	112	156	268	Latin and Central America	143	230	373
Total revenue	Total revenue	\$ 114,716	\$ 33,223	\$ 147,939	Total revenue	\$ 165,944	\$ 48,860	\$ 214,804
Three Months Ended June 30, 2022				Three Months Ended September 30, 2022				

		Nucleic Acid Production			Biologics Safety Testing						Nucleic Acid Production			Biologics Safety Testing			Total		
		North America		\$ 82,015	\$ 7,172		\$ 89,187	North America		\$ 91,130	\$ 6,583		\$ 97,713	North America		\$ 77,755	\$ 4,069		81,824
North America	North America	North America	North America	\$ 82,015	\$ 7,172	\$ 89,187	North America	North America	North America	\$ 91,130	\$ 6,583	\$ 97,713	North America	North America	\$ 77,755	\$ 4,069	\$ 81,824		
Europe, the Middle East and Africa	113,461	4,578	118,039	Europe, the Middle East and Africa	Europe, the Middle East and Africa	Europe, the Middle East and Africa	77,755	4,069	81,824	Europe, the Middle East and Africa	Europe, the Middle East and Africa	77,755	4,069	81,824					
Asia Pacific	Asia Pacific	Asia Pacific	Asia Pacific	29,737	5,605	35,342	Asia Pacific	Asia Pacific	Asia Pacific	5,931	5,541	11,472	Asia Pacific	Asia Pacific	5,931	5,541	11,472		
Latin and Central America	35	129	164	Latin and Central America	Latin and Central America	Latin and Central America	65	189	254	Latin and Central America	Latin and Central America	65	189	254					
Total revenue	Total revenue	Total revenue	Total revenue	\$ 225,248	\$ 17,484	\$ 242,732	Total revenue	Total revenue	Total revenue	\$ 174,881	\$ 16,382	\$ 191,263	Total revenue	Total revenue	\$ 174,881	\$ 16,382	\$ 191,263		

		Six Months Ended June 30, 2022						Nine Months Ended September 30, 2022										
		Nucleic Acid Production			Biologics Safety Testing			Nucleic Acid Production			Biologics Safety Testing			Total				
North America	North America	North America	\$ 161,433	\$ 14,691	\$ 176,124	North America	\$ 252,563	\$ 21,274	\$ 273,837	North America	\$ 252,563	\$ 21,274	\$ 273,837	North America	North America	\$ 252,563	\$ 21,274	\$ 273,837
Europe, the Middle East and Africa	Europe, the Middle East and Africa	Europe, the Middle East and Africa	244,811	9,275	254,086	Europe, the Middle East and Africa	322,566	13,344	335,910	Europe, the Middle East and Africa	322,566	13,344	335,910	Europe, the Middle East and Africa	Europe, the Middle East and Africa	322,566	13,344	335,910
Asia Pacific	Asia Pacific	Asia Pacific	42,604	13,933	56,537	Asia Pacific	48,535	19,474	68,009	Asia Pacific	48,535	19,474	68,009	Asia Pacific	Asia Pacific	48,535	19,474	68,009
Latin and Central America	Latin and Central America	Latin and Central America	50	228	278	Latin and Central America	115	417	532	Latin and Central America	115	417	532	Latin and Central America	Latin and Central America	115	417	532
Total revenue	Total revenue	Total revenue	\$ 448,898	\$ 38,127	\$ 487,025	Total revenue	\$ 623,779	\$ 54,509	\$ 678,288	Total revenue	\$ 623,779	\$ 54,509	\$ 678,288	Total revenue	Total revenue	\$ 623,779	\$ 54,509	\$ 678,288

Total revenue is attributed to geographic regions based on the bill-to location of the transaction. For all periods presented, the majority of our revenue was recognized at a point in time.

Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss, net assets and comprehensive (loss) income of our consolidated subsidiaries that is not allocable to the Company based on our percentage of ownership of such entities.

In November 2020, following the completion of the Organizational Transactions, we became the sole managing member of Topco LLC. As of June 30, 2023 September 30, 2023, we held approximately 52.6% of the outstanding LLC Units of Topco LLC, and MSLH 1 held approximately 47.4% of the outstanding LLC Units of Topco LLC. Therefore, we report non-controlling interests based on the percentage of LLC Units of Topco LLC held by MSLH 1 on the condensed consolidated balance sheet as of June 30, 2023 September 30, 2023. Income or loss attributed to the non-controlling interest in Topco LLC is based on the LLC Units outstanding during the period for which the income or loss is generated and is presented on the condensed consolidated statements of operations and condensed consolidated statements of comprehensive (loss) income.

MSLH 1 is entitled to exchange its LLC Units of Topco LLC, together with an equal number of shares of our Class B common stock (together referred to as "Paired Interests"), for shares of Class A common stock on a one-for-one basis or, at our election, for cash, from a substantially concurrent public offering or private sale (based on the price of our Class A common stock in such public offering or private sale). As such, future exchanges of Paired Interests by MSLH 1 will result in a change in ownership and reduce or increase the amount recorded as non-controlling interests and increase or decrease additional paid-in-capital when Topco LLC has positive or negative net assets, respectively. For the six nine months ended June 30, 2023 September 30, 2023 and 2022, MSLH 1 did not exchange any Paired Interests.

Distributions of \$1.3 million \$9.6 million for tax liabilities were made to MSLH 1 during the nine months ended September 30, 2023. Distributions of \$36.8 million and \$9.6 million \$119.3 million for tax liabilities were made to MSLH 1 during the three and six nine months ended June 30, 2023 September 30, 2022, respectively. Distributions of \$42.6 million and \$82.5 million for tax liabilities No such distributions were made to MSLH 1 during the three and six months ended June 30, 2022, respectively. September 30, 2023.

Segment Information

The Company operates in two reportable segments. Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the Company's chief operating decision maker ("CODM") in deciding how to allocate resources and assessing performance. The CODM allocates resources and assesses performance based upon discrete financial information at the segment level. All of our long-lived assets are located in the United States.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying value of these cash equivalents approximates fair value. Cash and cash equivalents consist of deposits held at financial institutions and money market mutual funds.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable primarily consist of amounts due from customers for product sales and services. The Company's expected credit losses are developed using an estimated loss rate method that considers historical collection experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The

estimated loss rates are applied to trade receivables with similar risk characteristics such as the length of time the balance has been outstanding, liquidity and financial position of the customer, and the geographic location of the customer. In certain instances, the Company may identify individual accounts receivable assets that do not share risk characteristics with other accounts receivable, in which case the Company records its expected credit losses on an individual asset basis.

As of June 30, 2023 and December 31, 2022, the allowance for credit losses was approximately \$2.0 million \$2.2 million as of September 30, 2023 and \$2.2 million, respectively. December 31, 2022. Write-offs of accounts receivable were not significant during the three and six nine months ended June 30, 2023 September 30, 2023. There were \$0.5 million of recoveries during the six nine months ended June 30, 2023 September 30, 2023. There were no recoveries during the three months ended June 30, 2023 September 30, 2023. Write-offs of accounts receivable and recoveries were not significant during the three and six nine months ended June 30, 2022 September 30, 2022.

Net (Loss) Income per Class A Common Share Attributable to Maravai LifeSciences Holdings, Inc.

Basic net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc. is computed by dividing net (loss) income attributable to us by the weighted average number of Class A common shares outstanding during the period. Diluted net (loss) income per Class A common share is calculated by giving effect to all potential weighted average dilutive stock options, restricted stock units, and Topco LLC Units, that together with an equal number of shares of our Class B common stock, are convertible into shares of our Class A common stock. The dilutive effect of outstanding awards, if any, is reflected in diluted earnings per share by application of the treasury stock method or if-converted method, as applicable. The Company reported net (loss) income attributable to Maravai LifeSciences Holdings, Inc. for the three and six nine months ended June 30, 2023 September 30, 2023 and 2022.

Government Assistance

The consideration awarded to the Company by the U.S. Department of Defense is outside the scope of the contracts with customers, income tax, funded research and development, and contribution guidance. This is because the awarding entity is not considered to be a customer, the receipt of the funding is not predicated on the Company's income tax position, there are no refund provisions, and the entity is not receiving reciprocal value for their support provided to the Company. The Company's elected policy is to recognize such assistance as a reduction to the carrying amount of the assets associated with the award when it is reasonably assured that the funding will be received as evidenced through the existence of an arrangement, amounts eligible for reimbursement are determinable and have been incurred or paid, the applicable conditions under the arrangement have been met, and collectability of amounts due is reasonably assured.

Fair Value of Financial Instruments

The Company defines fair value as the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Company follows accounting guidance that has a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date. Instruments with readily available actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, will generally have a higher degree of market price transparency and a lesser degree of judgment used in measuring fair value. The three levels of the hierarchy are defined as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2—Include other inputs that are directly or indirectly observable in the marketplace; and

Level 3—Unobservable inputs which are supported by little or no market activity.

As of June 30, 2023 September 30, 2023 and December 31, 2022, the carrying value of the Company's current assets and liabilities approximated fair value due to the short maturities of these instruments. The fair values of the Company's long-term debt approximated carrying value, excluding the effect of unamortized debt discount, as it is based on borrowing rates currently available to the Company for debt with similar terms and maturities (Level 2 inputs).

Acquisitions

The Company evaluates mergers, acquisitions and other similar transactions to assess whether or not the transaction should be accounted for as a business combination or an acquisition of assets. The Company first identifies the acquiring entity by determining if the target is a legal entity or a group of assets or liabilities. If control over a legal entity is being evaluated, the Company also evaluates if the target is a variable interest or voting interest entity. For acquisitions of voting interest entities, the Company applies a screen test to determine if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the screen test is met, the transaction is accounted for as an acquisition of assets. If the screen is not met, further determination is required as to whether or not the Company has acquired inputs and processes that have the ability to create outputs which would meet the definition of a business.

The Company accounts for its business combinations using the acquisition method of accounting which requires that the assets acquired and liabilities assumed of acquired businesses be recorded at their respective fair values at the date of acquisition. The purchase price, which includes the fair value of consideration transferred, is attributed to the fair value of the assets acquired and liabilities assumed. The purchase price may also include contingent consideration. The Company assesses whether such contingent consideration is subject to liability classification and fair value measurement or meets the definition of a derivative. Contingent consideration liabilities are recognized at their estimated fair value on the acquisition date. Contingent consideration arrangements that are determined to be compensatory in nature are recognized as post combination expense in our condensed consolidated statements of operations ratably over the implied service period beginning in the period it becomes probable such amounts will become payable. The excess of the purchase price of the acquisition over the fair value of the identifiable net assets of the acquiree is recorded as goodwill. The fair value of assets acquired and liabilities assumed in certain cases may be subject to revision based on the final determination of fair value during a period of time not to exceed twelve months from the acquisition date. The results of acquired businesses are included in the Company's consolidated financial statements from the date of acquisition. Transaction costs directly attributable to acquired businesses are expensed as incurred.

Determining the fair value of intangible assets acquired, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants, requires management to use significant judgment, including the selection of valuation methodologies, assumptions about future net cash flows, and discount rates. Each of these factors can significantly affect the value attributed to the identifiable intangible asset acquired in a business combination.

Contingent Consideration

Contingent consideration represents additional consideration that may be transferred to former owners of an acquired entity in the future if certain future events occur or conditions are met. Contingent consideration resulting from the acquisition of a business is recorded at fair value on the acquisition date. Such contingent consideration is re-measured to its estimated fair value at each reporting date with the change in fair value recognized within operating expenses in the Company's condensed consolidated statements of operations. Subsequent changes in the fair value of the contingent consideration are classified as an adjustment to cash flows from operating activities in the condensed consolidated statements of cash flows because the change in fair value is an input in determining net (loss) income. Cash paid in settlement of contingent consideration liabilities are classified as cash flows from financing activities up to the acquisition date fair value with any excess classified as cash flows from operating activities.

Changes in the fair value of contingent consideration liabilities associated with the acquisition of a business can result from updates to assumptions such as the expected timing or probability of achieving customer-related performance targets, specified sales milestones, changes in projected revenue or changes in discount rates. Judgment is used in determining those assumptions as of the acquisition date and for each subsequent reporting period. Therefore, any changes in the fair value will impact the Company's results of operations in such reporting period, thereby resulting in potential variability in the Company's operating results until such contingencies are resolved.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company maintains substantially all of its cash balances at a financial institution that management believes is of high credit-quality and is financially stable. Cash is deposited with major financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. The Company believes it is not exposed to significant credit risk due to the financial strength of the depository institutions in which the cash is held. The Company provides credit, in the normal course of business, to international and domestic distributors and customers, which are geographically dispersed. The Company attempts to limit its credit risk by performing ongoing credit evaluations of its customers and maintaining adequate allowances for potential credit losses.

The following table summarizes revenue from each of our customers who individually accounted for 10% or more of our total revenue or accounts receivable for the periods presented:

		Revenue				Accounts Receivable, net				Revenue				Accounts Receivable, net			
		Three Months Ended		Six Months Ended		June 30, 2023		December 2023		Three Months Ended		Nine Months Ended		September 30, 2023		December 31, 2022	
		June 30, 2023	2022	June 30, 2023	2022	June 30, 2023	2023	December 2023	2022	September 30, 2023	2022	September 30, 2023	2022	September 30, 2023	2023	December 31, 2022	
Nacalai USA, Inc.	Nacalai USA, Inc.	11.9 %	*	16.5 %	*	16.3 %	20.3 %	Nacalai USA, Inc.	22.9 %	*	18.5 %	*	32.9 %	20.3 %	20.3 %	20.3 %	
GSK plc		11.2 %	*	*	*	15.7 %	*										
Merck & Co., Inc.		*	*	*	*	10.6 %	*										
BioNTech SE	BioNTech SE	*	32.7 %	*	36.7 %	*	12.0 %	BioNTech SE	*	38.7 %	*	37.2 %	*	12.0 %	12.0 %	12.0 %	
Pfizer Inc.	Pfizer Inc.	*	32.1 %	*	30.9 %	*	19.2 %	Pfizer Inc.	*	29.1 %	*	30.4 %	*	19.2 %	19.2 %	19.2 %	
CureVac N.V.	CureVac N.V.	*	*	*	*	*	15.7 %	CureVac N.V.	*	*	*	*	*	*	15.7 %	15.7 %	

* Less than 10%

For the three and **six** nine months ended **June 30, 2023** **September 30, 2023**, all of the revenue recorded for Nacalai USA, Inc. was generated by the Nucleic Acid Production Segment. For the three and nine months ended **June 30, 2023**, all of the revenue recorded for GSK plc was generated by the Nucleic Acid Production Segment. For the three and six months ended **June 30, 2022** **September 30, 2022**, substantially all of the revenue recorded for BioNTech SE and Pfizer Inc. was generated by the Nucleic Acid Production segment.

2. Acquisitions

Alphazyme, LLC

On January 18, 2023, the Company completed the acquisition of Alphazyme, LLC ("Alphazyme"), a privately-held original equipment manufacturer ("OEM") provider of custom, scalable, molecular biology enzymes to customers in the genetic analysis and nucleic acid synthesis markets. The acquisition will expand the Company's internal enzyme product portfolio and increase the Company's differentiated mRNA manufacturing services and product offerings. Alphazyme's ability to manufacture custom enzymes allows the Company to expand into near adjacent markets and raise our enzyme vertical.

The Company acquired Alphazyme for a total purchase consideration of \$75.3 million, subject to customary post-closing adjustments, including a working capital settlement. The total cash consideration was paid using existing cash on hand. The transaction was accounted for as an acquisition of a business as Alphazyme consisted of inputs and processes applied to those inputs that had the ability to contribute to the creation of outputs.

For the **six** nine months ended **June 30, 2023** **September 30, 2023**, the Company incurred \$4.1 million in transaction costs associated with the acquisition of Alphazyme, which were recorded within selling, general and administrative expenses in the condensed consolidated statements of operations. The Company did not incur any such transaction costs during the three months ended **June 30, 2023** **September 30, 2023**.

The acquisition date fair value of consideration transferred to acquire Alphazyme consisted of the following (in thousands):

Cash paid (1)	\$	70,037
Fair value of contingent consideration		5,289
Total consideration transferred	\$	75,326

(1) Represents cash consideration paid at closing of \$70.1 million, net of a purchase price adjustment received in June 2023 of \$0.1 million.

Pursuant to the Securities Purchase Agreement (the "Alphazyme SPA") between the Company and sellers of Alphazyme, additional payments to the sellers of Alphazyme are dependent upon meeting or exceeding defined revenue targets during fiscal years 2023 through 2025 (the "Alphazyme Performance Payments"). The Alphazyme SPA provides for a total maximum Alphazyme Performance Payments of \$75.0 million. The Alphazyme Performance Payments were recorded as contingent consideration and was included as part of the purchase consideration. The Company estimated the fair value of the Alphazyme Performance Payments contingent consideration based on a Monte-Carlo simulation model which utilized an income approach. The estimated fair value was based on Alphazyme revenue projections, expected payout term, volatility and risk adjusted discount rates which are Level 3 inputs (see Note 4).

The Alphazyme SPA also provides that the Company will pay certain employees of Alphazyme an additional amount totaling \$9.3 million (the "Alphazyme Retention Payments") as of various dates but primarily through December 31, 2025 as long as these individuals continue to be employed by the Company. The Company considers the payment of the Alphazyme Retention Payments as probable and is recognizing compensation expense related to these payments in the post-acquisition period ratably over the service period of approximately three years. For the three and **six** nine months ended **June 30, 2023** **September 30, 2023**, the Company recorded \$0.6 million and **\$1.1** **\$1.6** million, respectively, of compensation expense related to the Alphazyme Retention Payments within selling, general and administrative expenses in the condensed consolidated statements of operations. Compensation expense related to the Alphazyme Retention Payments recorded within cost of revenue and research and development expenses were not material.

The estimated fair values and Company is in the process of finalizing the evaluation of the income tax implications related to the Structuring Transactions (see Note 1), which may change the allocation of total purchase consideration are preliminary, based upon information available at the time and provisional measurements of closing as the Company continues to evaluate underlying inputs deferred tax liabilities and assumptions. Accordingly, these provisional values may be subject to adjustments during the measurement period, based upon new information obtained about facts and circumstances that existed at the time of closing. **goodwill**. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash	\$	288
Inventory		7,246
Other current assets		660
Intangible assets, net		31,680
Other assets		5,043
Total identifiable assets acquired	\$	44,917
Current liabilities		(482)
Other long-term liabilities		(11,900) (11,470)
Total liabilities assumed	\$	(12,382) (11,952)
Net identifiable assets acquired	\$	32,535 32,965
Goodwill		42,791 42,361
Net assets acquired	\$	75,326

We recorded the preliminary purchase price allocation in the first quarter of 2023. During the three months ended September 30, 2023, we recorded a measurement period adjustment resulting in a decrease to goodwill of \$0.4 million, with an equal offset to other long-term liabilities.

The acquisition was accounted for under the acquisition method of accounting, and therefore, the total purchase price was allocated to the identifiable tangible and intangible assets acquired and the liabilities assumed based on their respective fair values as of the acquisition date. Purchase consideration in excess of the amounts recognized for the net assets acquired was recognized as goodwill. Goodwill is primarily attributable to expanded synergies expected from the acquisition associated with a vertical supply integration. All of the goodwill acquired in connection with the acquisition of Alphazyme was allocated to the Company's Nucleic Acid Production segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

Upon closing of the acquisition, approximately \$1.5 million was placed into escrow to cover potential working capital adjustments and approximately \$3.0 million was placed into escrow to secure certain representations and warranties pursuant to the terms of the Alphazyme SPA. These amounts are included in the total purchase consideration of \$75.3 million. The \$1.5 million was released from escrow during the **three months ended June 30, 2023**, **second quarter of 2023**, of which the Company received \$0.1 million related to net working capital adjustments. Because the remaining \$3.0 million held in escrow is not controlled by the Company, this amount is not included in the accompanying condensed consolidated balance sheet as of **June 30, 2023** **September 30, 2023**.

The following table summarizes the estimated fair values of Alphazyme's identifiable intangible assets as of the date of acquisition and their estimated useful lives:

	Estimated Fair Value (in thousands)	Estimated Useful Life (in years)
--	---	--

Trade names	\$ 220	5
Developed technology	31,000	12
Customer relationships	460	12
Total	<u><u>\$ 31,680</u></u>	

The trade name and customer relationship intangible assets are related to Alphazyme's name, customer loyalty and customer relationships. The developed technology intangible asset is related to its unique manufacturing process optimization capability to both scale production and achieve quality standards. The fair value of these intangible assets was based on Alphazyme's projected revenues and was estimated using an income approach, specifically the relief from royalty method for trade names, the multi-period excess earnings method for developed technology, and the distributor method for customer relationships. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The estimated fair value was developed by discounting future net cash flows to their present value at market-based rates of return utilizing Level 3 inputs. The useful lives for these intangible assets were determined based upon the remaining period for which the assets were expected to contribute directly or indirectly to future cash flows. Key quantitative assumptions used in the determination of fair value of the developed technology intangible included revenue growth rates ranging from 3.0% to 55.0%, a discount rate of 17.8% and an assumed technical obsolescent curve of 5.0%.

The carrying value of the remaining assets acquired or liabilities assumed was estimated to equal their fair values based on their short-term nature. These estimates were based on the assumption that the Company believes to be reasonable; however, actual results may differ from these estimates.

MyChem, LLC

On January 27, 2022, the Company completed the acquisition of MyChem, LLC ("MyChem"), a privately-held San Diego, California-based provider of ultra-pure nucleotides to customers in the diagnostics, pharma, genomics and research markets. The acquisition will vertically integrate the Company's supply chain and expand its product offerings for inputs used in the development of therapeutics and vaccines.

The Company acquired MyChem for a total purchase consideration of \$257.9 million, which is inclusive of net working capital adjustments. The total cash consideration was paid using existing cash on hand. The transaction was accounted for as an acquisition of a business as MyChem consisted of inputs and processes applied to those inputs that had the ability to contribute to the creation of outputs.

For the three and six nine months ended **June 30, 2022** **September 30, 2022**, the Company incurred \$0.4 million and \$3.4 million respectively, in transaction costs associated with the acquisition of MyChem, which were recorded within selling, general and administrative expenses in the condensed consolidated statements of operations. For the three months ended **September 30, 2022**, the Company incurred an insignificant amount of such transaction costs.

The acquisition date fair value of consideration transferred to acquire MyChem consisted of the following (in thousands):

Cash paid (1)	\$ 240,145
Consideration payable	10,000
Fair value of contingent consideration	7,800
Total consideration transferred	<u><u>\$ 257,945</u></u>

(1) Represents cash consideration paid at closing of \$240.0 million and a purchase price adjustment paid in November 2022 of \$0.1 million.

Pursuant to the Securities Purchase Agreement (the "MyChem SPA") between the Company and sellers of MyChem, additional payments to the sellers of MyChem were dependent upon meeting or exceeding defined revenue targets during fiscal 2022 (the "MyChem Performance Payment"). The MyChem SPA provides for a total maximum MyChem Performance Payment of \$40.0 million. The MyChem Performance Payment was recorded as contingent consideration and was included as part of the purchase consideration. The Company estimated the fair value of the MyChem Performance Payment contingent consideration based on a Monte-Carlo simulation model which utilized an income approach. The estimated fair value was based on MyChem revenue projections, expected payout term, volatility and risk adjusted discount rates which are Level 3 inputs (see Note 4). The performance period applicable to the MyChem Performance Payment ended as of December 31, 2022 and it was determined that none of the defined revenue thresholds were achieved. Consequently, no payment was made to the sellers of MyChem.

The MyChem SPA also provides that the Company will pay to the sellers of MyChem an additional \$20.0 million (the "MyChem Retention Payment") as of the second anniversary of the closing of the acquisition date as long as two senior employees who are also the sellers of MyChem continue to be employed by TriLink. The Company considers the payment of the MyChem Retention Payment as probable and is recognizing compensation expense related to this payment in the post-acquisition period ratably over the expected service period of two years. For the three and six nine months ended **June 30, 2023** **September 30, 2023**, the Company recorded \$1.2 million and \$1.8 million \$3.0 million, respectively, of compensation expense related to the MyChem Retention Payment within cost of revenue in the condensed consolidated statements of operations. For the three and six nine months ended

June 30, 2023, **September 30, 2023**, the Company recorded \$1.3 million and \$2.5 million \$3.8 million, respectively, of compensation expense related to the MyChem Retention Payment within research and development expenses in the condensed consolidated statements of operations. For the three and six nine months ended **June 30, 2022** **September 30, 2022**, the Company recorded \$2.5 million and \$4.3 \$6.8 million, respectively, of compensation expense related to the MyChem Retention Payment within research and development expenses in the condensed consolidated statements of operations.

The MyChem SPA further provides that the Company will pay to the sellers of MyChem an additional amount of up to \$10.0 million subject to the completion of certain calculations associated with acquired inventory. During the first quarter of 2023, but subsequent to the end of the measurement period, these calculations were completed and a payment of \$9.7 million was made by the Company to the sellers. The remaining \$0.3 million was recorded as non-cash gain within current year operations.

The following table summarizes the final allocation of the purchase price based upon the fair values of the assets acquired and liabilities assumed at the acquisition date (in thousands):

Cash	\$ 1,176
Current assets	2,741
Intangible assets, net	123,360
Other assets	8,585
Total identifiable assets acquired	135,862
Current liabilities	(420)
Other long-term liabilities	(8,399)
Total liabilities assumed	(8,819)
Net identifiable assets acquired	127,043
Goodwill	130,902
Net assets acquired	\$ 257,945

We recorded the preliminary purchase price allocation in the first quarter of 2022. During the fourth quarter of 2022, we recorded measurement period adjustments resulting in an increase to goodwill of \$0.1 million and a decrease to other assets and current liabilities of \$0.7 million.

The acquisition was accounted for under the acquisition method of accounting, and therefore, the total purchase price was allocated to the identifiable tangible and intangible assets acquired and the liabilities assumed based on their respective fair values as of the acquisition date. Purchase consideration in excess of the amounts recognized for the net assets acquired was recognized as goodwill. Goodwill is primarily attributable to expanded synergies expected from the acquisition associated with a vertical supply integration. There were no tax impacts associated with the acquisition due to the pass-through income tax treatment of MyChem. All of the goodwill acquired in connection with the acquisition of MyChem was allocated to the Company's Nucleic Acid Production segment and is deductible to Topco LLC for income tax purposes.

Upon closing of the acquisition, approximately \$1.0 million was placed into escrow to cover potential working capital adjustments and approximately \$12.5 million was placed into escrow to secure certain representations and warranties pursuant to the terms of the MyChem SPA. These amounts are included in the total purchase consideration of \$257.9 million. The Company released the \$1.0 million in escrow and paid out an additional \$0.1 million related to net working capital adjustments during the fourth quarter of 2022. During the first quarter of 2023, but subsequent to the end of the measurement period, \$12.4 million of the amounts in escrow to secure certain representations and warranties was released to the sellers and the remaining \$0.1 million was released to the Company for indemnification of pre-closing liabilities, which was recorded within current year operations.

The following table summarizes the estimated fair values of MyChem's identifiable intangible assets as of the date of acquisition and their estimated useful lives:

	Estimated Fair Value (in thousands)	Estimated Useful Life (in years)
Trade names	\$ 460	3
Developed technology	121,000	12
Customer relationships	1,900	12
Total	<u>123,360</u>	

The trade name and customer relationship intangible assets are related to MyChem's name, customer loyalty and customer relationships. The developed technology intangible asset is related to processes and techniques for synthesizing and developing ultra-pure nucleotides. The fair value of these intangible assets was based on MyChem's projected revenues and was estimated using an income approach, specifically the multi-period excess earnings method. Under the income approach, an intangible asset's fair value is equal to the present value of future economic benefits to be derived from ownership of the asset. The estimated fair value was developed by discounting future net cash flows to their present value at market-based rates of return utilizing Level 3 inputs. The useful lives for these intangible assets were determined based upon the remaining period for which the assets were expected to contribute directly or indirectly to future cash flows. Key quantitative assumptions used in the determination of fair value of the developed technology intangible included revenue growth rates ranging from 3.0% to 30.6%, a discount rate of 16.5% and an assumed technical obsolescent curve range of 5.0% to 7.5%.

Pursuant to the terms of the MyChem SPA, the Company recognized an indemnification asset of \$8.0 million within other assets, which represented the seller's obligation to reimburse pre-acquisition income tax liabilities assumed in the acquisition and was recorded within other long-term liabilities.

The carrying value of the remaining assets acquired or liabilities assumed was estimated to equal their fair values based on their short-term nature.

3. Goodwill and Intangible Assets

The Company's goodwill of \$326.5 million \$326.0 million and \$283.7 million as of June 30, 2023 September 30, 2023 and December 31, 2022, respectively, represents the excess of purchase consideration over the fair value of assets acquired and liabilities assumed. As of June 30, 2023 September 30, 2023, the Company had four reporting units, three of which are contained in the Nucleic Acid Production segment. During the six nine months ended June 30, 2023 September 30, 2023, the Company recorded goodwill of \$42.8 million \$42.4 million in connection with the acquisition of Alphazyme that was completed in January 2023 (see Note 2). As of December 31, 2022, the Company had three reporting units, two of which were contained in the Nucleic Acid Production segment. The Company has not recognized any goodwill impairment in any of the periods presented.

The following table summarizes the activity in the Company's goodwill by segment for the period presented (in thousands):

		Nucleic Acid Production			Biologics Safety Testing			Total				Nucleic Acid Production			Biologics Safety Testing			Total		
Balance as of December 31, 2022	Balance as of December 31, 2022	\$ 163,740	\$ 119,928	\$ 283,668							Balance as of December 31, 2022	\$ 163,740	\$ 119,928	\$ 283,668						
Acquisition	Acquisition	42,791	—	42,791							Acquisition	42,361	—	42,361						
Balance as of June 30, 2023		\$ 206,531	\$ 119,928	\$ 326,459																
Balance as of September 30, 2023											Balance as of September 30, 2023	\$ 206,101	\$ 119,928	\$ 326,029						

Intangible assets are being amortized on a straight-line basis, which reflects the expected pattern in which the economic benefits of the intangible assets are being obtained, over an estimated useful life ranging from 3 to 14 years.

The following are components of finite-lived intangible assets and accumulated amortization as of the periods presented (in thousands):

		June 30, 2023						September 30, 2023											
		Gross Carrying Amount			Net Carrying Amount			Weighted Average Remaining Useful Life			Gross Carrying Amount			Net Carrying Amount			Weighted Average Remaining Useful Life		
		Carrying Amount	Accumulated Amortization	(in thousands)	Carrying Amount	Estimated Useful Life	Amortization Period	Carrying Amount	Accumulated Amortization	(in thousands)	Carrying Amount	Accumulated Amortization	(in thousands)	Carrying Amount	Accumulated Amortization	(in thousands)	Carrying Amount	Estimated Useful Life	Amortization Period
		(in thousands)			(in years)			(in years)			(in thousands)			(in years)			(in years)		
Trade names	Trade names	\$ 7,800	\$ 6,059	\$ 1,741	3 - 10			3.2	Trade names	\$ 7,800	\$ 6,214	\$ 1,586	3 - 10			3.0			
Patents and developed technology	Patents and developed technology	319,649	97,367	222,282	10 - 14			9.4	Patents and developed technology	319,649	103,584	216,065	10 - 14			9.1			
Customer relationships	Customer relationships	22,313	11,610	10,703	10 - 12			6.3	Customer relationships	22,313	12,108	10,205	10 - 12			6.1			
Total	Total	\$ 349,762	\$ 115,036	\$ 234,726				9.2	Total	\$ 349,762	\$ 121,906	\$ 227,856				8.9			

		December 31, 2022							
		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount			
		Carrying Amount	(in thousands)	Accumulated Amortization	(in thousands)	Net Carrying Amount	(in years)	Estimated Useful Life	Weighted Average Remaining Amortization Period
Trade names		\$ 7,580	\$ 5,746	\$ 1,834		3 - 10		3.5	
Patents and developed technology		288,649	85,058	203,591		10 - 14		9.5	
Customer relationships		21,853	10,615	11,238		10 - 12		6.5	
Total		\$ 318,082	\$ 101,419	\$ 216,663				9.3	

During the first quarter of 2023, the Company recorded intangible assets of \$31.7 million in connection with the acquisition of Alphazyme that was completed in January 2023 (see Note 2).

The Company recognized \$6.2 million and \$12.3 million \$18.5 million of amortization expense from intangible assets directly linked with revenue-generating activities within cost of revenue in the condensed consolidated statements of operations for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. The Company recognized \$5.6 million and \$10.3 million \$15.9 million of amortization expense from intangible assets directly linked with revenue generating activities within cost of revenue in the condensed consolidated statements of operations for the three and six nine months ended June 30, 2022 September 30, 2022, respectively.

Amortization expense for intangible assets that are not directly related to sales-generating activities of \$0.7 million and \$1.3 million \$2.0 million was recorded as selling, general and administrative expenses for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. Amortization expense for intangible assets that are not directly

related to sales generating activities of \$0.7 million and **\$1.5 million** \$2.2 million was recorded as selling, general and administrative expenses for the three and **six nine** months ended **June 30, 2022** September 30, 2022, respectively.

As of **June 30, 2023** September 30, 2023, the estimated future amortization expense for finite-lived intangible assets were as follows (in thousands):

2023 (remaining six months)	\$ 13,739	2023 (remaining three months)	\$ 6,869
2023 (remaining three months)		2023 (remaining three months)	\$ 6,869
2024	2024	2024	27,478
2025	2025	2025	27,335
2026	2026	2026	27,098
2027	2027	2027	26,082
Thereafter	Thereafter	Thereafter	112,994
Total estimated amortization expense	Total estimated amortization expense \$ 234,726	Total estimated amortization expense	\$ 227,856

4. Fair Value Measurements

The following tables summarize the Company's financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy as of the periods presented (in thousands):

Assets	Assets	Fair Value Measurements as of June 30, 2023				Fair Value Measurements as of September 30, 2023				
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
		Assets				Assets				
Money market mutual funds	\$ 326,407	\$ —	\$ —	\$ —	\$ 326,407	Money market funds	\$ 425,367	\$ —	\$ —	\$ 425,367
Money market funds						Interest rate cap	\$ —	\$ 13,268	\$ —	\$ 13,268
Interest rate cap	Interest rate cap	\$ —	\$ 13,981	\$ —	\$ 13,981	Total assets	\$ 425,367	\$ 13,268	\$ —	\$ 438,635
Total assets	Total assets	\$ 326,407	\$ 13,981	\$ —	\$ 340,388	Liabilities				
Liabilities	Liabilities					Current portion of contingent consideration	\$ —	\$ 257	\$ —	\$ 257
Current portion of contingent consideration		\$ —	\$ —	\$ 257	\$ 257	Contingent consideration, non-current	\$ —	\$ —	\$ 5,358	\$ 5,358
Contingent consideration, non-current	Contingent consideration, non-current	\$ —	\$ —	\$ 2,716	\$ 2,716	Total liabilities	\$ —	\$ 2,973	\$ —	\$ 2,973
Total liabilities		\$ —	\$ —	\$ 2,973	\$ 2,973					

Assets	Fair Value Measurements as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Interest rate cap	\$ —	\$ —	\$ 11,362	\$ 11,362

Contingent Consideration

In connection with the acquisition of Alphazyme (see Note 2), the Company is required to make contingent payments to the sellers of up to \$75.0 million, subject to achieving certain revenue thresholds. The preliminary fair value of the liability for the contingent payments recognized upon the acquisition as part of the purchase accounting opening balance sheet totaled \$5.3 million. The preliminary fair value of the contingent consideration was determined using a Monte-Carlo simulation-based model discounted to present value. Assumptions used in this calculation are expected revenue, a discount rate of 17.8% and various probability factors. The ultimate settlement of the contingent consideration could deviate from current estimates based on the actual results of these financial measures. The contingent consideration has three performance payments spanning over three years beginning 2024. This liability is considered to be a Level 3 financial liability that is remeasured each reporting period. Changes in fair value of contingent consideration are recognized as a gain or loss and recorded within change in estimated fair value of contingent consideration in the condensed consolidated statements of operations. During the three and nine months ended **June 30, 2023** September 30, 2023, the Company recorded a \$2.3 million decrease increases of \$2.4 million and \$0.1 million, respectively, in the estimated fair value of contingent consideration. This was These were due to a change changes in estimate estimates associated with Alphazyme revenue projections reaching thresholds that would trigger a contingent payment per the Alphazyme SPA.

In connection with the acquisition of MyChem (see Note 2), the Company is required to make contingent payments to the sellers of up to \$40.0 million, subject to achieving certain revenue thresholds. The preliminary fair value of the liability for the contingent payments recognized upon the acquisition as part of the purchase accounting opening balance sheet totaled \$7.8 million. The preliminary fair value of the contingent consideration was determined using a Monte-Carlo simulation-based model discounted to present value. Assumptions used in this calculation are expected revenue, a discount rate of 16.9% and various probability factors. The ultimate settlement of the contingent consideration could deviate from current estimates based on the actual results of these financial measures. The contingent consideration projected year of payment is 2023. This liability is considered to be a Level 3 financial liability that is remeasured each reporting period. Changes in fair value of contingent consideration are recognized as a gain or loss and recorded within change in estimated fair value of contingent consideration in the condensed consolidated statements of operations. During the second quarter of 2022, the Company

recorded a \$7.8 million decrease in the estimated fair value of contingent consideration. This was due to a change in the estimate associated with MyChem revenue projections reaching thresholds that would trigger a contingent payment per the MyChem SPA. The contingent consideration expired as of December 31, 2022 and the revenue thresholds were not achieved.

The following table provides a reconciliation of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the period presented (in thousands):

	Contingent Consideration
Balance as of December 31, 2021	\$ —
Contingent consideration related to the acquisition of MyChem	7,800
Change in estimated fair value of contingent consideration	<u>(7,800)</u>
Balance as of December 31, 2022	—
Contingent consideration related to the acquisition of Alphazyme	5,289
Change in estimated fair value of contingent consideration	<u>(2,316)</u> 69
Balance as of June 30, 2023 September 30, 2023	\$ 2,973 5,358

5. Balance Sheet Components

Inventory

Inventory consisted of the following as of the periods presented (in thousands):

	June 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022
Raw materials	Raw materials \$ 25,622	\$ 13,486	Raw materials \$ 26,787	\$ 13,486
Work-in-process	Work-in-process 14,495	21,950	Work-in-process 12,209	21,950
Finished goods	Finished goods 7,285	7,716	Finished goods 10,146	7,716
Total inventory	Total inventory \$ 47,402	\$ 43,152	Total inventory \$ 49,142	\$ 43,152

Other assets

Other assets consisted of the following as of the periods presented (in thousands):

	September 30, 2023	December 31, 2022
Operating lease right-of-use assets	\$ 62,859	\$ 63,896
Interest rate cap	13,268	11,362
Indemnification asset (see Note 2)	6,312	7,682
Prepaid lease payments	—	27,253
Other	3,140	5,396
Total other assets	\$ 85,579	\$ 115,589

6. Government Assistance

Cooperative Agreement

In May 2022, TriLink entered into a cooperative agreement (the "Cooperative Agreement") with the U.S. Department of Defense, as represented by the Joint Program Executive Office for Chemical, Biological, Radiological and Nuclear Defense on behalf of the Biomedical Advanced Research and Development Authority ("BARDA"), within the U.S. Department of Health and Human Services ("HHS"), to advance the development of domestic manufacturing capabilities and to expand TriLink's domestic production capacity in its San Diego manufacturing campus (the "Flanders San Diego Facility") for products critical to the development and manufacture of mRNA vaccines and therapeutics. The Cooperative Agreement has since transitioned from the U.S. Department of Defense to the HHS as of January 2023. The Flanders San Diego Facility consists of two buildings ("Flanders I" and "Flanders II").

Pursuant to certain requirements, BARDA awarded TriLink an amount equal to \$38.8 million or 50% of the construction and validation costs budgeted for the Flanders San Diego Facility. The contract period of performance is May 2022 through December 2023, which is the effective date of, however, the Cooperative Agreement through the anticipated date of completion of construction and validation of manufacturing capacity. Amounts reimbursed are subject to audit and may be recaptured by the U.S. Department of Defense is exclusively involved in certain circumstances. Flanders I.

The Cooperative Agreement requires the Company to provide the U.S. Government with conditional priority access and certain preferred pricing obligations for a 10-year period from the completion of the construction project for the production of a medical countermeasure (or a component thereof) that the Company manufactures in the Flanders San Diego Facility during a declared public health emergency.

Pursuant to certain requirements, BARDA awarded TriLink an amount equal to \$38.8 million or 50% of the construction and validation costs budgeted for the Flanders San Diego Facility. The contract period of performance is May 2022 through January 2034, which is the effective date of the Cooperative Agreement through the anticipated expiration of the 10-year conditional priority access period. Amounts reimbursed are subject to audit and may be recaptured by the HHS in certain circumstances.

During the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the Company **has received** **\$0.6 million** **\$0.3 million** and **\$8.7 million** **\$9.0 million**, respectively, of reimbursements under the Cooperative Agreement, with equal offsets recorded to right-of-use assets associated with Flanders I within property and equipment on the condensed consolidated balance sheet. During the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, the Company had not yet received any reimbursements under the Cooperative Agreement. As of **June 30, 2023** **September 30, 2023**, the Company has recorded a receivable of **\$0.2 million** **\$3.5 million**, with an equal offset to property and equipment.

7. Leases

All of the Company's facilities, including office, laboratory and manufacturing space, are occupied under long-term non-cancelable lease arrangements with various expiration dates through 2038, some of which include options to extend up to 20 years. The Company does not have any leases that include residual value guarantees.

In January 2023, the Company assumed Alphazyme's existing facility lease in Jupiter, Florida, in connection with the acquisition of Alphazyme (see Note 2). The lease term began in January 2023 and will end in January 2032. The lease is for 10 years with the option to extend for one additional 5-year period.

In February 2023, the Company entered into an agreement to expand the existing Alphazyme facility lease for additional space. The lease term will run concurrently with and as part of the initial lease term.

In March 2023 and June 2023, the Company's leases for Flanders I and Flanders II, respectively, commenced. The Company entered into the lease agreement in August 2021. The leases are for eleven years with the option to extend for one additional 5-year period. The Company is reasonably certain to execute the renewal option and has, therefore, recognized this as part of its ROU assets and lease liabilities. The lease includes tenant improvement provisions, rent abatement clauses, and escalating rent payments over the life of the lease.

The following table presents supplemental balance sheet information related to the Company's leases as of the periods presented (in thousands):

Right-of-use assets	Right-of-use assets	Line Item in the Condensed Consolidated Balance Sheets			Right-of-use assets	Line Item in the Condensed Consolidated Balance Sheets		
		June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022
		Finance leases	Operating leases	Other assets		Finance leases	Operating leases	Other assets
Finance leases	Finance leases	Property and equipment, net		\$ 80,570	\$ —	Property and equipment, net		\$ 76,656
Operating leases	Operating leases	Other assets		65,014	63,896	Other assets		62,859
Total right-of-use assets	Total right-of-use assets			\$ 145,584	\$ 63,896	Total right-of-use assets		\$ 139,515
Current lease liabilities	Current lease liabilities	Current portion of finance lease liabilities			Current portion of finance lease liabilities			
Finance leases	Finance leases	Current portion of finance lease liabilities		\$ 560	\$ —	Current portion of finance lease liabilities		\$ 596
Operating leases	Operating leases	Accrued expenses and other current liabilities		6,918	6,269	Accrued expenses and other current liabilities		7,093
Total current lease liabilities	Total current lease liabilities			\$ 7,478	\$ 6,269	Total current lease liabilities		\$ 7,689
Non-current lease liabilities	Non-current lease liabilities							

Finance leases	Finance leases	Finance lease liabilities, less current portion	\$ 32,236	\$ —	Finance leases	Finance lease liabilities, less current portion	\$ 32,077	\$ —
Operating leases	Operating leases	Other long-term liabilities	51,779	51,556	Operating leases	Other long-term liabilities	49,953	51,556
Total non-current lease liabilities		Total non-current lease liabilities	\$ 84,015	\$ 51,556		Total non-current lease liabilities	\$ 82,030	\$ 51,556

The components of the net lease costs for the Company's leases reflected in the Company's condensed consolidated statements of operations were as follows for the periods presented (in thousands):

	Finance lease costs:	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
		2023		2022		2023		2022		2023		2022		2023		2022	
		Finance lease costs:	Depreciation of leased assets	Interest on lease liabilities	Total finance lease costs	Operating lease costs	Variable lease costs	Total lease costs	Finance lease costs:	Depreciation of leased assets	Interest on lease liabilities	Total finance lease costs	Operating lease costs	Variable lease costs	Total lease costs	Finance lease costs:	Depreciation of leased assets
Finance lease costs:	Finance lease costs:								Finance lease costs:	Depreciation of leased assets	Interest on lease liabilities	Total finance lease costs	Operating lease costs	Variable lease costs	Total lease costs	Finance lease costs:	Depreciation of leased assets
Depreciation of leased assets	Depreciation of leased assets	\$ 573	\$ —	\$ 573	\$ —				Depreciation of leased assets	\$ 1,370	\$ —	\$ 1,943	\$ —			Depreciation of leased assets	\$ 1,370
Interest on lease liabilities	Interest on lease liabilities	331	—	331	—				Interest on lease liabilities	684	—	1,015	—			Interest on lease liabilities	684
Total finance lease costs	Total finance lease costs	904	—	904	—				Total finance lease costs	2,054	—	2,958	—			Total finance lease costs	2,054
Operating lease costs	Operating lease costs	3,120	1,892	6,178	3,766				Operating lease costs	3,121	2,480	9,299	6,246			Operating lease costs	3,121
Variable lease costs	Variable lease costs	912	543	1,897	1,068				Variable lease costs	1,021	790	2,918	1,858			Variable lease costs	1,021
Total lease costs	Total lease costs	\$ 4,936	\$ 2,435	\$ 8,979	\$ 4,834				Total lease costs	\$ 6,196	\$ 3,270	\$ 15,175	\$ 8,104			Total lease costs	\$ 6,196

The weighted average remaining lease term and weighted average discount rate related to the Company's ROU assets and lease liabilities for its leases were as follows as of the periods presented:

	Weighted average remaining lease term (in years):	June 30, 2023		December 31, 2022		September 30, 2023		December 31, 2022	
		Weighted average remaining lease term (in years):							
Weighted average remaining lease term (in years):	Weighted average remaining lease term (in years):								
Finance leases	Finance leases	14.7		7.9	*	Finance leases	14.4		*
Operating leases	Operating leases	7.6		7.9	*	Operating leases	7.4		7.9
Weighted average discount rate:	Weighted average discount rate:					Weighted average discount rate:			
Finance leases	Finance leases	8.4	%	6.5	%	Finance leases	8.4	%	*
Operating leases	Operating leases	6.6	%			Operating leases	6.7	%	6.5 %

* The Company did not have any finance leases as of December 31, 2022.

Supplemental information concerning the cash flow impact arising from the Company's leases recorded in the Company's condensed consolidated statements of cash flows is detailed in the following table for the periods presented (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022		2023		2022		2023		2022	

Cash paid for amounts included in lease liabilities:	Cash paid for amounts included in lease liabilities:	Cash paid for amounts included in lease liabilities:
Financing cash flows used for finance leases	Financing cash flows used for finance leases	Financing cash flows used for finance leases
Operating cash flows used for finance leases	Operating cash flows used for finance leases	Operating cash flows used for finance leases
Operating cash flows used for operating leases	Operating cash flows used for operating leases	Operating cash flows used for operating leases
Non-cash transactions:	Non-cash transactions:	Non-cash transactions:
Right-of-use assets obtained in exchange for new finance lease liabilities	Right-of-use assets obtained in exchange for new finance lease liabilities	Right-of-use assets obtained in exchange for new finance lease liabilities
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities

As of June 30, 2023 September 30, 2023, the Company expects that its future minimum lease payments will become due and payable as follows (in thousands):

	Finance Leases	Operating Leases	Total	Finance Leases	Operating Leases	Total
2023 (remaining six months)	\$ 1,631	\$ 5,268	\$ 6,899			
2023 (remaining three months)				2023 (remaining three months)	\$ 824	\$ 2,651
2024	2024	3,327	10,774	2024	3,327	10,774
2025	2025	3,427	10,952	2025	3,427	10,952
2026	2026	3,530	10,042	2026	3,530	10,042
2027	2027	3,636	8,564	2027	3,636	8,564
Thereafter	Thereafter	44,102	34,125	Thereafter	44,102	34,125
Total minimum lease payments	Total minimum lease payments	59,653	79,725	Total minimum lease payments	58,846	77,108
Less: interest	Less: interest	(26,857)	(21,028)	Less: interest	(26,173)	(20,062)
Total lease liabilities	Total lease liabilities	\$ 32,796	\$ 58,697	Total lease liabilities	\$ 32,673	\$ 57,046

8. Commitments and Contingencies

Unconditional Purchase Obligations

In the ordinary course of business, we enter into certain unconditional purchase obligations with our suppliers. These are agreements to purchase products and services that are enforceable, legally binding, and specify terms that include provisions with respect to quantities, pricing and timing of purchases.

Amounts purchased under these obligations totaled \$0.3 million and \$2.7 million for the three and nine months ended September 30, 2023, respectively. Such amounts were not material for the three and nine months ended September 30, 2022.

As of September 30, 2023, future minimum commitments under these obligations totaled \$3.6 million, of which \$0.3 million relates to the three months ending December 31, 2023 and \$3.3 million relates to the year ending December 31, 2024.

9. Long-Term Debt

Credit Agreement

In October 2020, Maravai Intermediate Holdings, LLC ("Intermediate"), a wholly-owned subsidiary of Topco LLC, along with certain of its subsidiaries (together with Intermediate, the "Borrowers"), entered into a credit agreement (as amended, the "Credit Agreement"), which provides for a term loan facility and a revolving credit facility. In January 2022, the Company entered into an amendment (the "Amendment") to refinance the term loan and to address the planned phase out of London Interbank Offered Rate ("LIBOR"), which was replaced with a Term Secured Overnight Financing Rate ("SOFR") based rate.

The Credit Agreement provides for a \$600.0 million term loan facility, maturing October 2027 (the "Tranche B Term Loan"), and a \$180.0 million revolving credit facility (the "Revolving Credit Facility").

As of June 30, 2023 September 30, 2023, the interest rate on the Tranche B Term Loan was 8.03% 8.32% per annum.

The Credit Agreement also provides for a \$20.0 million limit for letters of credit. As of September 30, 2023, the Company had a \$0.5 million outstanding letter of credit as security for a lease agreement, which remained unused as reduced the availability of June 30, 2023 credit under the Revolving Credit Facility by \$0.5 million.

Borrowings under the Credit Agreement are unconditionally guaranteed by Topco LLC, together with the existing and future material domestic subsidiaries of Topco LLC (subject to certain exceptions), as specified in the respective guaranty agreements. Borrowings under the Credit Agreement are also secured by a first-priority lien and security interest in substantially all of the assets (subject to certain exceptions) of existing and future material domestic subsidiaries of Topco LLC that are loan parties.

The accounting related to entering into the Amendment was evaluated on a creditor-by-creditor basis to determine whether each transaction should be accounted for as a modification or extinguishment. Certain creditors under the First Lien Term Loan did not participate in this refinancing transaction, were repaid their principal and interest of \$8.5 million and ceased being creditors of the Company and the repayment of their related outstanding debt balances has been accounted for as an extinguishment of debt. Proceeds of borrowings from new lenders of \$8.5 million were accounted for as a new debt financing. The Company recorded a loss on extinguishment of debt of \$0.2 million in the accompanying condensed consolidated statements of operations during the first quarter of 2022. For the remainder of the creditors, this transaction was accounted for as a modification because the change in present value of cash flows between the two term loans before and after the transaction was less than 10% on a creditor-by-creditor basis. As part of the refinancing, the Company incurred \$0.9 million of various costs, of which an insignificant amount was related to an original issuance discount, and were all capitalized in the accompanying balance sheet within long-term debt and are subject to amortization over the term of the refinanced debt as an adjustment to interest expense using the effective interest method.

We also incurred \$0.3 million of financing-related fees related to the Revolving Credit Facility. As of June 30, 2023 September 30, 2023, unamortized debt issuance costs totaled \$1.8 million \$1.6 million and are recorded as assets within other assets on the accompanying condensed consolidated balance sheet as there is no balance outstanding related to the Revolving Credit Facility.

Commencing with the fiscal year ended December 31, 2021, and each fiscal year thereafter, the Credit Agreement requires that we make mandatory prepayments on the Tranche B Term Loan principal upon certain excess cash flow, subject to certain step-downs based on the Company's first lien net leverage ratio. The mandatory prepayment shall be reduced to 25% or 0% of the calculated excess cash flow if the Company's first lien net leverage ratio was equal to or less than 4.75:1.00 or 4.25:1.00, respectively, however, no prepayment shall be required to the extent excess cash flow calculated for the respective period is equal to or less than \$10.0 million. As of June 30, 2023 September 30, 2023, the Company's first lien net leverage ratio was less than 4.25:1.00. Thus, a mandatory prepayment on the Tranche B Term Loan out of our excess cash flow was not required.

The Credit Agreement contains certain covenants, including, among other things, covenants limiting our ability to incur or prepay certain indebtedness, pay dividends or distributions, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments and make changes to the nature of the business. Additionally, the Credit Agreement also requires us to maintain a certain net leverage ratio if the outstanding debt balance on the Revolving Credit Facility exceeds 35.0% of the aggregate amount of available credit of \$180.0 million. The Company was in compliance with these covenants as of June 30, 2023 September 30, 2023.

Interest Rate Cap

In the first quarter of 2021, the Company entered into an interest rate cap agreement to manage a portion of its variable interest rate risk on its outstanding long-term debt. The contract, which was effective March 31, 2021, entitles the Company to receive from the counterparty at each calendar quarter end the amount, if any, by which a specified defined floating market rate exceeds the cap strike interest rate, applied to the contract's notional amount of \$415.0 million. The floating rate of interest is reset at the end of each three-month period. The contract was set to expire on March 31, 2023.

In May 2022, the Company amended the interest rate cap agreement, effective June 30, 2022, to increase the contract's notional amount to \$500.0 million and to extend the maturity date to January 19, 2025. Additionally, the floating rate option changed from a LIBOR-based rate to a SOFR-based rate. Other provisions remained unchanged as a result of the amendment. Premiums paid to amend the interest rate cap agreement were immaterial.

The interest rate cap agreement has not been designated as a hedging relationship and has been recognized on the condensed consolidated balance sheet at fair value of \$14.0 million \$13.3 million within other assets with changes in fair value recognized within interest expense in the condensed consolidated statements of operations.

The Company's long-term debt consisted of the following as of the periods presented (in thousands):

		June 30, 2023		December 31, 2022			September 30, 2023		December 31, 2022	
Tranche B Term Loan	Tranche B Term Loan	\$	535,840	\$	538,560	Tranche B Term Loan	\$	534,480	\$	538,560
Unamortized debt issuance costs	Unamortized debt issuance costs		(10,064)		(11,123)	Unamortized debt issuance costs		(9,520)		(11,123)
Total long-term debt	Total long-term debt		525,776		527,437	Total long-term debt		524,960		527,437
Less: current portion	Less: current portion		(5,440)		(5,440)	Less: current portion		(5,440)		(5,440)
Total long- term debt, less current portion	Total long- term debt, less current portion	\$	520,336	\$	521,997	Total long- term debt, less current portion	\$	519,520	\$	521,997

There were no balances outstanding on the Company's Revolving Credit Facility as of June 30, 2023 September 30, 2023 and December 31, 2022.

As of **June 30, 2023**, the aggregate future principal maturities of the Company's debt obligations for each of the next five years, based on contractual due dates, were as follows (in thousands):

2023 (remaining six months)	\$	2,720			
2023 (remaining three months)			2023 (remaining three months)	\$	1,360
2024	2024	5,440	2024		5,440
2025	2025	5,440	2025		5,440
2026	2026	5,440	2026		5,440
2027	2027	516,800	2027		516,800
Total long-term debt		\$	535,840	Total long-term debt \$	534,480

9.10. Net (Loss) Income Per Class A Common Share Attributable to Maravai LifeSciences Holdings, Inc.

Basic net (loss) income per Class A common share has been calculated by dividing net (loss) income for the period, adjusted for net (loss) income attributable to non-controlling interests, by the weighted average number of Class A common shares outstanding during the period. Diluted net (loss) income per Class A common share gives effect to potentially dilutive securities by application of the treasury stock method or if-converted method, as applicable. Diluted net (loss) income per Class A common share attributable to the Company is computed by adjusting the net (loss) income and the weighted average number of Class A common shares outstanding to give effect to potentially diluted securities. In computing the diluted net loss per share for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, potentially dilutive Class A common shares were excluded from the diluted loss per share calculation because of their anti-dilutive effect.

The following table presents the computation of basic and diluted net (loss) income per Class A common share attributable to the Company for the periods presented (in thousands except per share amounts):

	Numerator:	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended		Nine Months Ended		
		2023		2022		2023		2022		September 30,		September 30,		
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
Net (loss) income	Net (loss) income	\$ (11,943)	\$ 156,721	\$ (13,291)	\$ 303,581	Net (loss) income	\$ (15,102)	\$ 99,653	\$ (28,393)	\$ 403,234	Less: loss (income)	Less: loss (income)	Attributable to common non-controlling interests	Attributable to common non-controlling interests
Less: loss (income) attributable to common non-controlling interests	Less: loss (income) attributable to common non-controlling interests	5,402	(85,481)	6,683	(165,479)	8,640	(55,184)	15,323	(220,663)	8,640	(55,184)	15,323	(220,663)	

Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— basic	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— basic	(6,541)	71,240	(6,608)	138,102	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— basic	(6,462)	44,469	(13,070)	182,571
Net (loss) income effect of dilutive securities:	Net (loss) income effect of dilutive securities:					Net (loss) income effect of dilutive securities:				
Effect of dilutive employee stock purchase plan ("ESPP"), restricted stock units ("RSUs") and stock options	Effect of dilutive employee stock purchase plan ("ESPP"), restricted stock units ("RSUs") and stock options	—	43	—	74	Effect of dilutive employee stock purchase plan ("ESPP"), restricted stock units ("RSUs") and stock options	—	18	—	90
Effect of the assumed conversion of Class B common stock	Effect of the assumed conversion of Class B common stock	—	65,256	—	126,327	Effect of the assumed conversion of Class B common stock	—	—	—	168,454
Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— diluted	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— diluted	\$ (6,541)	\$ 136,539	\$ (6,608)	\$ 264,503	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.— diluted	\$ (6,462)	\$ 44,487	\$ (13,070)	\$ 351,115
Denominator: Weighted average Class A common shares outstanding— basic	Denominator: Weighted average Class A common shares outstanding— basic	131,864	131,524	131,802	131,506	Denominator: Weighted average Class A common shares outstanding— basic	131,930	131,540	131,845	131,518
Weighted average effect of dilutive securities:	Weighted average effect of dilutive securities:					Weighted average effect of dilutive securities:				
Effect of dilutive ESPP, RSUs and stock options	Effect of dilutive ESPP, RSUs and stock options	—	168	—	149	Effect of dilutive ESPP, RSUs and stock options	—	111	—	136
Effect of the assumed conversion of Class B common stock	Effect of the assumed conversion of Class B common stock	—	123,669	—	123,669	Effect of the assumed conversion of Class B common stock	—	—	—	123,669

Weighted average Class A common shares outstanding—diluted	Weighted average Class A common shares outstanding—diluted	131,864	255,361	131,802	255,324	Weighted average Class A common shares outstanding—diluted	131,930	131,651	131,845	255,323
Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:	Net (loss) income per common share attributable to Maravai LifeSciences Holdings, Inc.:					Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:				
Basic	Basic	\$ (0.05)	\$ 0.54	\$ (0.05)	\$ 1.05	Basic	\$ (0.05)	\$ 0.34	\$ (0.10)	\$ 1.39
Diluted	Diluted	\$ (0.05)	\$ 0.53	\$ (0.05)	\$ 1.03	Diluted	\$ (0.05)	\$ 0.34	\$ (0.10)	\$ 1.37

Shares of Class B common stock do not share in the earnings or losses of the Company and are therefore not participating securities. As such, a separate presentation of basic and diluted net (loss) income per share for Class B common stock under the two-class method has not been presented.

The following table presents potentially dilutive securities excluded from the computation of diluted net (loss) income per share for the periods presented because their effect would have been anti-dilutive for the periods presented (in thousands):

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022		2023	2022	2023	2022
		RSUs	Stock options	Shares	Estimated to be purchased under the ESPP	Shares	Stock options	Shares	Estimated to be purchased under the ESPP	Shares	Stock options	Shares	Shares
RSUs	RSUs	3,355	—	—	—	3,151	—	—	—	3,768	—	3,209	—
Stock options	Stock options	4,542	2,063	4,542	2,064	2,064	Stock options	2,338	9	4,524	2,338	4,524	2,338
Shares estimated to be purchased under the ESPP	Shares estimated to be purchased under the ESPP	10	55	9	52	52	under the ESPP	93	9	93	93	8	21
Shares of Class B common stock	Shares of Class B common stock	119,094	—	119,094	—	—	Shares of Class B common stock	131,540	119,094	119,094	119,094	—	—
Total	Total	127,001	2,118	126,796	2,116	2,116	Total	127,395	133,971	126,835	126,835	2,359	2,359

Shares underlying contingently issuable awards that have not met the necessary conditions as of the end of a reporting period are not included in the calculation of diluted net (loss) income per share of Class A common stock attributable to the Company for that period. The Company had contingently issuable PSUs outstanding that did not meet the market and performance conditions as of **June 30, 2023** **September 30, 2023** and, therefore, were excluded from the calculation of diluted net (loss) income per share of Class A common stock attributable to the Company. The maximum number of potentially dilutive Class A common shares that could be issued upon vesting for such awards was insignificant as of **June 30, 2023** **September 30, 2023**. These amounts were also excluded from the potentially dilutive securities in the table above. The Company had no contingently issuable PSUs outstanding as of **June 30, 2022** **September 30, 2022**.

10.11. Income Taxes

We are subject to U.S. federal and state income taxes with respect to our allocable share of any taxable income or loss of Topco LLC, as well as any stand-alone income or loss we generate. Topco LLC is organized as a limited liability company and treated as a partnership for federal tax purposes and generally does not pay income taxes on its taxable income in most jurisdictions. Instead, Topco LLC's taxable income or loss is passed through to its members, including us.

The following table summarizes the Company's income tax (benefit) expense and effective tax rate for the periods presented (in thousands, except percentages):

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022		2023	2022	2023	2022
		(Loss) income before income taxes	Income tax expense	(Loss) income before income taxes	Income tax expense	(Loss) income before income taxes	Income tax expense	(Loss) income before income taxes	Income tax expense	(Loss) income before income taxes	Income tax expense	(Loss) income before income taxes	Income tax expense
(Loss) income before income taxes	Income tax expense	\$ (13,364)	\$ 174,992	\$ (17,887)	\$ 341,833	\$ (20,563)	\$ 113,763	\$ (38,450)	\$ 455,596	\$ (20,563)	\$ 113,763	\$ (38,450)	\$ 455,596
Income tax (benefit) expense	Income tax (benefit) expense	\$ (1,421)	\$ 18,271	\$ (4,596)	\$ 38,252	\$ (5,461)	\$ 14,110	\$ (10,057)	\$ 52,362	\$ (5,461)	\$ 14,110	\$ (10,057)	\$ 52,362
Effective tax rate	Effective tax rate	10.6 %	10.4 %	25.7 %	11.2 %	26.6 %	12.4 %	26.2 %	11.5 %	26.6 %	12.4 %	26.2 %	11.5 %

The Company's effective tax rates of 10.6% 26.6% and 25.7% 26.2% for the three and six nine months ended June 30, 2023 September 30, 2023, respectively, differed from the U.S. federal statutory income tax rate of 21.0%, primarily due to (loss) income associated with the non-controlling interest, changes to our deferred tax assets due to changes in estimates associated with our state income tax expense, rate, and the release of a previous uncertain tax position due to statute expiration.

The Company's effective tax rates of 10.4% 12.4% and 11.2% 11.5% for the three and six nine months ended June 30, 2022 September 30, 2022, respectively, differed from the U.S. federal statutory rate of 21.0%, primarily due to income associated with the non-controlling interest.

Tax Distributions to Topco LLC's Owners

Topco LLC is subject to an operating agreement put in place at the date of the Organizational Transactions ("LLC Operating Agreement"). The LLC Operating Agreement has numerous provisions related to allocations of income and loss, as well as timing and amounts of distributions to its owners. This agreement also includes a provision requiring cash distributions enabling its owners to pay their taxes on income passing through from Topco LLC. These tax distributions are computed based on an assumed income tax rate equal to the sum of (i) the maximum combined marginal federal and state income tax rate applicable to an individual and (ii) the net investment income tax. The assumed income tax rate currently totals 46.7%, which may increase to 54.1% in certain cases where the qualified business income deduction is unavailable.

In addition, under the tax rules, Topco LLC is required to allocate taxable income disproportionately to its unit holders. Because tax distributions are determined based on the holder of LLC Units who is allocated the largest amount of taxable income on a per unit basis, but are made pro rata based on ownership, Topco LLC is required to make tax distributions that, in the aggregate, will likely exceed the amount of taxes Topco LLC would have otherwise paid if it were taxed on its taxable income at the assumed income tax rate. Topco LLC is subject to entity level taxation in certain states and certain of its subsidiaries are subject to entity level U.S. and foreign income taxes. As a result, the accompanying condensed consolidated statements of operations include income tax expense related to those states and to U.S. and foreign jurisdictions where Topco LLC or any of our subsidiaries are subject to income tax.

During the three months ended June 30, 2023 September 30, 2023, Topco LLC paid did not pay any tax distributions of \$2.8 million to its owners, including \$1.5 million to us. During the six nine months ended June 30, 2023 September 30, 2023 Topco LLC paid tax distributions of \$20.3 million to its owners, including \$10.7 million to us.

During the three months ended June 30, 2022 September 30, 2022, Topco LLC paid tax distributions of \$88.2 million \$75.7 million to its owners, including \$45.5 million \$38.9 million to us. During the six nine months ended June 30, 2022 September 30, 2022, Topco LLC paid tax distributions of \$170.5 million \$246.1 million to its owners, including \$87.9 million \$126.8 million to us.

As of June 30, 2023 September 30, 2023, no amounts for tax distributions had been accrued as such payments were made during the period.

11.12. Related Party Transactions

MLSH 1's majority owner is GTCR, LLC ("GTCR"). The Company's Executive Chairman of the Board, Chief Financial Officer ("CFO") and General Counsel are executives of MSLH 1 and MSLH 2.

Payable to Related Parties Pursuant to the Tax Receivable Agreement

We are a party to a Tax Receivable Agreement ("TRA") with MSLH 1 and MSLH 2. The TRA provides for the payment by us to MSLH 1 and MSLH 2, collectively, of 85% of the amount of certain tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of the Organizational Transactions, IPO and any subsequent purchases or exchanges of LLC Units of Topco LLC. Based on our current projections of taxable income, and before deduction of any specially allocated depreciation and amortization, we anticipate having enough taxable income to utilize most of these tax benefits.

As of June 30, 2023 September 30, 2023, our liability under the TRA is \$677.4 million \$678.4 million, payable to MSLH 1 and MSLH 2, representing approximately 85% of the calculated tax savings we anticipate being able to utilize in future years. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company recognized a gain losses of \$0.1 million \$1.0 million and a loss of \$1.3 million \$2.3 million, respectively, on TRA liability adjustment reflecting a change in the tax benefit obligation attributable to a change in the expected tax benefit. The remeasurement was primarily due to changes in our estimated state apportionment and the corresponding change of our estimated state tax rate.

We made payments of \$42.6 million to MSLH 1 and MSLH 2 pursuant to the TRA during the three and six nine months ended June 30, 2023 September 30, 2023, of which \$0.4 million was related to interest. No payments were made during the three and six months ended June 30, 2022 September 30, 2023 or the three and nine months ended September 30, 2022.

Contribution, Exchange and Forfeiture Agreement with MSLH 1

In January 2023, the Company undertook Structuring Transactions and executed Contribution, Contribution and Exchange, and Forfeiture Agreements with MSLH 1 (see Note 1).

Topco LLC Operating Agreement

MLSH 1 is party to the LLC Operating Agreement put in place at the date of the Organizational Transactions. This agreement includes a provision requiring cash distributions enabling its owners to pay their taxes on income passing through from Topco LLC. During the three and six nine months ended June 30, 2023 September 30, 2023, the Company made distributions of \$1.3 million and \$9.6 million, respectively, for tax liabilities to MSLH 1 under this agreement. During the three and six nine months ended June 30, 2022 September 30, 2022, the Company made distributions of \$42.6 million \$36.8 million and \$82.5 million \$119.3 million, respectively, for tax liabilities to MSLH 1 under this agreement.

No such distributions were made during the three months ended September 30, 2023.

12.13. Segments

The Company's financial performance is reported in two segments. A description of each segment follows:

- *Nucleic Acid Production*: focuses on the manufacturing and sale of highly modified nucleic acids products to support the needs of customers' research, therapeutic and vaccine programs. This segment also provides research products for labeling and detecting proteins in cells and tissue samples.
- *Biologics Safety Testing*: focuses on manufacturing and selling biologics safety and impurity tests and assay development services that are utilized by our customers in their biologic drug manufacturing spectrum.

The Company has determined that adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") is the profit or loss measure that the CODM uses to make resource allocation decisions and evaluate segment performance. Adjusted EBITDA assists management in comparing the segment performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the core operations and, therefore, are not included in measuring segment performance. The Company defines Adjusted EBITDA as net (loss) income before interest, taxes, depreciation and amortization, certain non-cash items and other adjustments that we do not consider in our evaluation of ongoing operating performance from period to period. Corporate costs, net of eliminations, are managed on a standalone basis and are not allocated to segments.

The following schedule includes revenue and adjusted EBITDA for each of the Company's reportable operating segments (in thousands):

Revenue:	Revenue:	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,				
		2023		2022		2023		2022		2023		2022				
		Nucleic Acid Production	Biologics Safety Testing	Nucleic Acid Production	Biologics Safety Testing	Nucleic Acid Production	Biologics Safety Testing	Nucleic Acid Production	Biologics Safety Testing	Nucleic Acid Production	Biologics Safety Testing	Nucleic Acid Production	Biologics Safety Testing			
Nucleic Acid Production	Nucleic Acid Production	\$ 53,265	\$ 15,651	\$ 225,255	\$ 17,484	\$ 114,716	\$ 33,225	\$ 448,905	\$ 38,127	\$ 51,228	\$ 15,638	\$ 174,881	\$ 48,863	\$ 623,786		
Biologics Safety Testing	Biologics Safety Testing													54,509		
Total reportable segments' revenue	Total reportable segments' revenue	68,916	15,651	242,739	17,484	147,941	33,225	487,032	38,127	66,866	15,638	191,263	48,863	214,807	678,295	
Intersegment eliminations	Intersegment eliminations															
Total	Total	\$ 68,914	\$ 15,651	\$ 242,732	\$ 17,484	\$ 147,939	\$ 33,225	\$ 487,025	\$ 38,127	\$ 66,865	\$ 15,638	\$ 191,263	\$ 48,863	\$ 214,804	\$ 678,288	
Segment adjusted EBITDA:	Segment adjusted EBITDA:															
Nucleic Acid Production	Nucleic Acid Production	\$ 14,192	\$ 10,315	\$ 186,291	\$ 14,102	\$ 42,065	\$ 24,061	\$ 369,090	\$ 30,634	\$ 16,591	\$ 11,246	\$ 133,816	\$ 12,997	\$ 58,656	\$ 43,631	
Biologics Safety Testing	Biologics Safety Testing															
Total reportable segments' adjusted EBITDA	Total reportable segments' adjusted EBITDA	24,507	10,315	200,393	14,102	66,126	24,061	399,724	30,634	27,837	11,246	146,813	12,997	93,963	546,537	
Reconciliation of total reportable segments' adjusted EBITDA to (loss) income before income taxes	Reconciliation of total reportable segments' adjusted EBITDA to (loss) income before income taxes															
Amortization	Amortization	(6,852)		(6,252)		(13,617)		(11,779)		Amortization	(6,870)		(6,254)		(20,487)	
Depreciation	Depreciation	(2,815)		(1,892)		(4,895)		(3,747)		Depreciation	(4,071)		(1,857)		(8,966)	
Interest expense	Interest expense	(7,022)		(4,434)		(18,855)		(7,098)		Interest expense	(11,637)		(3,136)		(30,492)	
Interest income	Interest income	6,791		—		12,836		—		Interest income	7,432		—		20,268	
Corporate costs, net of eliminations	Corporate costs, net of eliminations	(15,430)		(11,914)		(33,251)		(24,253)		Corporate costs, net of eliminations	(15,937)		(14,296)		(49,188)	
Other adjustments:	Other adjustments:									Other adjustments:					(38,549)	

Acquisition contingent consideration	Acquisition contingent consideration	2,316	7,800	2,316	7,800	Acquisition contingent consideration	(2,385)	—	(69)	7,800
Acquisition integration costs	Acquisition integration costs	(3,466)	(3,103)	(5,930)	(7,882)	Acquisition integration costs	(3,268)	(2,760)	(9,198)	(10,642)
Stock-based compensation	Stock-based compensation	(9,272)	(4,308)	(15,259)	(7,935)	Stock-based compensation	(9,987)	(4,740)	(25,246)	(12,675)
Merger and acquisition related expenses	Merger and acquisition related expenses	(371)	(7)	(3,662)	(1,195)	Merger and acquisition related expenses	(46)	—	(3,708)	(1,195)
Financing costs	Financing costs	—	(27)	—	(1,064)	Financing costs	—	(7)	—	(1,071)
Acquisition related tax adjustment	Acquisition related tax adjustment	(1,620)	(1,264)	(1,447)	(1,264)	Acquisition related tax adjustment	77	—	(1,370)	(1,264)
Tax Receivable Agreement liability adjustment	Tax Receivable Agreement liability adjustment	101	—	(1,335)	2,340	Tax Receivable Agreement liability adjustment	(1,007)	—	(2,342)	2,340
Other	Other	(231)	—	(914)	(1,814)	Other	(701)	—	(1,615)	(1,814)
(Loss) income before income taxes	(Loss) income before income taxes	(13,364)	174,992	(17,887)	341,833	(Loss) income before income taxes	(20,563)	113,763	(38,450)	455,596
Income tax benefit (expense)	Income tax benefit (expense)	1,421	(18,271)	4,596	(38,252)	Income tax benefit (expense)	5,461	(14,110)	10,057	(52,362)
Net (loss) income	Net (loss) income	\$ (11,943)	\$ 156,721	\$ (13,291)	\$ 303,581	Net (loss) income	\$ (15,102)	\$ 99,653	\$ (28,393)	\$ 403,234

During the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and **2022**, the nine months ended September 30, 2022, intersegment revenue was immaterial between the Nucleic Acid Production and Biologics Safety Testing segments. There was no intersegment revenue during the three months ended September 30, 2022. Any intersegment sales and the related gross margin on inventory recorded at the end of the period are eliminated for consolidation purposes. Internal selling prices for intersegment sales are consistent with the segment's normal retail price offered to external parties. There was no commission expense recognized for intersegment sales for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022.

The Company does not allocate assets to its reportable segments as they are not included in the review performed by the CODM for purposes of assessing segment performance and allocating resources.

14. Subsequent Event

In November 2023, the Company announced a cost realignment initiative that is expected to result in the termination of approximately 15% of the Company's workforce. As a result, the Company currently estimates it will incur one-time costs of approximately \$5.0 million, consisting primarily of cash severance expenses, which the Company expects to recognize in the fourth quarter of 2023. The estimated expenses are subject to a number of assumptions and actual results may differ materially from the estimated amount. The Company may also incur additional expenses not currently contemplated due to events that may occur as a result of, or in connection with, the cost realignment initiative.

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

You should read the following discussion and analysis of financial condition and results of operations together with our condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the Securities and Exchange Commission. This discussion and analysis reflects our historical results of operations and financial position and contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. Please also see the section titled "Special Note Regarding Forward-Looking Statements." We were incorporated in August 2020 and, pursuant to the Organizational Transactions described in Note 1 to our condensed consolidated financial statements, became a holding company whose principal asset is a controlling equity interest in Topco LLC. As the sole managing member of Topco LLC, we operate and control the business and affairs of Topco LLC and its subsidiaries. Accordingly, we consolidate Topco LLC in our consolidated financial statements and report a non-controlling interest related to the portion of Topco LLC not owned by us. Because the Organizational Transactions were considered transactions between entities under common control, the consolidated financial statements for periods prior to the Organizational Transactions and the initial public offering have been adjusted to combine the previously separate entities for presentation purposes. Unless otherwise noted or the context otherwise requires, references in this Quarterly Report on Form 10-Q to "we," "us" or "our" refer to Maravai LifeSciences Holdings, Inc. and its subsidiaries.

Overview

We are a leading life sciences company providing critical products to enable the development of drug therapies, diagnostics, novel vaccines and support research on human diseases. Our customers include the top global biopharmaceutical companies ranked by research and development expenditures according to industry consultants, and many other emerging biopharmaceutical and life sciences research companies, as well as leading academic research institutions and *in vitro* diagnostics companies. Our products address the key phases of biopharmaceutical development and include complex nucleic acids for diagnostic and therapeutic applications, antibody-based products to detect impurities during the production of biopharmaceutical products, and products to detect the expression of proteins in tissues of various species.

We have and will continue to build a transformative life sciences products company by acquiring businesses and accelerating their growth through capital infusions and industry expertise. Biomedical innovation is dependent on a reliable supply of reagents in the fields of nucleic acid production, biologics safety testing and protein labeling. From inventive startups to the world's leading biopharmaceutical, vaccine, diagnostics and gene and cell therapy companies, these customers turn to us to solve their complex discovery challenges and help them streamline and scale their supply chain needs beginning from research and development through clinical trials to commercialization.

Our primary customers are biopharmaceutical companies who are pursuing novel research and product development programs. Our customers also include a range of government, academic and biotechnology institutions.

As of **June 30, 2023** **September 30, 2023**, we employed a team of over **660** **670** employees, approximately **20%** **21%** of whom have advanced degrees. We primarily utilize a direct sales model for our sales to our customers in North America. Our international sales, primarily in Europe and Asia Pacific, are sold through a combination of third-party distributors as well as via a direct sales model. The percentage of our total revenue derived from customers in North America was **49.8%** **51.6%** and **50.6%** **50.9%** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively. The percentage of our total revenue derived from customers in North America was **36.7%** **51.1%** and **36.2%** **40.4%** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively.

We generated revenue of **\$68.9 million** **\$66.9 million** and **\$147.9 million** **\$214.8 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **\$242.7 million** **\$191.3 million** and **\$487.0 million** **\$678.3 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively.

Total revenue by segment was **\$53.3 million** **\$51.2 million** in Nucleic Acid Production and **\$15.6 million** in Biologics Safety Testing for the three months ended **June 30, 2023** **September 30, 2023**, compared to **\$225.2 million** **\$174.9 million** and **\$17.5 million** **\$16.4 million**, respectively, for the three months ended **June 30, 2022** **September 30, 2022**.

Total revenue by segment was **\$114.7 million** **\$165.9 million** in Nucleic Acid Production and **\$33.2 million** **\$48.9 million** in Biologics Safety Testing for the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, compared to **\$448.9 million** **\$623.8 million** and **\$38.1 million** **\$54.5 million**, respectively, for the **six** **nine** months ended **June 30, 2022** **September 30, 2022**.

We focus a substantial portion of our resources supporting our core business segments. We are actively pursuing opportunities to expand our customer base both domestically and internationally by fostering strong relationships with both existing and new customers and distributors. Our management team has experience working with biopharmaceutical, vaccine, diagnostics and gene and cell therapy companies as well as academic and research scientists. We also intend to continue making investments in our overall infrastructure and business segments to support our growth. We incurred aggregate selling, general and administrative expenses of **\$35.4 million** **\$38.9 million** and **\$74.0 million** **\$112.9 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **\$28.1 million** **\$30.8 million** and **\$61.3 million** **\$92.1 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively.

Our research and development efforts are geared towards supporting our customers' needs. We incurred research and development expenses of **\$4.2 million** **\$4.3 million** and **\$8.3 million** **\$12.7 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **\$4.3 million** **\$5.4 million** and **\$8.0 million** **\$13.4 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively. We intend to continue to invest in research and development and new products and technologies to support our customers' needs for the foreseeable future.

Recent Developments

Acquisition

In January 2023, we completed the acquisition of Alphazyme, LLC ("Alphazyme"), a privately-held original equipment manufacturer ("OEM") provider of custom, scalable, molecular biology enzymes to customers in the genetic analysis and nucleic acid synthesis markets, for a total purchase consideration of \$75.3 million. As a result of the acquisition, we own all the outstanding interest in Alphazyme. Our consolidated results of operations for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** include the operating results of Alphazyme from the acquisition date. See Note 2 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Trends and Uncertainties

COVID-19 Related Revenue Trends and Uncertainties

Our results of operations and cash flows during each of the years ended December 31, 2022, 2021 and 2020 substantially benefited from the demand for COVID-19 related products and services, including our proprietary CleanCap® analogs and highly modified RNA products, particularly mRNA, which are used by our customers in the production of COVID-19 vaccines. As a result of the general decrease in market demand for COVID-19 related products and services, including the supply and manufacture of COVID-19 vaccines, and in particular, following the end of U.S. federal public health emergency declaration and World Health Organization declaration of the end of the pandemic in early May 2022, we expect to continue to see substantial sequential declines in COVID-19 related revenue.

We estimate that revenue from COVID-19 related products and services represented approximately **16.8%** **22.3%** and **18.6%** **19.7%** of our total revenues for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **73.2%** **66.1%** and **71.8%** **70.2%** of our total revenues for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively. We believe that the second quarter of 2022 will have represented the highest revenue quarter for revenue attributable to our COVID-19 related products and services, and have experienced substantial declines in COVID-19 related revenue since such quarter as a result of the general market trend of reduced demand for COVID-19 related products and services as the pandemic subsides, including the supply and manufacture of COVID-19 related vaccines, and the World Health Organization declaring an end to the COVID-19 pandemic. **We** expect further declines in COVID-19 related revenue during the **remainder of 2023** for these reasons, as well as a result of unused inventory of our products that our customers have on hand. We are currently unable to fully estimate the impact of this unused inventory on our future COVID-19 related revenue, nor are we able to predict when our customers will resume purchasing COVID-19 related products given that our customers generally have not provided us with detailed inventory data. Our longer-term revenue prospects for COVID-19 related products are highly uncertain but are expected to be substantially less than pandemic highs. The factors that could influence longer-term COVID-19 related revenue include: the emergence, duration and intensity of new virus variants; competition faced by our customers from other COVID-19 vaccine manufacturers or developers of alternative treatments; the availability and administration of pediatric and booster vaccinations, vaccine supply constraints, vaccine hesitancy and the effectiveness of vaccines against new virus strains; and the U.S. economy and global economy, including impacts resulting from supply chain

constraints, labor market shortages and inflationary pressures. This contraction in COVID-19 related demand will significantly decrease our revenue and cash flow, which in turn could have a material adverse impact on our operating results and financial condition in the future.

Other Trends and Uncertainties

While we believe that the long-term trend of biopharmaceutical customers relying on outside parties to provide important inputs and services for their clinical research and manufacturing remains a long-term growth driver for us, we believe that recent industry trends and uncertainties, including changes in our customers' spending priorities and budgetary policies and practices, which negatively impacted our revenue and operating results in the **first half****three quarters** of 2023, may continue and result in slower growth and/or cause a further decline in our revenues during the **second half****fourth quarter** of 2023. These trends and uncertainties, which we primarily attribute to lower levels of investment in the research and development funding of early-stage biotechnology companies and declines and uncertainties in the capital markets amidst ongoing negative macroeconomic challenges, has and may continue to cause those companies to take action to conserve capital, resulting in a potential reduction in research and development spending across the markets in which we participate.

Our businesses also continue to see headwinds from a general contraction in economic activity in Asia, particularly in China, which may negatively impact our revenue derived from those markets.

How We Assess Our Business

We consider a variety of financial and operating measures in assessing the performance of our business. The key measures we use to determine how our business is performing are revenue and Adjusted EBITDA.

Adjusted EBITDA is a non-GAAP financial measure that we define as net (loss) income adjusted for interest expense, provision for income taxes, depreciation, amortization and stock-based compensation expenses. Adjusted EBITDA reflects further adjustments to eliminate the impact of certain items, including certain non-cash and other items, that we do not consider representative of our ongoing operating performance. We also present Adjusted Free Cash Flow, which is a non-GAAP measure that we define as Adjusted EBITDA less capital expenditures.

Management uses Adjusted EBITDA to evaluate the financial performance of our business and the effectiveness of our business strategies. We present Adjusted EBITDA and Adjusted Free Cash Flow because we believe they are frequently used by analysts, investors and other interested parties to evaluate companies in our industry and they facilitate comparisons on a consistent basis across reporting periods. Further, we believe they are helpful in highlighting trends in our operating results because they exclude items that are not indicative of our core operating performance. Adjusted EBITDA is also a component of the financial covenant under our credit agreement that governs our ability to access more than \$63.0 million in aggregate letters of credit and available borrowings under our revolving credit facility. In addition, if we borrow more than \$63.0 million, we are required to maintain a specified net leverage ratio. See "*Liquidity and Capital Resources—Sources of Liquidity—Debt Covenants*" below for a discussion of this financial covenant.

Adjusted EBITDA and Adjusted Free Cash Flow have limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. We may in the future incur expenses similar to the adjustments in the presentation of Adjusted EBITDA. In particular, we expect to incur meaningful share-based compensation expense in the future. Other limitations include that Adjusted EBITDA and Adjusted Free Cash Flow do not reflect:

- all expenditures or future requirements for capital expenditures or contractual commitments;
- changes in our working capital needs;
- provision for income taxes, which may be a necessary element of our costs and ability to operate;
- the costs of replacing the assets being depreciated, which will often have to be replaced in the future;
- the non-cash component of employee compensation expense; and
- the impact of earnings or charges resulting from matters we consider not to be reflective, on a recurring basis, of our ongoing operations.

In addition, Adjusted EBITDA and Adjusted Free Cash Flow may not be comparable to similarly titled measures used by other companies in our industry or across different industries.

Components of Results of Operations

Revenue

Our revenue consists primarily of product revenue and, to a much lesser extent, service revenue. We generated total consolidated revenue of **\$68.9 million** **\$66.9 million** and **\$147.9 million** **\$214.8 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively, and **\$242.7 million** **\$191.3 million** and **\$487.0 million** **\$678.3 million** for the three and **six** **nine** months ended **June 30, 2022** **September 30, 2022**, respectively, through the following segments: (i) Nucleic Acid Production and (ii) Biologics Safety Testing.

Nucleic Acid Production Segment

Our Nucleic Acid Production segment focuses on the manufacturing and sale of highly modified nucleic acids products to support the needs of customers' research, therapeutic and vaccine programs. This segment also provides research products for labeling and detecting proteins in cells and tissue samples.

Biologics Safety Testing Segment

Our Biologics Safety Testing segment focuses on manufacturing and selling biologics safety and impurity tests and assay development services that are utilized by our customers in their biologic drug manufacturing activities.

Cost of Revenue

Cost of revenue associated with our products primarily consists of manufacturing related costs incurred in the production process, including personnel and related costs, stock-based compensation expense, inventory write-downs, costs of materials, labor and overhead, packaging and delivery costs and allocated costs, including facilities, information technology, depreciation and amortization of intangibles. Cost of revenue associated with our services primarily consists of personnel and related costs, stock-based compensation expense, cost of materials and allocated costs, including facilities and information technology costs. Costs of services were not material for the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and 2022.

Operating Expenses

Selling, General and Administrative

Our selling, general and administrative expenses primarily consist of salaries, benefits and stock-based compensation expense for our employees in our commercial sales functions, marketing, executive, accounting and finance, legal and human resource functions as well as travel expenses, professional services fees, such as consulting, audit, tax and legal fees, general corporate costs and allocated costs, including facilities, information technology and amortization of intangibles.

We expect that our selling, general and administrative expenses will continue to increase, primarily due to **increased headcount and** an expanding facilities footprint to support anticipated long-term growth in the business, costs incurred in increasing our presence globally, and increases in marketing activities to drive awareness and adoption of our products and services.

Research and Development

Research and development costs primarily consist of salaries, benefits, stock-based compensation expense, outside contracted services, cost of supplies, in-process research and development costs from asset acquisitions and allocated facilities costs for employees engaged in research and development of products and services. We expense all research and development costs in the period in which they are incurred. Payment made prior to the receipt of goods or services to be used in research and development are recognized as prepaid assets until the goods are received or services are rendered.

We expect that our research and development costs to fluctuate in future periods as we continue our research and development efforts, including meeting our customers' needs. These costs may fluctuate from period to period due to the timing and scope of our development activities.

Change in Estimated Fair Value of Contingent Consideration

Change in estimated fair value of contingent consideration consists of fair value adjustments to contingent consideration liabilities associated with completed acquisitions. These adjustments are based on our assessment of the probability of achieving certain revenue thresholds and other probability factors.

Other Income (Expense)

Interest Expense

Interest expense consists of interest costs and the related amortization of the debt discount and deferred issuance costs on our outstanding debt. Interest expense also consists of changes in the fair value of our interest rate cap agreement.

Interest Income

Interest income consists of interest earned on our cash balances and short-term investments in money market **mutual** funds held at financial institutions.

Change in Payable to Related Parties Pursuant to the Tax Receivable Agreement

The Tax Receivable Agreement liability adjustment reflects changes in the Tax Receivable Agreement liability recorded in our condensed consolidated balance sheets primarily due to changes in our estimated state apportionment and the corresponding change of our estimated state tax rate.

Income Tax Expense

As a result of our ownership of LLC Units in Topco LLC, we are subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of Topco LLC and will be taxed at the prevailing corporate tax rates.

Non-Controlling Interests

Non-controlling interests represent the portion of profit or loss, net assets and comprehensive income or loss of our consolidated subsidiaries that is not allocable to the Company based on our percentage of ownership of such entities. Income or loss attributed to the non-controlling interests is based on the LLC Units outstanding during the period and is presented on the condensed consolidated statements of operations. As of **June 30, 2023** **September 30, 2023**, we held approximately 52.6% of the outstanding LLC Units of Topco LLC, and MLSH 1 held approximately 47.4% of the outstanding LLC Units of Topco LLC.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the condensed consolidated financial statements and notes included elsewhere in this Quarterly Report on Form 10-Q. For information with respect to recent accounting pronouncements that are of significance or potential significance to us, see Note 1 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Three Months Ended June 30,

Three Months Ended September 30,

		2023			2022			Change			2023			2022			Change			
		(in thousands, except per share amounts)						(in thousands, except per share amounts)						(in thousands, except per share amounts)						
		Revenue	Revenue	\$	68,914	\$	242,732	(71.6)	%	Revenue	\$	66,865	\$	191,263	(65.0)	%				
Operating expenses:	Operating expenses:									Operating expenses:										
Cost of revenue (1)	Cost of revenue (1)				43,273		37,496	15.4	%	Cost of revenue (1)				36,686		38,176	(3.9)	%		
Selling, general and administrative (1)	Selling, general and administrative (1)				35,377		28,061	26.1	%	Selling, general and administrative (1)				38,864		30,795	26.2	%		
Research and development (1)	Research and development (1)				4,194		4,274	(1.9)	%	Research and development (1)				4,347		5,389	(19.3)	%		
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration				(2,316)		(7,800)	(70.3)	%	Change in estimated fair value of contingent consideration				2,385		—	*			
Total operating expenses	Total operating expenses				80,528		62,031	29.8	%	Total operating expenses				82,282		74,360	10.7	%		
(Loss) income from operations	(Loss) income from operations				(11,614)		180,701	(106.4)	%	(Loss) income from operations				(15,417)		116,903	(113.2)	%		
Other income (expense), net	Other income (expense), net				(1,750)		(5,709)	(69.3)	%	Other income (expense), net				(5,146)		(3,140)	63.9	%		
(Loss) income before income taxes	(Loss) income before income taxes				(13,364)		174,992	(107.6)	%	(Loss) income before income taxes				(20,563)		113,763	(118.1)	%		
Income tax (benefit) expense	Income tax (benefit) expense				(1,421)		18,271	(107.8)	%	Income tax (benefit) expense				(5,461)		14,110	(138.7)	%		
Net (loss) income	Net (loss) income				(11,943)		156,721	(107.6)	%	Net (loss) income				(15,102)		99,653	(115.2)	%		
Net (loss) income attributable to non-controlling interests	Net (loss) income attributable to non-controlling interests				(5,402)		85,481	(106.3)	%	Net (loss) income attributable to non-controlling interests				(8,640)		55,184	(115.7)	%		
Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$	(6,541)	\$	71,240	(109.2)	%	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$	(6,462)	\$	44,469	(114.5)	%						
Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:	Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:									Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:										
Basic	Basic	\$	(0.05)	\$	0.54					Basic	\$	(0.05)	\$	0.34						
Diluted	Diluted	\$	(0.05)	\$	0.53					Diluted	\$	(0.05)	\$	0.34						
Weighted average number of Class A common shares outstanding:	Weighted average number of Class A common shares outstanding:									Weighted average number of Class A common shares outstanding:										
Basic	Basic		131,864		131,524					Basic		131,930		131,540						
Diluted	Diluted		131,864		255,361					Diluted		131,930		131,651						
Non-GAAP measures:	Non-GAAP measures:									Non-GAAP measures:										
Adjusted EBITDA	Adjusted EBITDA	\$	9,077	\$	188,479					Adjusted EBITDA	\$	11,900	\$	132,517						
Adjusted Free Cash Flow	Adjusted Free Cash Flow	\$	(18,042)	\$	178,507					Adjusted Free Cash Flow	\$	379	\$	116,882						

		Six Months Ended June 30,						Nine Months Ended September 30,												
		2023			2022			Change			2023			2022			Change			
		(in thousands, except per share amounts)						(in thousands, except per share amounts)						(in thousands, except per share amounts)						
Revenue	Revenue	\$ 147,939	\$ 487,025	(69.6)	%	Revenue	\$ 214,804	\$ 678,288	(68.3)	%	Revenue	\$ 214,804	\$ 678,288	(68.3)	%	Revenue	\$ 214,804	\$ 678,288	(68.3)	%
Operating expenses:	Operating expenses:																			
Cost of revenue	Cost of revenue																			
(1)	(1)	76,949	77,528	(0.7)	%															
Selling, general and administrative (1)	Selling, general and administrative (1)	74,048	61,261	20.9	%															
Research and development (1)	Research and development (1)	8,339	7,969	4.6	%															
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration	(2,316)	(7,800)	(70.3)	%															
Total operating expenses	Total operating expenses	157,020	138,958	13.0	%															
(Loss) income from operations	(Loss) income from operations	(9,081)	348,067	(102.6)	%															
Other income (expense), net	Other income (expense), net	(8,806)	(6,234)	41.3	%															
(Loss) income before income taxes	(Loss) income before income taxes	(17,887)	341,833	(105.2)	%															
Income tax (benefit) expense	Income tax (benefit) expense	(4,596)	38,252	(112.0)	%															
Net (loss) income	Net (loss) income	(13,291)	303,581	(104.4)	%															
Net (loss) income attributable to non-controlling interests	Net (loss) income attributable to non-controlling interests	(6,683)	165,479	(104.0)	%															
Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	Net (loss) income attributable to Maravai LifeSciences Holdings, Inc.	\$ (6,608)	\$ 138,102	(104.8)	%															
Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:	Net (loss) income per Class A common share attributable to Maravai LifeSciences Holdings, Inc.:																			
Basic	Basic	\$ (0.05)	\$ 1.05																	
Diluted	Diluted	\$ (0.05)	\$ 1.03																	
Weighted average number of Class A common shares outstanding:	Weighted average number of Class A common shares outstanding:																			
Basic	Basic	131,802	131,506																	
Diluted	Diluted	131,802	255,324																	
Non-GAAP measures:	Non-GAAP measures:																			
Adjusted EBITDA	Adjusted EBITDA	\$ 32,875	\$ 375,471																	

Adjusted Free Cash Flow	Adjusted Free Cash Flow	\$ 4,611	\$ 362,751	Adjusted Free Cash Flow	\$ 4,990	\$ 479,633
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* Not meaningful

(1) Includes stock-based compensation expense as follows (in thousands, except percentages):

		Three Months Ended June 30,			Three Months Ended September 30,			
		2023		2022	Change	2023		2022
		Cost of revenue	\$ 2,168	\$ 1,004	115.9 %	Cost of revenue	\$ 2,169	\$ 1,129
Selling, general and administrative	Selling, general and administrative	6,351		3,063	107.3 %	Selling, general and administrative	7,094	3,288
Research and development	Research and development	753		241	212.4 %	Research and development	724	323
Total stock-based compensation expense	Total stock-based compensation expense	\$ 9,272		\$ 4,308	115.2 %	Total stock-based compensation expense	\$ 9,987	\$ 4,740
Six Months Ended June 30,								
		2023			Change	2023		
		Cost of revenue	\$ 3,507	\$ 1,827	92.0 %	Cost of revenue	\$ 5,676	\$ 2,956
		Selling, general and administrative	10,553	5,696	85.3 %	Selling, general and administrative	17,647	8,984
Research and development	Research and development	1,199		412	191.0 %	Research and development	1,923	735
Total stock-based compensation expense	Total stock-based compensation expense	\$ 15,259		\$ 7,935	92.3 %	Total stock-based compensation expense	\$ 25,246	\$ 12,675
Nine Months Ended September 30,								
		2023			Change	2023		
		Cost of revenue	\$ 5,676	\$ 2,956	92.0 %	Cost of revenue	\$ 5,676	\$ 2,956
		Selling, general and administrative	17,647	8,984	96.4 %	Selling, general and administrative	17,647	8,984
Research and development	Research and development	1,923		735	161.6 %	Research and development	1,923	735
Total stock-based compensation expense	Total stock-based compensation expense	\$ 25,246		\$ 12,675	99.2 %	Total stock-based compensation expense	\$ 25,246	\$ 12,675

Revenue

Consolidated revenue by segment was as follows for the periods presented (in thousands, except percentages):

		Three Months Ended June 30,			Percentage of Revenue		Three Months Ended September 30,			Percentage of Revenue				
		2023		2022	Change	2023	2022	2023		2022	Change			
		Nucleic Acid Production	Nucleic Acid Production	\$ 53,265	\$ 225,248	(76.4) %	77.3 %	92.8 %	Nucleic Acid Production	\$ 51,228	\$ 174,881	(70.7) %		
Biologics Safety Testing	Biologics Safety Testing	15,649	17,484	(10.5) %	22.7 %	7.2 %	Testing	15,637	16,382	(4.5) %	23.4 %	8.6 %		
Total revenue	Total revenue	\$ 68,914	\$ 242,732	(71.6) %	100.0 %	100.0 %	Total revenue	\$ 66,865	\$ 191,263	(65.0) %	100.0 %	100.0 %		
Six Months Ended June 30,									Nine Months Ended September 30,			Percentage of Revenue		
		2023			Change	2023	2022	2023		2022	Change	2023	2022	
		Nucleic Acid Production	Nucleic Acid Production	\$ 114,716	\$ 448,898	(74.4) %	77.5 %	92.2 %	Nucleic Acid Production	\$ 165,944	\$ 623,779	(73.4) %	77.3 %	92.0 %
		Biologics Safety Testing	Biologics Safety Testing	33,223	38,127	(12.9) %	22.5 %	7.8 %	Testing	48,860	54,509	(10.4) %	22.7 %	8.0 %
Total revenue	Total revenue	\$ 147,939	\$ 487,025	(69.6) %	100.0 %	100.0 %	Total revenue	\$ 214,804	\$ 678,288	(68.3) %	100.0 %	100.0 %		

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Total revenue was \$68.9 million \$66.9 million for the three months ended June 30, 2023 September 30, 2023 compared to \$242.7 million \$191.3 million for the three months ended June 30, 2022 September 30, 2022, representing a decrease of \$173.8 million \$124.4 million, or 71.6% 65.0%.

Nucleic Acid Production revenue decreased from \$225.2 million \$174.9 million for the three months ended June 30, 2022 September 30, 2022 to \$53.3 million \$51.2 million for the three months ended June 30, 2023 September 30, 2023, representing a decrease of \$172.0 million \$123.7 million, or 76.4% 70.7%. The decrease in Nucleic Acid Production revenue

was primarily driven by decreased revenue from our proprietary CleanCap analogs as demand decreased from COVID-19 vaccine manufacturers. For the three months ended **June 30, 2023** **September 30, 2023**, we estimate that approximately **\$11.6 million** **\$14.9 million**, or **42.4%** **60.4%**, of our **\$27.3 million** **\$24.7 million** CleanCap revenue was a result of customer demand attributable to COVID-19 vaccines or other COVID-19 related commercial products or developmental programs. For the three months ended **June 30, 2022** **September 30, 2022**, we estimate that approximately **\$177.6 million** **\$126.5 million**, or **93.2%** **92.7%**, of our **\$190.6 million** **\$136.5 million** CleanCap revenue was a result of customer demand attributable to COVID-19 vaccines or other COVID-19 related commercial products or developmental programs.

Biologics Safety Testing revenue decreased from **\$17.5 million** **\$16.4 million** for the three months ended **June 30, 2022** **September 30, 2022** to **\$15.6 million** for the three months ended **June 30, 2023** **September 30, 2023**, representing a decrease of **\$1.8 million** **\$0.7 million**, or **10.5%** **4.5%**. The decrease from the prior period was primarily due to slow downs in biologics manufacturing in the Asia Pacific and Europe, the Middle East and Africa (EMEA) regions, not significant.

Comparison of **Six Nine Months Ended June 30, 2023 September 30, 2023** and **2022**

Total revenue was **\$147.9 million** **\$214.8 million** for the **six nine months ended June 30, 2023 September 30, 2023** compared to **\$487.0 million** **\$678.3 million** for the **six nine months ended June 30, 2022 September 30, 2022**, representing a decrease of **\$339.1 million** **\$463.5 million**, or **69.6%** **68.3%**.

Nucleic Acid Production revenue decreased from **\$448.9 million** **\$623.8 million** for the **six nine months ended June 30, 2022 September 30, 2022** to **\$114.7 million** **\$165.9 million** for the **six nine months ended June 30, 2023 September 30, 2023**, representing a decrease of **\$334.2 million** **\$457.8 million**, or **74.4%** **73.4%**. The decrease in Nucleic Acid Production revenue was primarily driven by decreased revenue from our proprietary CleanCap analogs as demand decreased from COVID-19 vaccine manufacturers. For the **six nine months ended June 30, 2023 September 30, 2023**, we estimate that approximately **\$27.5 million** **\$42.4 million**, or **48.9%** **52.4%**, of our **\$56.2 million** **\$80.9 million** CleanCap revenue was a result of customer demand attributable to COVID-19 vaccines or other COVID-19 related commercial products or developmental programs. For the **six nine months ended June 30, 2022 September 30, 2022**, we estimate that approximately **\$349.6 million** **\$476.2 million**, or **93.4%** **93.2%**, of our **\$374.4 million** **\$511.0 million** CleanCap revenue was a result of customer demand attributable to COVID-19 vaccines or other COVID-19 related commercial products or developmental programs.

Biologics Safety Testing revenue decreased from **\$38.1 million** **\$54.5 million** for the **six nine months ended June 30, 2022 September 30, 2022** to **\$33.2 million** **\$48.9 million** for the **six nine months ended June 30, 2023 September 30, 2023**, representing a decrease of **\$4.9 million** **\$5.6 million**, or **12.9%** **10.4%**. The decrease from the prior period was primarily due to slow downs in industry-wide weak demand environment and slowdowns in biologics manufacturing in the Asia Pacific region, which continued to impact demand for our HCP ELISA kits.

Segment Information

Management has determined that adjusted earnings before interest, tax, depreciation and amortization is the profit or loss measure used to make resource allocation decisions and evaluate segment performance. Adjusted EBITDA assists management in comparing the segment performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the core operations and, therefore, are not included in measuring segment performance. We define Adjusted EBITDA as net (loss) income before interest, taxes, depreciation and amortization, certain non-cash items and other adjustments that we do not consider in our evaluation of ongoing operating performance from period to period. Corporate costs, net of eliminations, are managed on a standalone basis and are not allocated to segments.

We do not allocate assets to our reportable segments as they are not included in the review performed by our Chief Operating Decision Maker for purposes of assessing segment performance and allocating resources.

As of **June 30, 2023** **September 30, 2023**, all of our long-lived assets were located within the United States.

The following schedule includes revenue and adjusted EBITDA for each of our reportable operating segments (in thousands):

	Revenue:	Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended		Nine Months Ended	
		2023		2022		2023		2022		September 30,		September 30,	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue:	Revenue:									Revenue:			
Nucleic Acid Production	Nucleic Acid Production	\$ 53,265	\$ 225,255	\$ 114,716	\$ 448,905	Nucleic Acid Production	\$ 51,228	\$ 174,881	\$ 165,944	\$ 623,786			
Biologics Safety Testing	Biologics Safety Testing	15,651	17,484	33,225	38,127	Biologics Safety Testing	15,638	16,382	48,863	54,509			
Total reportable segments' revenue	Total reportable segments' revenue	68,916	242,739	147,941	487,032	Total reportable segments' revenue	66,866	191,263	214,807	678,295			
Intersegment eliminations	Intersegment eliminations	(2)	(7)	(2)	(7)	Intersegment eliminations	(1)	—	(3)	(7)			
Total	Total	\$ 68,914	\$ 242,732	\$ 147,939	\$ 487,025	Total	\$ 66,865	\$ 191,263	\$ 214,804	\$ 678,288			
Segment adjusted EBITDA:	Segment adjusted EBITDA:					Segment adjusted EBITDA:							
Nucleic Acid Production	Nucleic Acid Production	\$ 14,192	\$ 186,291	\$ 42,065	\$ 369,090	Nucleic Acid Production	\$ 16,591	\$ 133,816	\$ 58,656	\$ 502,906			
Biologics Safety Testing	Biologics Safety Testing	10,315	14,102	24,061	30,634	Biologics Safety Testing	11,246	12,997	35,307	43,631			
Total reportable segments' adjusted EBITDA	Total reportable segments' adjusted EBITDA	24,507	200,393	66,126	399,724	Total reportable segments' adjusted EBITDA	27,837	146,813	93,963	546,537			

Reconciliation of total reportable segments' adjusted EBITDA to (loss) income before income taxes		Reconciliation of total reportable segments' adjusted EBITDA to (loss) income before income taxes				Reconciliation of total reportable segments' adjusted EBITDA to (loss) income before income taxes				
Amortization	Amortization	(6,852)	(6,252)	(13,617)	(11,779)	Amortization	(6,870)	(6,254)	(20,487)	(18,033)
Depreciation	Depreciation	(2,815)	(1,892)	(4,895)	(3,747)	Depreciation	(4,071)	(1,857)	(8,966)	(5,604)
Interest expense	Interest expense	(7,022)	(4,434)	(18,855)	(7,098)	Interest expense	(11,637)	(3,136)	(30,492)	(10,234)
Interest income	Interest income	6,791	—	12,836	—	Interest income	7,432	—	20,268	—
Corporate costs, net of eliminations	Corporate costs, net of eliminations	(15,430)	(11,914)	(33,251)	(24,253)	Corporate costs, net of eliminations	(15,937)	(14,296)	(49,188)	(38,549)
Other adjustments:	Other adjustments:					Other adjustments:				
Acquisition contingent consideration	Acquisition contingent consideration	2,316	7,800	2,316	7,800	Acquisition contingent consideration	(2,385)	—	(69)	7,800
Acquisition integration costs	Acquisition integration costs	(3,466)	(3,103)	(5,930)	(7,882)	Acquisition integration costs	(3,268)	(2,760)	(9,198)	(10,642)
Stock-based compensation	Stock-based compensation	(9,272)	(4,308)	(15,259)	(7,935)	Stock-based compensation	(9,987)	(4,740)	(25,246)	(12,675)
Merger and acquisition related expenses	Merger and acquisition related expenses	(371)	(7)	(3,662)	(1,195)	Merger and acquisition related expenses	(46)	—	(3,708)	(1,195)
Financing costs	Financing costs	—	(27)	—	(1,064)	Financing costs	—	(7)	—	(1,071)
Acquisition related tax adjustment	Acquisition related tax adjustment	(1,620)	(1,264)	(1,447)	(1,264)	Acquisition related tax adjustment	77	—	(1,370)	(1,264)
Tax Receivable Agreement liability adjustment	Tax Receivable Agreement liability adjustment	101	—	(1,335)	2,340	Tax Receivable Agreement liability adjustment	(1,007)	—	(2,342)	2,340
Other	Other	(231)	—	(914)	(1,814)	Other	(701)	—	(1,615)	(1,814)
(Loss) income before income taxes	(Loss) income before income taxes	(13,364)	174,992	(17,887)	341,833	(Loss) income before income taxes	(20,563)	113,763	(38,450)	455,596
Income tax (benefit) expense	Income tax (benefit) expense	1,421	(18,271)	4,596	(38,252)	Income tax (benefit) expense	5,461	(14,110)	10,057	(52,362)
Net (loss) income	Net (loss) income	\$ (11,943)	\$ 156,721	\$ (13,291)	\$ 303,581	Net (loss) income	\$ (15,102)	\$ 99,653	\$ (28,393)	\$ 403,234

During the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and **2022**, the nine months ended **September 30, 2022**, intersegment revenue was immaterial between the Nucleic Acid Production and Biologics Safety Testing segments. There was no intersegment revenue during the three months ended **September 30, 2022**. Any intersegment sales and the related gross margin on inventory recorded at the end of the period are eliminated for consolidation purposes. Internal selling prices for intersegment sales are consistent with the segment's normal retail price offered to external parties. There was no commission expense recognized for intersegment sales for each of the three and **six** nine months ended **June 30, 2023** **September 30, 2023** and **2022**.

Non-GAAP Financial Measures

Adjusted EBITDA

A reconciliation of net (loss) income to adjusted EBITDA, which is a non-GAAP measure, is set forth below (in thousands):

Three Months Ended June 30,	Six Months Ended June 30,	Three Months Ended September 30,	Nine Months Ended September 30,

		2023	2022	2023	2022		2023	2022	2023	2022
Net (loss) income	Net (loss) income	\$ (11,943)	\$ 156,721	\$ (13,291)	\$ 303,581	Net (loss) income	\$ (15,102)	\$ 99,653	\$ (28,393)	\$ 403,234
Add:	Add:					Add:				
Amortization	Amortization	6,852	6,252	13,617	11,779	Amortization	6,870	6,254	20,487	18,033
Depreciation	Depreciation	2,815	1,892	4,895	3,747	Depreciation	4,071	1,857	8,966	5,604
Interest expense	Interest expense	7,022	4,434	18,855	7,098	Interest expense	11,637	3,136	30,492	10,234
Interest income	Interest income	(6,791)	—	(12,836)	—	Interest income	(7,432)	—	(20,268)	—
Income tax (benefit) expense	Income tax (benefit) expense	(1,421)	18,271	(4,596)	38,252	Income tax (benefit) expense	(5,461)	14,110	(10,057)	52,362
EBITDA	EBITDA	(3,466)	187,570	6,644	364,457	EBITDA	(5,417)	125,010	1,227	489,467
Acquisition contingent consideration ⁽¹⁾	Acquisition contingent consideration ⁽¹⁾	(2,316)	(7,800)	(2,316)	(7,800)	Acquisition contingent consideration ⁽¹⁾	2,385	—	69	(7,800)
Acquisition integration costs ⁽²⁾	Acquisition integration costs ⁽²⁾	3,466	3,103	5,930	7,882	Acquisition integration costs ⁽²⁾	3,268	2,760	9,198	10,642
Stock-based compensation ⁽³⁾	Stock-based compensation ⁽³⁾	9,272	4,308	15,259	7,935	Stock-based compensation ⁽³⁾	9,987	4,740	25,246	12,675
Merger and acquisition related expenses ⁽⁴⁾	Merger and acquisition related expenses ⁽⁴⁾	371	7	3,662	1,195	Merger and acquisition related expenses ⁽⁴⁾	46	—	3,708	1,195
Financing costs ⁽⁵⁾	Financing costs ⁽⁵⁾	—	27	—	1,064	Financing costs ⁽⁵⁾	—	7	—	1,071
Acquisition related tax adjustment ⁽⁶⁾	Acquisition related tax adjustment ⁽⁶⁾	1,620	1,264	1,447	1,264	Acquisition related tax adjustment ⁽⁶⁾	(77)	—	1,370	1,264
Tax Receivable Agreement liability adjustment ⁽⁷⁾	Tax Receivable Agreement liability adjustment ⁽⁷⁾	(101)	—	1,335	(2,340)	Tax Receivable Agreement liability adjustment ⁽⁷⁾	1,007	—	2,342	(2,340)
Other ⁽⁸⁾	Other ⁽⁸⁾	231	—	914	1,814	Other ⁽⁸⁾	701	—	1,615	1,814
Adjusted EBITDA	Adjusted EBITDA	\$ 9,077	\$ 188,479	\$ 32,875	\$ 375,471	Adjusted EBITDA	\$ 11,900	\$ 132,517	\$ 44,775	\$ 507,988

- (1) Refers to the change in estimated fair value of contingent consideration related to completed acquisitions.
- (2) Refers to incremental costs incurred to execute and integrate completed acquisitions, and retention payments in connection with these acquisitions.
- (3) Refers to non-cash expense associated with stock-based compensation.
- (4) Refers to diligence, legal, accounting, tax and consulting fees incurred associated with acquisitions that were pursued but not consummated.
- (5) Refers to transaction costs related to the refinancing of our long-term debt that are not capitalizable.
- (6) Refers to non-cash **(income)** expense associated with adjustments to the indemnification asset recorded in connection with the acquisition of MyChem, LLC ("MyChem"), which was completed in January 2022.
- (7) Refers to the adjustment of the Tax Receivable Agreement liability primarily due to changes in our estimated state apportionment and the corresponding change of our estimated state tax rate.
- (8) For the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, refers to severance payments, legal settlement amounts, inventory step-up charges in connection with the acquisition of Alphazyme, certain working capital and other adjustments related to the acquisition of MyChem, and other non-recurring costs. For the **six** **nine** months ended **June 30, 2022** **September 30, 2022**, refers to the loss recognized during the period associated with certain working capital and other adjustments related to the sale of Vector Laboratories, Inc., which was completed in September 2021, and the loss incurred on extinguishment of debt.

Adjusted Free Cash Flow

Adjusted Free Cash Flow, which is a non-GAAP measure that we define as Adjusted EBITDA less capital expenditures, is set forth below for the periods presented (in thousands):

		Three Months Ended June 30,				Six Months Ended June 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
		2023		2022		2023		2022		2023	2022	2023	2022
		Adjusted EBITDA	\$ 9,077	\$ 188,479	\$ 32,875	\$ 375,471	Adjusted EBITDA	\$ 11,900	\$ 132,517	\$ 44,775	\$ 507,988	Capital expenditures	
(1)	Capital expenditures	(1)	(27,119)	(9,972)	(28,264)	(12,720)	(1)	(11,521)	(15,635)	(39,785)	(28,355)		
Adjusted Free Cash Flow	Adjusted Free Cash Flow	\$ (18,042)	\$ 178,507	\$ 4,611	\$ 362,751		\$ 379	\$ 116,882	\$ 4,990	\$ 479,633			

(1) We define capital expenditures as: (i) purchases of property and equipment which are included in cash flows from investing activities, offset by government funding received; and (ii) construction costs determined to be lessor improvements recorded as prepaid lease payments and right-of-use assets, offset by government funding received. We revised our capital expenditures definition in the quarter ended March 31, 2023 to exclude the portions in accounts payable and accrued expenses.

Operating Expenses

Operating expenses included the following for the periods presented (in thousands, except percentages):

		Three Months Ended June 30,			Percentage of Revenue		Three Months Ended September 30,			Percentage of Revenue		
		2023	2022	Change	2023	2022	2023	2022	Change	2023	2022	
		Cost of revenue	Cost of revenue	\$ 43,273	\$ 37,496	15.4 %	62.8 %	15.4 %	Cost of revenue	\$ 36,686	\$ 38,176	(3.9) %
Selling, general and administrative	Selling, general and administrative	35,377	28,061	26.1 %	51.3 %	11.6 %	Selling, general and administrative	38,864	30,795	26.2 %	58.1 %	16.1 %
Research and development	Research and development	4,194	4,274	(1.9) %	6.1 %	1.8 %	Research and development	4,347	5,389	(19.3) %	6.5 %	2.8 %
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration	(2,316)	(7,800)	(70.3) %	(3.3) %	(3.2) %	Change in estimated fair value of contingent consideration	2,385	—	*	3.6 %	— %
Total operating expenses	Total operating expenses	\$ 80,528	\$ 62,031	29.8 %	116.9 %	25.6 %	Total operating expenses	\$ 82,282	\$ 74,360	10.7 %	123.1 %	38.9 %
Six Months Ended June 30,												
		Six Months Ended June 30,			Percentage of Revenue		Nine Months Ended September 30,			Percentage of Revenue		
		2023	2022	Change	2023	2022	2023	2022	Change	2023	2022	
		Cost of revenue	Cost of revenue	\$ 76,949	\$ 77,528	(0.7) %	52.0 %	15.9 %	Cost of revenue	\$ 113,635	\$ 115,704	(1.8) %
Selling, general and administrative	Selling, general and administrative	74,048	61,261	20.9 %	50.1 %	12.6 %	Selling, general and administrative	112,912	92,056	22.7 %	52.6 %	13.6 %
Research and development	Research and development	8,339	7,969	4.6 %	5.6 %	1.6 %	Research and development	12,686	13,358	(5.0) %	5.9 %	2.0 %
Change in estimated fair value of contingent consideration	Change in estimated fair value of contingent consideration	(2,316)	(7,800)	(70.3) %	(1.6) %	(1.6) %	Change in estimated fair value of contingent consideration	69	(7,800)	(100.9) %	0.0 %	(1.2) %
Total operating expenses	Total operating expenses	\$ 157,020	\$ 138,958	13.0 %	106.1 %	28.5 %	Total operating expenses	\$ 239,302	\$ 213,318	12.2 %	111.4 %	31.5 %

* Not meaningful

Cost of Revenue

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Cost of revenue increased decreased by \$5.8 million \$1.5 million from \$37.5 million \$38.2 million for the three months ended June 30, 2022 September 30, 2022 to \$43.3 million \$36.7 million for the three months ended June 30, 2023 September 30, 2023, or 15.4% 3.9%. The increase decrease in cost of revenue was primarily attributable to a decrease of \$11.9 million in direct product costs driven by decreased revenues and a decrease of \$0.8 million in professional service fees. These were partially offset by an increase of \$9.7 million \$5.3 million due to lower direct labor and overhead expense absorption, an increase of \$4.3 million in personnel costs primarily driven by additional headcount to support expanded manufacturing capacity and additional headcount related to the acquisition of Alphazyme, an increase of \$2.7 million \$1.0 million in depreciation and amortization expense due to new equipment and newly acquired intangible assets, and an increase of \$1.6 million \$0.6 million in facilities costs driven by new facilities, and an increase of \$1.1 million due to lower direct labor and overhead expense absorption. These were partially offset by a decrease of \$9.8 million in direct product costs driven by decreased revenues, facilities.

Gross profit decreased by \$179.6 million \$122.9 million from \$205.2 million \$153.1 million for the three months ended June 30, 2022 September 30, 2022 to \$25.6 million \$30.2 million for the three months ended June 30, 2023 September 30, 2023. The decrease in the gross profit margin as a percentage of sales was primarily attributable to a decrease in volume, unfavorable product mix shift, and an overall increase in the cost of revenue as a percentage of sales as the result of higher labor and facility costs, depreciation and amortization, and lower manufacturing throughput and related absorption which increased the direct labor and overhead expenses incurred into cost of revenue in the period.

Comparison of Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Cost of revenue decreased by \$0.6 million \$2.1 million from \$77.5 million \$115.7 million for the six nine months ended June 30, 2022 September 30, 2022 to \$76.9 million \$113.6 million for the six nine months ended June 30, 2023 September 30, 2023, or 0.7% 1.8%. The decrease in cost of revenue compared to the prior period was not significant, primarily attributable to a decrease of \$31.3 million in direct product costs driven by decreased revenues and a decrease of \$0.5 million in supplies and materials. These were partially offset by an increase of \$13.8 million in personnel costs primarily driven by additional headcount to support expanded manufacturing capacity and additional headcount related to the acquisition of Alphazyme, an increase of \$11.6 million due to lower direct labor and overhead expense absorption, an increase of \$3.2 million in depreciation and amortization expense due to new equipment and newly acquired intangible assets, and an increase of \$1.1 million in facilities costs driven by new facilities.

Gross profit decreased by \$338.5 million \$461.4 million from \$409.5 million \$562.6 million for the six nine months ended June 30, 2022 September 30, 2022 to \$71.0 million \$101.2 million for the six nine months ended June 30, 2023 September 30, 2023. The decrease in the gross profit margin as a percentage of sales was primarily attributable to a decrease in volume, unfavorable product mix shift, an overall increase in the cost of revenue as a percentage of sales as the result of higher labor and facility costs, depreciation and amortization, and lower manufacturing throughput and related absorption which increased the direct labor and overhead expenses incurred into cost of revenue in the period.

Selling, General and Administrative

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Selling, general and administrative expenses increased by \$7.3 million \$8.1 million from \$28.1 million \$30.8 million for the three months ended June 30, 2022 September 30, 2022 to \$35.4 million \$38.9 million for the three months ended June 30, 2023 September 30, 2023, or 26.1% 26.2%. The increase was primarily driven by an increase of \$5.1 million \$6.3 million in personnel costs driven by additional headcount to support the Company's long-term strategic growth initiatives an increase of \$1.5 million in professional service fees, and an increase of \$0.7 million \$1.8 million in facilities costs depreciation expense driven by new facilities.

Comparison of Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Selling, general and administrative expenses increased by \$12.8 million \$20.9 million from \$61.3 million \$92.1 million for the six nine months ended June 30, 2022 September 30, 2022 to \$74.0 million \$112.9 million for the six nine months ended June 30, 2023 September 30, 2023, or 20.9% 22.7%. The increase was primarily driven by an increase of \$13.9 million \$20.2 million in personnel costs driven by additional headcount to support the Company's long-term strategic growth initiatives.

Research and Development

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Research and development expenses decreased by \$0.1 million \$1.0 million from \$5.4 million for the three months ended September 30, 2022 to \$4.3 million for the three months ended June 30, 2022 to \$4.2 million for the three months ended June 30, 2023 September 30, 2023, or 1.9% 19.3%. The decrease in expenses compared to the prior period was not significant, primarily driven by a decrease of \$0.8 million in personnel costs and a decrease of \$0.5 million in professional services fees. These decreases were partially offset by an increase of \$0.2 million in facilities costs driven by new facilities.

Comparison of Six Nine Months Ended June 30, 2023 September 30, 2023 and 2022

Research and development expenses increased decreased by \$0.4 million \$0.7 million from \$8.0 million \$13.4 million for the six nine months ended June 30, 2022 September 30, 2022 to \$8.3 million \$12.7 million for the six nine months ended June 30, 2023 September 30, 2023, or 4.6% 5.0%. The increase decrease in expenses compared to the prior period was not significant.

Change in Estimated Fair Value of Contingent Consideration

Comparison of Three and Six Months Ended June 30, 2023 September 30, 2023 and 2022

The increase in change in estimated fair value of contingent consideration changed by \$5.5 million from \$7.8 million of \$2.4 million for the three and six months ended June 30, 2022 to \$2.3 million for the three and six months ended June 30, 2023, or 70.3%. The changes were September 30, 2023 was due to the decreases increase in estimated fair value of the liability for the contingent payments associated with the acquisitions acquisition of Alphazyme and MyChem. These were Alphazyme. This was due to changes a change in estimates estimate associated with Alphazyme revenue projections relative to defined revenue targets or thresholds that would trigger a contingent payment per the Alphazyme SPA. See Notes 2 and 4 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Comparison of Nine Months Ended September 30, 2023 and 2022

The decrease in change in estimated fair value of contingent consideration of \$7.9 million for the nine months ended September 30, 2023 was primarily due to the net change in estimated fair value of the liability for the contingent payments associated with the acquisition of MyChem. This was due to a change in estimate associated with revenue projections relative to defined revenue targets or thresholds that would trigger contingent payments per the Alphazyme SPA and the MyChem SPA. See Notes 2 and 4 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Other Income (Expense)

Other income (expense) included the following for the periods presented (in thousands, except percentages):

		Three Months Ended June 30,			Percentage of Revenue		Three Months Ended September 30,			Percentage of Revenue	
		2023		2022	Change	2023	2022	2023	2022	Change	2023
		Interest expense	Interest income	Change in payable to related parties pursuant to the Tax Receivable Agreement	Other expense	Interest expense	Interest income	Change in payable to related parties pursuant to the Tax Receivable Agreement	Other expense	Interest expense	Interest income
Interest expense	Interest expense	\$ (7,022)	\$ (4,434)	58.4 %	(10.2) %	(1.9) %	Interest expense	\$ (11,637)	\$ (3,136)	271.1 %	(17.4) %
Interest income	Interest income	6,791	—	*	8.7 %	— %	Interest income	7,432	—	*	11.1 %
Change in payable to related parties pursuant to the Tax Receivable Agreement	Change in payable to related parties pursuant to the Tax Receivable Agreement	101	—	*	0.1 %	— %	Change in payable to related parties pursuant to the Tax Receivable Agreement	(1,007)	—	*	(1.5) %
Other expense	Other expense	(1,620)	(1,275)	27.1 %	(2.3) %	(0.5) %	Other expense	66	(4)	*	0.1 %
Other income (expense)	Other income (expense)	—	—	—	—	—	Other income (expense)	66	(4)	*	0.0 %
Total other expense	Total other expense	\$ (1,750)	\$ (5,709)	(69.3) %	(3.7) %	(2.4) %	Total other expense	\$ (5,146)	\$ (3,140)	63.9 %	(7.7) %
Percentage of Revenue											
Six Months Ended June 30,											
			Revenue						Nine Months Ended September 30,		
Interest expense	Interest expense	\$ (18,855)	\$ (7,098)	165.6 %	(12.8) %	(1.5) %	Interest expense	\$ (30,492)	\$ (10,234)	197.9 %	(14.2) %
Interest income	Interest income	12,836	—	*	8.7 %	— %	Interest income	20,268	—	*	9.4 %
Loss on extinguishment of debt	Loss on extinguishment of debt	—	(208)	*	— %	0.0 %	Loss on extinguishment of debt	—	(208)	*	— %
Change in payable to related parties pursuant to the Tax Receivable Agreement	Change in payable to related parties pursuant to the Tax Receivable Agreement	(1,335)	2,340	(157.1) %	(0.9) %	0.5 %	Change in payable to related parties pursuant to the Tax Receivable Agreement	(2,342)	2,340	(200.1) %	(1.1) %
Other expense	Other expense	(1,452)	(1,268)	14.5 %	(1.0) %	(0.3) %	Other expense	(1,386)	(1,272)	9.0 %	(0.6) %
Other income (expense)	Other income (expense)	—	—	—	—	—	Other income (expense)	(1,386)	(1,272)	9.0 %	(0.6) %
Total other expense	Total other expense	\$ (8,806)	\$ (6,234)	41.3 %	(6.0) %	(1.3) %	Total other expense	\$ (13,952)	\$ (9,374)	48.8 %	(6.5) %

* Not meaningful

Comparison of Three Months Ended June 30, 2023 September 30, 2023 and 2022

Other expense was \$5.7 million \$3.1 million for the three months ended June 30, 2022 September 30, 2022 compared to \$1.8 million \$5.1 million for the three months ended June 30, 2023, representing a decrease of \$4.0 million, or 69.3%. The overall decrease in expense was primarily attributable to a \$6.8 million increase in interest income earned on funds deposited into money market mutual funds and interest bearing deposits held at financial institutions in 2023. This was partially offset by an overall increase in interest expense of

\$2.6 million, which is comprised of a \$6.4 million increase in interest expense driven by higher interest rates for the term loan, offset by a \$3.8 million favorable change in fair value of the interest rate cap agreement. The overall decrease in expense was also partially offset by a \$0.3 million increase in other expense relating to adjustments to the indemnification asset recorded in connection with the acquisition of MyChem.

Comparison of Six Months Ended June 30, 2023 and 2022

Other expense was \$6.2 million for the six months ended June 30, 2022 compared to \$8.8 million for the six months ended June 30, 2023 September 30, 2023, representing an increase of \$2.6 million \$2.0 million, or 41.3% 63.9%. The overall increase in Other expense was primarily attributable to an \$11.8 million increase in interest expense of \$8.5 million which was driven by higher interest rates in the current year. The increase was further driven by a \$3.7 million change in gain (loss) \$1.0 million loss recognized related to the payable to related parties pursuant to the Tax Receivable Agreement as a result of changes in our estimated state income tax apportionment and the a corresponding change of in our estimated state income tax rate. These increases were partially further offset by a \$12.8 million \$7.4 million increase in interest income earned on funds deposited into money market funds and interest bearing deposits held at financial institutions in 2023.

Comparison of Nine Months Ended September 30, 2023 and 2022

Other expense was \$9.4 million for the nine months ended September 30, 2022 compared to \$14.0 million for the nine months ended September 30, 2023, representing an increase of \$4.6 million, or 48.8%. The overall increase in Other expense was primarily attributable to an increase in interest expense of \$20.3 million which was driven by higher interest rates in the current year. The increase was further driven by a \$4.7 million change in gain (loss) recognized related to the Tax Receivable Agreement as a result of changes in our estimated state income tax apportionment and a corresponding change in our estimated state income tax rate. These increases were further offset by a \$20.3 million increase in interest income for interest earned on our new money market mutual funds and interest bearing deposits held at financial institutions.

Relationship with GTCR, LLC ("GTCR")

As of June 30, 2023 September 30, 2023, investment entities affiliated with GTCR collectively controlled approximately 56% of the voting power of our common stock, which enables GTCR to control the vote of all matters submitted to a vote of our shareholders and to control the election of members of the Board and all other corporate decisions.

We made distributions of \$1.3 million \$9.6 million during the nine months ended September 30, 2023, and \$9.6 million \$36.8 million and \$119.3 million during the three and six nine months ended June 30, 2023 respectively, and \$42.6 million and \$82.5 million during the three and six months ended June 30, 2022 September 30, 2022, respectively, for tax liabilities to MSLH 1, which is controlled by GTCR and is the only holder of LLC Units other than us and our wholly-owned wholly owned subsidiaries. No such distributions were made during the three months ended September 30, 2023.

We are also a party to the Tax Receivable Agreement, or TRA, with MSLH 1, which is primarily owned by GTCR, and MSLH 2 (see Note 11 12 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form

10-Q). The TRA provides for the payment by us to MSLH 1 and MSLH 2, collectively, of 85% of the amount of tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, from exchanges of LLC Units (together with the corresponding shares of Class B common stock) for Class A common stock, as a result of (i) certain increases in the tax basis of assets of Topco LLC and its subsidiaries resulting from purchases or exchanges of LLC Units, (ii) certain tax attributes of the entities acquired from MSLH 1 and MSLH 2 in connection with the Organizational Transactions, Topco LLC and subsidiaries of Topco LLC that existed prior to the IPO, and (iii) certain other tax benefits related to our entering into the TRA, including tax benefits attributable to payments that we make under the TRA (collectively, the "Tax Attributes"). Payment obligations under the TRA are not conditioned upon any Topco LLC unitholders maintaining a continued ownership interest in us or Topco LLC, and the rights of MSLH 1 and MSLH 2 under the TRA are assignable. There is no stated term for the TRA, and the TRA will continue until all tax benefits have been utilized or expired unless we exercise our right to terminate the TRA for an agreed-upon amount.

We made payments of \$42.6 million to MSLH 1 and MSLH 2 pursuant to the TRA during the three and six nine months ended June 30, 2023 September 30, 2023, of which \$0.4 million was related to interest. No payments were made during the three and six months ended June 30, 2022 September 30, 2023 or the three and nine months ended September 30, 2022. As of June 30, 2023 September 30, 2023, our liability under the TRA was \$677.4 million \$678.4 million.

Liquidity and Capital Resources

Overview

We have financed our operations primarily from cash flow from operations, borrowings under long-term debt agreements and, to a lesser extent, the sale of our Class A common stock.

As of June 30, 2023 September 30, 2023, we had cash and cash equivalents of \$580.2 million \$579.6 million and retained earnings of \$398.2 million \$391.7 million. We had a net loss of \$11.9 million \$15.1 million and \$13.3 million \$28.4 million for the three and six nine months ended June 30, 2023 September 30, 2023. We also had positive cash flows from operations of \$104.3 million \$118.4 million for the six nine months ended June 30, 2023 September 30, 2023.

We have relied on revenue derived from product and services sales, and equity and debt financings to fund our operations to date.

Our principal uses of cash have been to fund operations, acquisitions and capital expenditures, as well as to make tax distributions to MSLH 1, make TRA payments to MSLH 1 and MSLH 2 and make interest payments and mandatory principal payments on our long-term debt.

We plan to utilize our existing cash on hand, together with cash generated from operations, primarily to fund our commercial and marketing activities associated with our products and services, continued research and development initiatives, and ongoing investments into our manufacturing facilities to create efficiencies and build capacity. We believe our cash on hand, cash generated from operations and continued access to our credit facilities, will be sufficient to satisfy our cash requirements over the next 12 months and beyond.

As a result of our ownership of LLC Units in Topco LLC, the Company is subject to U.S. federal, state and local income taxes with respect to its allocable share of any taxable income of Topco LLC and is taxed at the prevailing corporate tax rates. In addition to tax expenses, we also will incur expenses related to our operations and we will be required to make payments under the TRA with MSLH 1 and MSLH 2. Due to the uncertainty of various factors, we cannot precisely quantify the likely tax benefits we will realize as a result of LLC Unit exchanges and the resulting amounts we are likely to pay out to LLC Unitholders of Topco LLC pursuant to the TRA; however, we estimate that such payments may be substantial. Assuming no changes in the relevant tax law, and that we earn sufficient taxable income to realize all tax benefits that are subject to the TRA, we expect that future payments under the TRA relating to the purchase by the Company of LLC Units from MSLH 1 and the tax attributes to be approximately \$677.4 million \$678.4 million and to range over the next 14 years from approximately \$9.5 million \$4.2 million to \$82.8 million \$71.5

million per year and to decline thereafter. Future payments in respect of subsequent exchanges or financings would be in addition to these amounts and are expected to be substantial. The foregoing numbers are estimates and the actual payments could differ materially. We expect to fund these payments using cash on hand and cash generated from operations.

As a result of a change of control, material breach, or our election to terminate the TRA early, (1) we could be required to make cash payments to MSLH 1 and MSLH 2 that are greater than the specified percentage of the actual benefits we ultimately realize in respect of the tax benefits that are subject to the TRA, and (2) we will be required to make an immediate cash payment equal to the present value of the anticipated future tax benefits that are the subject of the TRA, which payment may be made significantly in advance of the actual realization, if any, of such future tax benefits. In these situations, our obligations under the TRA could have a material adverse effect on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations, or other changes of control. There can be no assurance that we will be able to adequately finance our payment obligations under the TRA.

In addition to payments to be made under the TRA, we are also required to make tax distributions to MSLH 1 pursuant to the LLC Operating Agreement for the portion of income passing through to them from Topco LLC. We made distributions of \$1.3 million \$9.6 million during the nine months ended September 30, 2023, and \$9.6 million \$36.8 million and \$119.3 million during the three and six months ended June 30, 2023, respectively, and \$42.6 million and \$82.5 million during the three and six months ended June 30, 2022 September 30, 2022, respectively, for tax liabilities to MSLH 1 under this agreement. No such distributions were made during the three months ended September 30, 2023.

Credit Agreement

The Credit Agreement among Intermediate, Cygnus and TriLink, as the borrowers, Topco LLC, as holdings, the lenders from time-to-time party thereto and Morgan Stanley Senior Funding, Inc., as administrative and collateral agent (as amended, supplemented or otherwise modified, the "Credit Agreement"), provides us with a term-loan facility (the "Term Loan") totaling \$600.0 million and a revolving credit facility (the "Revolving Credit Facility") of \$180.0 million for letters of credit and loans to be used for working capital and other general corporate financing purposes. Borrowings under the Credit Agreement are unconditionally guaranteed by Topco LLC, along with the existing and future material domestic subsidiaries of Topco LLC (subject to certain exceptions) as specified in the respective guaranty agreements, and are secured by a lien and security interest in substantially all of the assets of existing and future material domestic subsidiaries of Topco LLC that are loan parties.

In January 2022, the Company entered into an amendment (the "Amendment") to refinance the term loan and to address the planned phase out of London Interbank Offered Rate ("LIBOR"), which is replaced with a Term Secured Overnight Financing Rate ("SOFR") based rate.

Commencing with the fiscal year ended December 31, 2021, and each fiscal year thereafter, the Credit Agreement requires that we make mandatory prepayments on the Tranche B Term Loan principal out of certain excess cash flow, subject to certain step-downs based on the Company's first lien net leverage ratio. The mandatory prepayment shall be reduced to 25% or 0% of the calculated excess cash flow if the Company's first lien net leverage ratio was equal to or less than 4.75:1.00 or 4.25:1.00, respectively; however, no prepayment is required to the extent excess cash flow calculated for the respective period is equal to or less than \$10.0 million. As of June 30, 2023 September 30, 2023, our first lien net leverage ratio was less than 4.25:1.00. Thus, a mandatory prepayment on the Tranche B Term Loan out of excess cash flow was not required.

Debt Covenants

The Credit Agreement includes financial covenants. One financial covenant is a consolidated first lien coverage ratio measured as of the last day of each fiscal quarter. Another financial covenant requires that, if as of the end of any fiscal quarter the aggregate amount of letters of credit obligations and borrowings under the Revolving Credit Facility outstanding as of the end of such fiscal quarter (excluding cash collateralized letters of credit obligations and letter of credit obligations in an aggregate amount not in excess of \$5.0 million at any time outstanding exceeds 35% of the aggregate amount of all Revolving Credit Commitments in effect as of such date, then the net leverage ratio of Intermediate may not be greater than 8.00 to 1.00. For purposes of this covenant, the net leverage ratio is calculated by dividing outstanding first lien indebtedness (net of cash) by Adjusted EBITDA over the preceding four fiscal quarters.

The Credit Agreement also contains negative and affirmative covenants in addition to the financial covenants, including covenants that restrict our ability to, among other things, incur or prepay certain indebtedness, pay dividends or distributions, dispose of assets, engage in mergers and consolidations, make acquisitions or other investments, and make changes in the nature of the business. The Credit Agreement contains certain events of default, including, without limitation, nonpayment of principal, interest or other obligations, violation of the covenants, insolvency, court ordered judgments and certain changes of control. The Credit Agreement also requires the Company to provide audited consolidated financial statements to the lenders no later than 120 days after year-end.

As of June 30, 2023 September 30, 2023, we were in compliance with these covenants.

As of June 30, 2023 September 30, 2023, the interest rate on the Tranche B Term Loan was 8.03% 8.32%.

Tax Receivable Agreement

We are a party to the TRA with MSLH 1 and MSLH 2. The TRA provides for the payment by us to MSLH 1 and MSLH 2, collectively, of 85% of the amount of certain tax benefits, if any, that we actually realize, or in some circumstances are deemed to realize, as a result of the Organizational Transactions, IPO and any subsequent purchases or exchanges of LLC Units of Topco LLC. Based on our current projections of taxable income, and before deduction of any specially allocated depreciation and amortization, we anticipate having enough taxable income to utilize most of these tax benefits.

As of **June 30, 2023** **September 30, 2023**, our liability under the TRA was **\$677.4 million** **\$678.4 million**, representing 85% of the calculated tax savings we anticipated being able to utilize in future years. During the three and nine months ended **September 30, 2023**, we recognized losses of **\$1.0 million** and **\$2.3 million**, respectively, in connection with a TRA liability adjustment resulting from a change in the expected tax to us under the TRA primarily due to changes in our estimated state apportionment and a corresponding change in our estimated state income tax rate. We may record additional liabilities under the TRA when LLC Units are exchanged in the future and as our estimates of the future utilization of the Tax Attributes, net operating losses and other tax benefits change. We expect to make payments under the TRA, to the extent they are required, within 125 days after the extended due date of our U.S. federal income tax return for such taxable year. Interest on such payment will begin to accrue from the due date (without extensions) of such tax return at a rate of LIBOR plus 100 basis points. Any late payments will continue to accrue interest at LIBOR plus 500 basis points until such payments are made.

The payment obligations under the TRA are obligations of Maravai LifeSciences Holdings, Inc. and not of Topco LLC. Although the actual timing and amount of any payments that may be made under the TRA will vary, we expect that the aggregate payments that we will be required to make to MSLH 1 and MSLH 2 will be substantial. Any payments made by us under the TRA will generally reduce the amount of overall cash flow that might have otherwise been available to us or to Topco LLC and, to the extent that we are unable to make payments under the TRA for any reason, the unpaid amounts will be deferred and will accrue interest until paid by us. We anticipate funding ordinary course payments under the TRA from cash flow from operations of Topco LLC and its subsidiaries, available cash and/or available borrowings under the Credit Agreement.

Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands):

	Six Months Ended June 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
Net cash provided by (used in):	Net cash provided by (used in):				Net cash provided by (used in):			
Operating activities	Operating activities	\$ 104,268	\$ 326,583		Operating activities	\$ 118,434	\$ 436,642	
Investing activities	Investing activities	(93,887)	(243,245)		Investing activities	(109,407)	(249,092)	
Financing activities	Financing activities	(62,343)	(83,934)		Financing activities	(61,560)	(121,376)	
Net decrease in cash and cash equivalents		\$ (51,962)	\$ (596)					
Net (decrease) increase in cash and cash equivalents				Net (decrease) increase in cash and cash equivalents				
				\$ (52,533)				\$ 66,174

Operating Activities

Net cash provided by operating activities for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** was **\$104.3 million** **\$118.4 million**, which was primarily attributable to a net cash inflow from the change in our operating assets and liabilities of **\$86.9 million** **\$95.5 million**, non-cash depreciation and amortization of **\$18.5 million** **\$29.5 million**, non-cash amortization of operating lease right-of-use assets of **\$4.2 million** **\$6.3 million**, non-cash amortization of deferred financing costs of **\$1.4 million** **\$2.2 million**, non-cash stock-based compensation of **\$15.3 million** **\$25.2 million**, and non-cash loss on the revaluation of liabilities under the TRA of **\$1.3 million** **\$2.3 million**. These were partially offset by a net loss of **\$13.3 million**, non-cash gain on the change in estimated fair value of contingent consideration of **\$2.3 million** **\$28.4 million**, and non-cash deferred income taxes of **\$4.3 million** **\$9.8 million**.

Net cash provided by operating activities for the **six** **nine** months ended **June 30, 2022** **September 30, 2022** was **\$326.6 million** **\$436.6 million**, which was primarily attributable to a net income of **\$303.6 million** **\$403.2 million**, non-cash depreciation and amortization of **\$15.5 million** **\$23.6 million**, non-cash amortization of operating lease right-of-use assets of **\$2.6 million** **\$4.4 million**, non-cash amortization of deferred financing costs of **\$1.4 million** **\$2.1 million**, non-cash stock-based compensation of **\$7.9 million** **\$12.7 million**, and non-cash deferred income taxes of **\$26.1 million** **\$35.3 million**. These were partially offset by a non-cash gain on the change in estimated fair value of contingent consideration of **\$7.8 million**, non-cash gain on the revaluation of liabilities under the TRA of **\$2.3 million**, and a net cash outflow from the change in our operating assets and liabilities of **\$19.4 million** **\$29.3 million**, of which **\$9.6 million** **\$10.7 million** was driven by an increase in prepaid lease payments for our leased Flanders San Diego Facility and Leland Facility.

Investing Activities

Net cash used in investing activities for the **six** **nine** months ended **June 30, 2023** **September 30, 2023** was **\$93.9 million** **\$109.4 million**, which was primarily comprised of **\$69.8 million** for the net cash consideration paid for the acquisition of Alphazyme and cash outflows of **\$32.9 million** **\$48.8 million** for property and equipment purchases. These were partially offset by proceeds from government assistance allocated to property and equipment of **\$8.7 million** **\$9.0 million**.

Net cash used in investing activities for the **six** **nine** months ended **June 30, 2022** **September 30, 2022** was **\$243.2 million** **\$249.1 million**, which was primarily comprised of **\$238.8 million** for the net cash consideration paid for the acquisition of MyChem and cash outflows of **\$4.4 million** **\$10.9 million** for property and equipment purchases.

Financing Activities

Net cash used in financing activities for the six nine months ended **June 30, 2023** September 30, 2023 was **\$62.3 million** **\$61.6 million**, which was primarily attributable to **\$42.2 million** of payments to MSLH 1 and MSLH 2 pursuant to the TRA, **\$9.7 million** payment of acquisition consideration holdback relating to the acquisition of MyChem, **\$9.6 million** of distributions for tax liabilities to non-controlling interest holders, required pursuant to the terms of the LLC Operating Agreement, and **\$2.7 million** **\$4.1 million** of principal repayments of long-term debt. This was partially offset by proceeds from derivative instruments of **\$1.9 million** **\$3.8 million**.

Net cash used in financing activities for the six nine months ended **June 30, 2022** September 30, 2022 was **\$83.9 million** **\$121.4 million**, which was primarily attributable to **\$82.5 million** **\$119.3 million** of distributions for tax liabilities to non-controlling interest holders, required pursuant to the terms of the LLC Operating Agreement, and **\$11.2 million** **\$12.5 million** of principal repayments of long-term debt. This was partially offset by proceeds from borrowings of long-term debt of **\$8.5 million**.

Capital Expenditures

Capital expenditures for the six nine months ended **June 30, 2023** September 30, 2023 totaled **\$28.3 million** **\$39.8 million**, which is net of government funding of **\$8.7 million** **\$9.0 million**. Capital expenditures, including costs incurred for lessor improvements, for the year ending December 31, 2023 are projected to be in the range of **\$55.0 million** **\$50.0 million** to **\$65.0 million** **\$60.0 million**, which is net of anticipated government funding recognized. This primarily includes new facility construction costs recorded as property and equipment for the Flanders San Diego Facility.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations and commitments as of **June 30, 2023** September 30, 2023 (in thousands):

		Payments due by period					Payments due by period					
		Total	1 year	2 - 3 years	4 - 5 years	5+ years	Total	1 year	2 - 3 years	4 - 5 years	5+ years	
Operating leases ⁽¹⁾	Operating leases ⁽¹⁾	\$ 71,929	\$ 10,630	\$ 21,633	\$ 17,654	\$ 22,012	\$ 69,311	\$ 10,701	\$ 21,585	\$ 17,172	\$ 19,853	
Finance leases ⁽²⁾	Finance leases ⁽²⁾	36,148	3,278	6,854	7,272	18,744	35,341	3,302	6,905	7,326	17,808	
Debt obligations ⁽³⁾	Debt obligations ⁽³⁾	535,840	5,440	10,880	519,520	—	534,480	5,440	10,880	518,160	—	
TRA payments ⁽⁴⁾	TRA payments ⁽⁴⁾	677,392	9,458	37,388	72,017	558,529	678,399	4,198	14,724	37,559	621,918	
Unconditional purchase obligations ⁽⁵⁾	Unconditional purchase obligations ⁽⁵⁾	3,827	527	3,300	—	—	3,551	251	3,300	—	—	
Total	Total	\$ 1,325,136	\$ 29,333	\$ 80,055	\$ 616,463	\$ 599,285	Total	\$ 1,321,082	\$ 23,892	\$ 57,394	\$ 580,217	\$ 659,579

(1) Represents operating lease payment obligations, excluding any renewal options we are reasonably certain to execute and have recognized as lease liabilities. See Note 7 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

(2) Represents finance lease payment obligations, excluding any renewal options we are reasonably certain to execute and have recognized as lease liabilities. See Note 7 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

(3) Represents long-term debt principal maturities, excluding interest. See Note 8 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

(4) Reflects the estimated timing of TRA payments as of **June 30, 2023** September 30, 2023. Such payments could be due later than estimated depending on the timing of our use of the underlying tax attributes. See Note 11¹² to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information regarding our liability under the TRA.

(5) Represents firm purchase commitments to our suppliers. See Note 8 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Tax distributions are required under the terms of the Topco LLC Agreement. See Note 10¹¹ to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information regarding tax distributions.

Commencing with the fiscal year ended December 31, 2021, and each fiscal year thereafter, the Credit Agreement requires that we make mandatory prepayments of the Term Loan principal upon certain excess cash flow, subject to certain step-downs based on our first lien net leverage ratio. The mandatory prepayment shall be reduced to 25% or 0% of the calculated excess cash flow if the first lien net leverage ratio was equal to or less than 4.75:1.00 or 4.25:1.00, respectively; however, no prepayment shall be required to the extent excess cash flow calculated for the respective period is equal to or less than \$10.0 million. As of **June 30, 2023** September 30, 2023, our first lien net leverage ratio was less than 4.25:1.00.

In connection with our acquisition of MyChem, we may be required to make certain payments of \$20.0 million to its sellers as of the second anniversary of the closing of the acquisition date as long as the sellers of MyChem continue to be employed by TriLink. We cannot, at this time, determine when or if the related targets will be achieved or whether the events triggering the commencement of payment obligations will occur. Therefore, such payments were not included in the table above. See Note 2

to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional details.

In connection with our acquisition of Alphazyme, we may be required to make additional payments of up to \$75.0 million to the sellers of Alphazyme dependent upon meeting or exceeding defined revenue targets during fiscal years 2023 through 2025. We may also be required to make certain payments of \$9.3 million to its sellers and certain employees as of various dates but primarily through December 31, 2025 as long as these individuals continue to be employed by the Company. We cannot, at this time, determine when or if the related targets will be achieved or whether the events triggering the commencement of payment obligations will occur. Therefore, such payments were not included in the table above. See Notes 2 and 4 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional details.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our interim condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures in the consolidated financial statements. Our estimates are based on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates under different assumptions or conditions, and any such difference may be material. For a discussion of how these and other factors may affect our business, financial condition or results of operations, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q.

The critical accounting estimates that we believe affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements presented in this report are described in Management's Discussion and Analysis of Financial Condition and Results of Operations and in the Notes to the Consolidated Financial Statements included in our Annual Report on Form 10-K for fiscal year ended December 31, 2022. Except as noted below, there have been no material changes to our critical accounting policies or estimates from those set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Recognition of Intangible Assets as Part of a Business Combination

We account for our business combinations using the acquisition method of accounting which requires that the assets acquired and liabilities assumed of acquired businesses be recorded at their respective fair values at the date of acquisition. The purchase price, which includes the fair value of consideration transferred, is attributed to the fair value of the assets acquired and liabilities assumed. The excess of the purchase price of the acquisition over the fair value of the identifiable net assets of the acquiree is recorded as goodwill.

Determining the fair value of intangible assets acquired requires management to use significant judgment and estimates, including the selection of valuation methodologies, assumptions about future net cash flows, discount rates and market participants. Each of these factors can significantly affect the value attributed to the identifiable intangible asset acquired in a business combination.

We generally utilize a discounted cash flow method under the income approach to estimate the fair value of identifiable intangible assets acquired in a business combination. For the acquisition of Alphazyme, LLC, the estimated fair value of the developed technology intangible asset was based on the multi-period excess earnings method. The estimated fair value was developed by discounting future net cash flows to their present value at market-based rates of return. We selected the assumptions used in the financial forecasts using historical data, supplemented by current and anticipated market conditions, estimated revenue growth rates, management's plans, and guideline companies. Some of the more significant assumptions inherent in estimating the fair value of this intangible asset included revenue growth rates ranging from 3.0% to 55.0%, a discount rate of 17.8%, and an assumed technical obsolescent curve of 5.0%.

The use of alternative estimates and assumptions could increase or decrease the estimated fair value and amounts allocated to identifiable intangible assets acquired and future amortization expense as well as goodwill.

Recent Accounting Pronouncements

For a description of the expected impact of recent accounting pronouncements, if any, see Note 1 to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

As of **June 30, 2023** **September 30, 2023**, our primary exposure to interest rate risk was associated with our variable rate long-term debt. Borrowings under our Credit Agreement bear interest at a rate equal to the Base Rate plus a margin of 2.00%, with respect to each Base Rate-based loan, or the Term SOFR (Secured Overnight Financing Rate) plus a margin of 3.00% with respect to each Term SOFR-based loan, subject in each case to an applicable Base Rate or Term SOFR floor (see Note **89** to the condensed consolidated financial statements contained in Part I, Item 1 of this Quarterly Report on Form 10-Q). Interest rates can fluctuate for a number of reasons, including changes in the fiscal and monetary policies or geopolitical events or changes in general economic conditions. This could adversely affect our cash flows.

As of **June 30, 2023** **September 30, 2023**, we have an interest rate cap agreement in place to hedge a portion of our variable interest rate risk on our outstanding long-term debt. The agreement has a contract notional amount of \$500.0 million and entitles us to receive from the counterparty at each calendar quarter end the amount, if any, by which a specified floating market rate exceeds the cap strike interest rate. The floating interest rate is reset at the end of each three-month period. The contract expires on January 19, 2025.

We had **\$535.8 million** **\$534.5 million** of outstanding borrowings under our Tranche B Term Loan and no outstanding borrowings under our Revolving Credit Facility as of **June 30, 2023** **September 30, 2023**. For the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, the effect of a hypothetical 100 basis point increase or decrease in overall interest rates would have changed our interest expense by approximately **\$1.4 million** and **\$2.7 million** **\$4.1 million**, respectively.

We had cash and cash equivalents of **\$580.2 million** **\$579.6 million** as of **June 30, 2023** **September 30, 2023**. Given the short-term nature of our investments, we do not believe there is any material risk to the value of our investments with increases or decreases in interest rates.

Foreign Currency Risk

All of our revenue is denominated in U.S. dollars. Although approximately **50.2%** **48.4%** and **49.4%** **49.1%** of our revenue for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023** was derived from international sales, primarily in Europe and Asia Pacific, none of these sales are denominated in local currency. The majority of our expenses are generally denominated in the currencies in which they are incurred, which is primarily in the United States. As we expand our presence in international markets, to the extent we are required to enter into agreements denominated in a currency other than the U.S. dollar, results of operations and cash flows may increasingly be subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign currency exchange rates. To date, we have not entered into any hedging arrangements with respect to foreign currency risk. As our international operations grow, we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of **June 30, 2023** **September 30, 2023**.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the three months ended **June 30, 2023** **September 30, 2023** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II.

Item 1. Legal Proceedings

From time to time, we may be involved in various legal proceedings and subject to claims that arise in the ordinary course of business. Although the results of litigation and claims are inherently unpredictable and uncertain, we are not currently a party to any legal proceedings the outcome of which, if determined adversely to us, are believed to, either individually or taken together, have a material adverse effect on our business, operating results, cash flows or financial condition. Regardless of the outcome, litigation has the potential to have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 1A. Risk Factors

Other than as set forth below, there have been no material changes to the risk factors disclosed under the heading "Risk Factors" in our most recent Annual Report on Form 10-K.

Risks Related to Our Business and Strategy

We are dependent on the level of our customers' spending on and demand for outsourced nucleic acid production and biologics safety testing products and services. A reduction in spending or change in spending priorities of our customers could significantly reduce demand for our products and services and could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

The success of our business depends primarily on the number and size of contracts with our customers, primarily pharmaceutical and biotechnology companies, for our products and services. For example, during the COVID-19 pandemic we benefited from a significant increase in demand for our products and service, including our proprietary CleanCap® analogs that are used by our customers in the production of COVID-19 vaccines, and also **benefitted** **benefited** during 2021 and 2022, more generally, from the overall growth of the global biologics market, higher research and development budgets of our customers and a greater degree of outsourcing by our customers. The level of our customers' spending on and demand for our products and services is also subject to, among other things, their own financial performance, changes in their available resources, the timing of their commercial manufacturing initiatives, their decisions to acquire in-house manufacturing capacity (rather than outsource), their spending priorities, including research and development budgets, and their budgetary policies and practices, which, in turn, are dependent upon a number of factors outside of our control.

Our customers determine their research and development budgets based on several factors, including their need to develop new biological products, their competitors' discoveries, developments and commercial manufacturing initiatives and the anticipated market, clinical and reimbursement scenarios for specific products and therapeutic areas. In addition, consolidation in the industries in which our customers operate may have an impact on our customers' spending as they integrate acquired operations, including research and development departments and associated budgets.

Access to capital is critical to many of our customers' ability to fund research and development, particularly early-stage biotechnology and pharmaceutical companies, and historically, these companies have funded their research and development activities by raising capital privately or in the equity markets. Declines and uncertainties in the capital markets, including as a result of ongoing negative macroeconomic challenges, rising interest rates, recent instability in the banking sector, and volatile credit markets, have limited access to capital and negatively affected companies' ability to fund research and development efforts. While 2021 and 2022 saw a significant level of investment in venture- and private equity-backed startup companies, funding for companies at all stages, and particularly early-stage companies, **has contracted considerably on a year-over-year basis** during

the first half of 2023. In addition, in the wake of broader economic uncertainty, certain of our customers have implemented more stringent budgetary policies designed to conserve capital, which in turn, have caused a reduction in research and development spending and a decline in further purchases of our products and services. We have no assurance as to whether, or when, such research and development spending may stabilize or increase, if at all. Further, if the funding of venture- and private equity-backed early-stage biotechnology and pharmaceutical companies remains weak or continues to weaken, the research and development budgets of our customers may be further reduced or eliminated.

If our customers reduce their spending on our products and services as a result of any of these or other factors, our business, financial condition, results of operations, cash flows and prospects would be materially and adversely affected.

Moreover, we have no control over the timing and volume of purchases by our customers, and as a result, revenue can be difficult to forecast. Our inability to forecast fluctuations in demand could harm our business, financial position and future results of operations.

Item 2. Unregistered Sales of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

Insider Trading Arrangements

None of the Company's directors or officers (as defined in Section 16 of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (each as defined in Item 408(a) and (c) of Regulation S-K) during the Company's fiscal quarter ended **June 30, 2023** **September 30, 2023**.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Maravai LifeSciences Holdings, Inc. dated November 19, 2020 (incorporated by reference to Exhibit 3.1 to Maravai Life Sciences Holdings, Inc.'s Form 8-K filed on November 25, 2020)
3.2	Amended and Restated Bylaws of Maravai LifeSciences Holdings, Inc. dated November 19, 2020 (incorporated by reference to Exhibit 3.2 to Maravai Life Sciences Holdings, Inc.'s Form 8-K filed on November 25, 2020)
10.1	Form of Amendment No. 1 to Restricted Stock Unit Grant Notice
10.2	Form of Amendment No. 1 to Stock Option Grant Notice
10.3	Amendment No. 1 to Performance Stock Unit Grant Notice by and between Maravai LifeSciences Holdings, Inc. and William E. Martin, III, dated as of July 6, 2023
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S. C. Section 1350
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350
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	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in exhibit 101)

- * The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

Maravai LifeSciences Holdings, Inc.

By:	/s/ Kevin Herde
Name:	Kevin Herde
Title:	Chief Financial Officer

Date: August 8, 2023 November 8, 2023

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EXHIBIT 10.1

AMENDMENT NO. 1 TO RESTRICTED STOCK UNIT GRANT NOTICE

This AMENDMENT NO. 1 TO RESTRICTED STOCK UNIT GRANT NOTICE (this "Amendment") is entered into effective as of [____], 2023 (the "Amendment Effective Date"), by and between Maravai LifeSciences Holdings, Inc., a Delaware corporation (the "Company") and [____] ("Participant"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (the "Agreement"), by and between the Company and Participant, dated as of [____] (the "Grant Date").

WHEREAS, the Company granted [____] RSUs to Participant pursuant to the Agreement on the Grant Date; and

WHEREAS, the Company desires to amend the Agreement as set forth herein, effective as of the Amendment Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the Company and Participant agree as follows:

1. **Vesting; Forfeiture.** Section 2.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

(a) The RSUs will vest according to the vesting schedule in the Grant Notice. In the event of Participant's Termination of Service for any reason, all unvested RSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Administrator or provided in a binding written agreement between Participant and the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, the RSUs will vest in their entirety if Participant's Termination of Service is by involuntary termination without Cause or by voluntary resignation for Good Reason, in either case within two years following a Change in Control.

(c) As used herein, "Good Reason" means (a) in the case where there is no employment agreement, offer letter, consulting agreement, change in control agreement, or similar agreement in effect between the Company or an Affiliate and Participant at the time of the grant of the Award (or where there is such agreement in effect but it does not define "good reason" (or words of like import)), (i) any action by the Company or the surviving entity following a Business Combination which results in a material reduction in Participant's title, status, authority, duties or responsibilities, (ii) a reduction in Participant's annual base salary, target annual bonus or the target grant date value of Participant's annual equity award (in relation to the target for Participant's

most recent annual equity award prior to the Change in Control or, if no such award, the target for such award for the Company executive most similarly situated to Participant), or (iii) the relocation of Participant's principal office or place of work to a location that would cause an increase by more than thirty-five (35) miles in Participant's one-way commuting distance from Participant's principal personal residence at the time of the Change in Control, in each case without the prior written consent of Participant or (b) in the case where there is an employment agreement, offer letter, consulting agreement, change in control agreement, or similar agreement in effect between the Company or an Affiliate and Participant at the time of the Change in Control that defines "good reason" (or words of like import), "good

reason" as defined under such agreement. Notwithstanding anything herein to the contrary, any assertion by Participant of a termination for Good Reason will not be effective unless all of the following conditions are satisfied: (A) Participant must provide written notice to the Board or the board of the surviving entity following a Business Combination of the existence of such condition(s) giving rise to Good Reason within thirty (30) days after the initial occurrence of such condition(s); (B) the condition(s) specified in such notice must remain uncorrected for thirty (30) days following the Board's or the surviving entity board's receipt of such written notice; and (C) the date of Participant's Termination of Service must occur within sixty (60) days after the initial occurrence of the condition(s) specified in such notice. Further and notwithstanding anything herein to the contrary, any Change in Control does not and will not in and of itself constitute Good Reason."

2. **Miscellaneous.** Except as expressly set forth herein, all terms and provisions contained in the Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Participant, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

MARAVAI LIFESCIENCES HOLDINGS, INC.

By: _____
Name: _____
Title: _____

PARTICIPANT

Name: [_____]

Signature Page to

**AMENDMENT NO. 1 TO
STOCK OPTION GRANT NOTICE**

This AMENDMENT NO. 1 TO STOCK OPTION GRANT NOTICE (this "Amendment") is entered into effective as of [____], 2023 (the "Amendment Effective Date"), by and between Maravai LifeSciences Holdings, Inc., a Delaware corporation (the "Company") and [____] ("Participant"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Stock Option Grant Notice and Stock Option Agreement (the "Agreement"), by and between the Company and Participant, dated as of [____] (the "Grant Date").

WHEREAS, the Company granted options with respect to [____] shares of Class A Common Stock of the Company to Participant pursuant to the Agreement on the Grant Date; and

WHEREAS, the Company desires to amend the Agreement as set forth herein, effective as of the Amendment Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the Company and Participant agree as follows:

1. Expiration of Option. Section 2.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"The Option may not be exercised to any extent by anyone after, and will expire on, the first of the following to occur:

- (a) The final expiration date in the Grant Notice; or
- (b) Except as the Administrator may otherwise approve, Participant's Termination of Service for Cause."¹

2. Change in Control. Section 3.3 of the Agreement is hereby deleted in its entirety and replaced with the following:

"(a) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, all of the Shares subject to the Option will vest and become exercisable as provided in this Agreement and the Plan if Participant's Termination of Service is by involuntary termination without Cause or by voluntary resignation for Good Reason, in either case within two years following a Change in Control.

(b) As used herein, "Good Reason" means (a) in the case where there is no employment agreement, offer letter, consulting agreement, change in control agreement, or similar agreement in effect between the Company or an Affiliate and Participant at the time of the grant of the Award (or where there is such agreement in effect but it does not define "good reason" (or words of like import)), (i) any action by the Company or the surviving entity following a Business Combination which results in a material reduction in Participant's title, status, authority, duties or responsibilities, (ii) a reduction in Participant's annual base salary, target annual bonus or the target grant date value of Participant's annual equity award (in relation to the target for Participant's most recent annual equity award prior to the Change in Control or, if no such award, the target for

¹ Applicable to option granted to interim CEO and Executive Chairman on March 15, 2023, only.

such award for the Company executive most similarly situated to Participant), or (iii) the relocation of Participant's principal office or place of work to a location that would cause an increase by more than thirty-five (35) miles in Participant's one-way commuting distance from Participant's principal personal residence at the time of the Change in Control, in each case without the prior written consent of Participant or (b) in the case where there is an employment agreement, offer letter, consulting agreement, change in control agreement, or similar agreement in effect between the Company or an Affiliate and Participant at the time of the Change in Control that defines "good reason" (or words of like import), "good reason" as defined under such agreement. Notwithstanding anything herein to the contrary, any assertion by Participant of a termination for Good Reason will not be effective unless all of the following conditions are satisfied: (A) Participant must provide written notice to the Board or the board of the surviving entity following a Business Combination of the existence of such condition(s) giving rise to Good Reason within thirty (30) days after the initial occurrence of such condition(s); (B) the condition(s) specified in such notice must remain uncorrected for thirty (30) days following the Board's or the surviving entity board's receipt of such written notice; and (C) the date of Participant's Termination of Service must occur within sixty (60) days after the initial occurrence of the condition(s) specified in such notice. Further and notwithstanding anything herein to the contrary, any Change in Control does not and will not in and of itself constitute Good Reason."

3. **Miscellaneous.** Except as expressly set forth herein, all terms and provisions contained in the Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Participant, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

MARAVAI LIFESCIENCES HOLDINGS, INC.

By: _____
Name:
Title:

PARTICIPANT

Name: [_____]

*Signature Page to
Amendment No. 1 to Stock Option Grant Notice*

EXHIBIT 10.3

**AMENDMENT NO. 1 TO
PERFORMANCE STOCK UNIT GRANT NOTICE**

This AMENDMENT NO. 1 TO PERFORMANCE STOCK UNIT GRANT NOTICE (this "Amendment") is entered into effective as of July 6, 2023 (the "Amendment Effective Date"), by and between Maravai LifeSciences Holdings, Inc., a Delaware corporation (the "Company") and William E. Martin, III ("Participant"). Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in that certain Performance Stock Unit Grant Notice and Performance Stock Unit Agreement (the "Agreement"), by and between the Company and Participant, dated as of October 17, 2022 (the "Grant Date").

WHEREAS, the Company granted 240,038 PSUs to Participant pursuant to the Agreement on the Grant Date; and

WHEREAS, the Company desires to amend the Agreement as set forth herein, effective as of the Amendment Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the Company and Participant agree as follows:

1. Vesting; Forfeiture. Section 2.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"(a) The PSUs will vest according to the terms set forth in the Grant Notice. In the event of Participant's Termination of Service for any reason, all unvested PSUs will immediately and automatically be cancelled and forfeited, except as otherwise determined by the Committee or provided in a binding written agreement between Participant and the Company.

(b) Notwithstanding anything in the Grant Notice, this Agreement or the Plan to the contrary, in the event a Change in Control occurs prior to the third anniversary of the Grant Date, the PSUs will convert automatically to time-based Restricted Stock Units that will vest in their entirety upon the third anniversary of the Grant Date (the "Converted RSUs"), so long as Participant continuously provides services to the Company or any Affiliate through the third anniversary of the Grant Date; provided, that if, within the 24-month period following the consummation of such Change in Control, Participant's Termination of Service is effected (x) by the Company without Cause (as defined in the Employment Agreement, dated September 30, 2022, between Participant and the Company (as may be amended and/or restated from time to time, the "Employment Agreement") or (y) by Participant for Good Reason (as defined in the Employment Agreement), any then-outstanding Converted RSUs shall immediately become vested as of the date of such Termination of Service."

2. Miscellaneous. Except as expressly set forth herein, all terms and provisions contained in the Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Participant, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

MARAVAI LIFESCIENCES HOLDINGS, INC.

By: /s/ Kurt Oreshack
Name: Kurt Oreshack
Title: General Counsel and Secretary

PARTICIPANT

/s/ William E. Martin, III
Name: William E. Martin, III

Signature Page to
Amendment No. 1 to Performance Stock Unit Grant Notice

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EXHIBIT 31.1

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, William E. Martin, III, certify that:

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

Date: August 8, 2023 November 8, 2023

/s/ William E. Martin, III

William E. Martin, III

/s/ William E. Martin, III

William E. Martin, III

Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Kevin Herde, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Maravai LifeSciences Holdings, Inc.;

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

Date: August 8, 2023 November 8, 2023

/s/ Kevin Herde

Kevin Herde
Chief Financial Officer

/s/ Kevin Herde

Kevin Herde
Chief Financial Officer

EXHIBIT 32.1

Certification of the Chief Executive Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of Maravai LifeSciences Holdings, Inc. (the "Company") for the period ended June 30, 2023 September 30, 2023, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, William E. Martin, III, Chief Executive Officer 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, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 8, 2023 November 8, 2023

/s/ William E. Martin, III

William E. Martin, III

Chief Executive Officer

/s/ William E. Martin, III

William E. Martin, III

Chief Executive Officer

EXHIBIT 32.2

Certification of the Chief Financial Officer

Pursuant to Rule 18 U.S.C. Section 1350

In connection with the Quarterly Report on Form 10-Q of Maravai LifeSciences Holdings, Inc. (the "Company") for the period ended *June 30, 2023* *September 30, 2023*, as filed with the U.S. Securities and Exchange Commission (the "Report"), I, Kevin Herde, Chief Financial Officer 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, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; 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 8, 2023* *November 8, 2023*

/s/ Kevin Herde

Kevin Herde

/s/ Kevin Herde

Kevin Herde

Chief Financial Officer

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