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30Q120255,1825,3490.010.011,000,0001,000,00000000.010.01125,000,000125,000,00059,153,75745,691,88859,031,95345,570,08413,461,86913,461,86904,5760864172400.040070.070.0250.(
2019 2020 2021 2022 2023 2024 202523,6716,4510010falsefalsefalsefalseCore Products are Automated Stores, Cryogenic Systems, Automated Sample Tube, Consumables and Instruments and Controlled Rate Thawing Devices. Transformation costs represent non-recurring expenses for strategic projects with anticipated long-term benefits to the Company focused on cost reduction and productivity improvement that do not meet the definition of restructuring charges. These costs are directed at simplifying, standardizing, streamlining, and optimizing the Companyâ€™s operations, processes and systems to permanently alter the Companyâ€™s operations for the long term. For a project to be considered transformational, successful completion of the project must be expected to bring long-term material benefits to the organization and involve significant changes to process and/or underlying technology. Transformation costs in the period result from actions taken as part of the Companyâ€™s 2024 transformation plan, and primarily relate to one time asset write downs associated with changes in technology, one time inventory write downs relating to restructuring actions taken in the period, and third-party consulting costs associated with process and systems re-design.Includes expenses related to governance-related matters.00009339742024-10-012024-12-31xbrli:shares00009339742025-02-03thunderdome:itemiso4217:USD00009339742024-12-3100009339742024-09-
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(Exact name of registrant as specified in its charter) Â Delaware 04-3040660 (State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification No.) Â 200 Summit Drive, 6th Floor Burlington, Massachusetts (Address of principal executive offices) 01803 (Zip Code) Registrantâ€™s telephone number, including area code: (888)Â 229-3682 Securities registered pursuant to Section 12(b) of the Act: Â Title of each class Trading Symbol(s) Name of each exchange on which registered Common Stock, $0.01 par value AZTA The Nasdaq Stock Market LLC Â â€‹ Indicate by check mark whether the registrant: (1)Â has filed all reports required to be filed by SectionÂ 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)Â has been subject to such filing requirements for the past 90 days.Â Â Â Â YesÂ Â â˜’Â Â Â NoÂ Â â˜ Â Â Table of Contents Â 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 (Â§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).Â Â Â Â YesÂ Â â˜’Â Â Â NoÂ Â â˜ Â 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 â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting company,â€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act: Â LargeÂ acceleratedÂ filer â˜’ AcceleratedÂ filer â˜ â€‹ â€‹ â€‹ Non-accelerated filer â˜ SmallerÂ reportingÂ company â˜ â€‹ â€‹ â€‹ â€‹ â€‹ â€‹ Emerging growth company â˜ Â 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.Â Â â˜ Â Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).Â Â Â Â YesÂ Â â˜Â Â Â Â NoÂ Â â˜’ Â Indicate the number of shares outstanding of each of the issuerâ€™s classes of common stock, as of the latest practicable date,Â FebruaryÂ 3, 2025: common stock, $0.01 par value, andÂ 45,695,591Â shares outstanding. Â â€‹ Â â€‹ Â Table of Contents Â Â AZENTA, INC. Â Table of Contents Â â€‹ â€‹ PAGEÂ NUMBER PART I. FINANCIAL INFORMATION â€‹ â€‹ Item 1. Financial Statements 4 Condensed Consolidated Balance Sheets as of December 31, 2024Â and September 30, 2024Â (unaudited) 4 Condensed Consolidated Statements of Operations for the three months ended December 31, 2024 and 2023 (unaudited) 5 Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended December 31, 2024 and 2023Â (unaudited) 6 Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2024 and 2023Â (unaudited) 7 Condensed Consolidated Statements of Changes in Stockholdersâ€™Â Equity for the three months ended December 31, 2024 and 2023Â (unaudited) 8 Notes to Condensed Consolidated Financial StatementsÂ (unaudited) 9 Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations 29 Item 3. Quantitative and Qualitative Disclosures About Market Risk 37 Item 4. Controls and Procedures 37 â€‹ â€‹ PART II. OTHER INFORMATION â€‹ â€‹ Item 1. Legal Proceedings 38 Item 1A. Risk Factors 38 Item 5. Other Information 38 Item 6. Exhibits 39 Â Signatures 40 Â Â â€‹ 2 Table of Contents Â INFORMATION RELATED TO FORWARD-LOOKING STATEMENTS Â â€‹ This Quarterly Report on FormÂ 10-Q contains statements that are, or may be considered to be, forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, as amended, Section-27A of the Securities Act of 1933, as amended, or the â€œSecurities Actâ€, and Section 21E of the Securities Exchange Act of 1934, as amended, or the â€œExchange Actâ€. All statements that are not historical facts, including statements about our beliefs or expectations, are forward-looking statements. These statements may be identified by such forward-looking, terminology as â€œexpect,â€ â€œestimate,â€ â€œintend,â€ â€œbelieve,â€ â€œanticipate,â€ â€œmay,â€ â€œwill,â€ â€œshould,â€ â€œcould,â€ â€œcontinue,â€ â€œlikelyâ€ or similar statements or variations of such terms. Forward-looking statements include, but are not limited to, statements that relate to our future revenue, margins, costs, operating expenses, tax expenses, capital expenditures, earnings, profitability, product development, demand, acceptance and market share, competitiveness, market opportunities and performance, levels of research and development, the success of our marketing, sales and service efforts, outsourced activities, anticipated manufacturing, customer and technical requirements, the ongoing viability of the solutions that we offer and our customersâ€™ success, our managementâ€™s plans and objectives for our current and future operations and business focus, litigation, our ability to retain, hire and integrate skilled personnel, our ability to identify and address increased cybersecurity risks, including as a result of employees continuing to work remotely, the anticipated growth prospects of our business, the expected benefits and other statements relating to our divestitures and acquisitions, the adequacy, effectiveness and success of cost saving plans and our business transformation initiatives, our ability to continue to identify acquisition targets and successfully acquire and integrate desirable products and services and realize expected revenues and revenue synergies, our adoption of newly issued accounting guidance, the levels of customer spending, our dependence on key suppliers or vendors to obtain services for our business on acceptable terms, including the impact of supply chain disruptions, general economic conditions, the impact of inflation, and the sufficiency of financial resources to support future operations and the material weakness in our internal control over financial reporting. Such statements are based on current expectations and involve risks, uncertainties, and other factors which may cause the actual results, our performance or our achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include the risk factors which are set forth in Part I, Item 1A. â€œRisk Factorsâ€ in our Annual Report on Form 10-K for the fiscal year ended SeptemberÂ 30,Â 2024, or the â€œ2024Â Annual Report on Form 10-Kâ€,Â filed with the Securities and Exchange Commission, or â€œSECâ€Â on November 27, 2024, as updated and/or supplemented in subsequent filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q and are based on informationÂ reasonably known to us at such time. We do not undertake any obligation to release revisions to these forward-looking statements, to reflect events or circumstances that occur after the date of this Quarterly Report on FormÂ 10-Q or to reflect the occurrence or effect of anticipated or unanticipated events. Precautionary statements made herein should be read as being applicable to all related forward-looking statements wherever they appear in this Quarterly Report on FormÂ 10-Q. Any additional precautionary statements made in our 2024Â Annual Report on FormÂ 10-K should be read as being applicable to all related forward-looking statements whenever they appear in this Quarterly Report on FormÂ 10-Q. Â â€‹ Unless the context indicates otherwise, references in this Quarterly Report on FormÂ 10-Q to â€œweâ€, â€œusâ€, â€œourâ€, â€œthe Companyâ€, and other similar references refer to Azenta,Â Inc. and its consolidated subsidiaries. Â â€‹ TRADEMARKS, TRADE NAMES AND SERVICE MARKS Â â€‹ This Quarterly Report on Form 10-Q includes our trademarks, trade names and service marks, which are our property and are protected under applicable intellectual property laws. Solely for convenience, trademarks, trade names and service marks may appear in this Quarterly Report on Form 10-Q without the Â®, TM and SM symbols, but such references are not intended to indicate, in any way, that we or the applicable owner forgo or will not assert, to the fullest extent permitted under applicable law, our rights or the rights of any applicable licensors to these trademarks, trade names and service marks. We do not intend our use or display of other partiesâ€™ trademarks, trade names or service marks to imply, and such use or display should not be construed to imply a relationship with, or endorsement or sponsorship of us by, these other parties. Â â€‹ INDUSTRY AND OTHER DATA Â â€‹ Unless otherwise indicated, information contained in this Quarterly Report on Form 10-Q concerning our industry and the markets in which we operate, including our general expectations, market position and market opportunity, is based on managementâ€™s estimates and research, as well as industry and general publications and research, surveys and studies conducted by third parties. We believe the information from these third-party publications, research, surveys and studies included in this Quarterly Report on Form 10-Q is reliable. Managementâ€™s estimates are derived from publicly available information, their knowledge of our industry and their assumptions based on such information and knowledge, which we believe to be reasonable. This data involves a number of assumptions and limitations which are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the 2024Â Annual Report on Form 10-K and those described in this Quarterly Report on Form 10-Q under â€œInformation Related to Forward-Looking Statementsâ€ above and Part II, Item 1A â€œRisk Factorsâ€ below, as updated and/or supplemented in subsequent filings with the SEC. These and other factors could cause our future performance to differ materially from our assumptions and estimates. 3 Table of Contents Â PARTÂ I. FINANCIAL INFORMATION Â ItemÂ 1. Financial Statements Â AZENTA,Â INC. CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited) (In thousands, except share and per share data) Â Â Â December 31, Â Â September 30, Â Â Â 2024 Â Â 2024 Â Â Â Â Â Â Â Â Â Â Assets Â Â Â Â Â Â Â Â Current assets Â Â Â Â Â â€‹ Â Cash and cash equivalents Â $377,494Â Â $280,030Â Short-term marketable securities Â Â 85,951Â Â Â 151,162Â Accounts receivable, net of allowance for expected credit losses ($5,182 and $5,349, respectively) Â Â 155,038Â Â Â 156,273Â Inventories Â Â 81,006Â Â Â 78,923Â Short-term restricted cash Â Â 2,080Â Â Â 2,069Â Prepaid expenses and other current assets Â Â 72,140Â Â Â 75,456Â Current assets held for sale Â Â 72,573Â Â Â 88,894Â Total current assets Â Â 846,282Â Â Â 832,807Â Property, plant and equipment, net Â Â 149,666Â Â Â 155,622Â Long-term marketable securities Â Â 27,433Â Â Â 49,454Â Long-term deferred tax assets Â Â 627Â Â Â 837Â Operating lease right-of-use assets Â Â 60,460Â Â Â 60,406Â Goodwill Â Â 672,906Â Â Â 691,409Â Intangible assets, net Â Â 115,822Â Â Â 125,042Â Other assets Â Â 9,410Â Â Â 10,670Â Noncurrent assets held for sale Â Â 158,604Â Â Â 173,794Â Total assets Â $2,041,210Â Â $2,100,041Â Liabilities and stockholders' equity Â â€‹ Â Â â€‹ Â Current liabilities Â â€‹ Â Â â€‹ Â Accounts payable Â $31,740Â Â $33,344Â Deferred revenue Â Â 41,018Â Â Â 30,493Â Accrued warranty and retrofit costs Â Â 4,973Â Â Â 5,213Â Accrued compensation and benefits Â Â 28,405Â Â Â 27,785Â Accrued customer deposits Â Â 26,833Â Â Â 22,324Â Accrued income taxes payable Â Â 6,931Â Â Â 9,266Â Accrued expenses and other current liabilities Â Â 38,965Â Â Â 46,364Â Current liabilities held for sale Â Â 23,602Â Â Â 30,050Â Total current liabilities Â Â 202,467Â Â Â 204,839Â Long-term tax reserves Â Â 408Â Â Â 398Â Long-term deferred tax liabilities Â Â 18,668Â Â Â 18,084Â Long-term operating lease liabilities Â Â 54,341Â Â Â 56,683Â Other long-term liabilities Â Â 8,229Â Â Â 8,874Â Noncurrent liabilities held for sale Â Â 38,131Â Â Â 42,196Â Total liabilities Â Â 322,244Â Â Â 331,074Â â€‹ Â Â Â Â Â â€‹ Â Stockholders' equity Â Â Â Â Â â€‹ Â Preferred stock, $0.01 par value - 1,000,000 shares authorized, no shares issued or outstanding Â Â â€”Â Â Â â€”Â Common stock, $0.01 par value - 125,000,000 shares authorized, 59,153,757 shares issued and 45,691,888 shares outstanding at December 31, 2024; 59,031,953 shares issued and 45,570,084 shares outstanding at September 30, 2024 Â Â 592Â Â Â 590Â Additional paid-in capital Â Â 511,068Â Â Â 505,958Â Accumulated other comprehensive loss Â Â (55,237)Â Â (13,464) Treasury stock, at cost - 13,461,869 shares at December 31, 2024 and September 30, 2024 Â Â (200,956)Â Â (200,956) Retained earnings Â Â 1,463,499Â Â Â 1,476,839Â Total stockholders' equity Â Â 1,718,966Â Â Â 1,768,967Â Total liabilities and stockholders' equity Â $2,041,210Â Â $2,100,041Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â â€‹ 4 Table of Contents Â AZENTA,Â INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited) (In thousands, except per share data) Â â€‹ Â Three Months Ended Â â€‹ Â December 31, Â Â 2024 Â Â 2023 Â Revenue Â â€‹ Â Â â€‹ Â Products Â $ 43,827 Â Â $ 43,707 Â Services Â Â 103,683 Â Â Â 98,018 Â Total revenue Â Â 147,510 Â Â Â 141,725 Â Cost of revenue Â â€‹ Â Â â€‹ Â Products Â Â 25,334 Â Â Â 26,783 Â Services Â Â 53,505 Â Â Â 53,199 Â Total cost of revenue Â Â 78,839 Â Â Â 79,982 Â Gross profit Â Â 68,671 Â Â Â 61,743 Â Operating expenses Â â€‹ Â Â â€‹ Â Research and development Â Â 6,380 Â Â Â 7,313 Â Selling, general and administrative Â Â 73,213 Â Â Â 69,889 Â Restructuring charges Â Â 431 Â Â Â 786 Â Total operating expenses Â Â 80,024 Â Â Â 77,988 Â Operating loss Â Â (11,353) Â Â (16,245) Other income Â â€‹ Â Â â€‹ Â Interest income, net Â Â 4,298 Â Â Â 9,955 Â Other income, net Â Â 1,203 Â Â Â 518 Â Loss before income taxes Â Â (5,852) Â Â (5,772) Income tax expense Â Â 3,569 Â Â Â 1,420 Â Loss from continuing operations Â Â (9,421) Â Â (7,192) Loss from discontinued operations, net of tax Â Â (3,919) Â Â (8,532) Net loss Â $ (13,340) Â $ (15,724) Basic net loss per share: Â â€‹ Â Â â€‹ Â Loss from continuing operations Â $ (0.21) Â $ (0.13) Loss from discontinued operations, net of tax Â Â (0.09) Â Â (0.15) Basic net loss per share Â $ (0.29) Â $ (0.28) Diluted net loss per share: Â â€‹ Â Â â€‹ Â Loss from continuing operations Â $ (0.21) Â $ (0.13) Loss from discontinued operations, net of tax Â Â (0.09) Â Â (0.15) Diluted net loss per share Â $ (0.29) Â $ (0.28) Weighted average shares used in computing net loss per share: Â â€‹ Â Â â€‹ Â Basic Â Â 45,626 Â Â Â 56,709 Â Diluted Â Â 45,626 Â Â Â 56,709 Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â â€‹ 5 Table of Contents Â Â AZENTA,Â INC. CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited) (In thousands) Â â€‹ Three Months Ended Â â€‹ December 31, Â â€‹ Â 2024 Â Â 2023 Â Net loss Â $(13,340)Â $(15,724) Other comprehensive income (loss), net of tax Â Â Â Â Â Â Â Â Net investment hedge currency translation adjustment, net of tax effects of $0 and $4,576 for the three months ended December 31, 2024 and 2023, respectively Â Â 5,412Â Â Â (13,368) Foreign currency translation adjustments Â Â (47,298)Â Â 46,494Â Changes in unrealized losses on marketable securities, net of tax effects of $0 and $864 for the three months ended December 31, 2024 and 2023, respectively Â Â 163Â Â Â 2,524Â Actuarial loss on pension plans, net of tax effects of $17 and $2 during the three months ended December 31, 2024 and 2023, respectively Â Â (50)Â Â (8) Total other comprehensive income (loss), net of tax Â Â (41,773)Â Â 35,642Â Comprehensive income (loss) Â $(55,113)Â $19,918Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â â€‹ 6 Table of Contents Â AZENTA,Â INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited) (In thousands) Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Cash flows from operating activities Â Â Â Â Â Â Â Â Net loss Â $(13,340)Â $(15,724) Adjustments to reconcile net loss to net cash provided by operating activities: Â â€‹ Â Â â€‹ Â Depreciation and amortization Â Â 18,100Â Â Â 21,866Â Inventory write-downs and other asset write-offs Â Â 1,470Â Â Â â€”Â Stock-based compensation Â Â 5,112Â Â Â 3,202Â Amortization and accretion on marketable securities Â Â (541)Â Â (704) Deferred income taxes Â Â 457Â Â Â (7,317) (Gain) loss on disposals of property, plant and equipment Â Â (8)Â Â 266Â Changes in operating assets and liabilities: Â â€‹ Â Â â€‹ Â Accounts receivable Â Â 4,850Â Â Â 2,830Â Inventories Â Â (4,646)Â Â 4,929Â Accounts payable Â Â (2,602)Â Â 2,442Â Deferred revenue Â Â 10,462Â Â Â (321) Accrued warranty and retrofit costs Â Â 174Â Â Â (554) Accrued compensation and tax withholdings Â Â 650Â Â Â (979) Accrued restructuring costs Â Â (566)Â Â (90) Other assets and liabilities Â Â 11,056Â Â Â 3,910Â Net cash provided by operating activities Â Â 30,628Â Â Â 13,756Â Cash flows from investing activities Â Â Â Â Â Â Â Â Purchases of property, plant and equipment Â Â (8,580)Â Â (11,291) Purchases of marketable securities Â Â (40,754)Â Â â€”Â Sales and maturities of marketable securities Â Â 125,590Â Â Â 110,316Â Net cash provided by investing activities Â Â 76,256Â Â Â 99,025Â Cash flows from financing activities Â Â Â Â Â Â Â Â Payments of finance leases Â Â (215)Â Â (198) Withholding tax payments on net share settlements on equity awards Â Â â€”Â Â Â (2) Share repurchases Â Â â€”Â Â Â (112,953) Excise tax payment for settled share repurchases Â Â (4,911)Â Â â€”Â Net cash used in financing activities Â Â (5,126)Â Â (113,153) Effects of exchange rate changes on cash, cash equivalents and restricted cash Â Â (8,311)Â Â 24,548Â Net increase in cash, cash equivalents and restricted cash Â Â 93,447Â Â Â 24,176Â Cash, cash equivalents and restricted cash, beginning of period Â Â 320,990Â Â Â 684,045Â Cash, cash equivalents and restricted cash, end of period Â $414,437Â Â $708,221Â Supplemental disclosures: Â â€‹ Â Â â€‹ Â Cash paid / (received) for income taxes, net Â Â (6,148)Â Â 2,599Â Purchases of property, plant and equipment included in accounts payable and accrued expenses Â Â 3,249Â Â Â 2,164Â Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets Â â€‹ Â Â â€‹ Â Â â€‹ Â December 31, Â Â September 30, Â â€‹ Â 2024 Â Â 2024 Â Cash and cash equivalents of continuing operations Â $377,494Â Â $280,030Â Cash included in current assets held for sale Â Â 26,544Â Â Â 30,899Â Short-term restricted cash Â Â 2,080Â Â Â 2,069Â Long-term restricted cash included in other assets Â Â 8,319Â Â Â 7,992Â Total cash, cash equivalents and restricted cash shown in the condensed consolidated statements of cash flows Â $414,437Â Â $320,990Â Â â€‹ The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â â€‹ 7 Table of Contents Â Â AZENTA,Â INC. CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERSâ€™ EQUITY (unaudited) (In thousands, except share data) Â Â Â Â Â Â Â Common Â Â Â Â Â Â Accumulated Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Common Â Â Stock at Â Â Additional Â Â Other Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Stock Â Â Par Â Â Paid-In Â Â Comprehensive Â Â Retained Â Â Treasury Â Â Total Â Â Â Shares Â Â Value Â Â Capital Â Â Income (Loss) Â Â Earnings Â Â Stock Â Â Equity Â Balance September 30, 2024 Â Â 59,031,953Â Â $590Â Â $505,958Â Â $(13,464)Â $1,476,839Â Â $(200,956)Â $1,768,967Â Shares issued under restricted stock and purchase plans, net of shares withheld for employee taxes Â Â 121,804Â Â Â 2Â Â Â (2)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Stock-based compensation Â Â â€”Â Â Â â€”Â Â Â 5,112Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 5,112Â Net loss Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (13,340)Â Â â€”Â Â Â (13,340) Net investment hedge currency translation adjustment, net of tax Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 5,412Â Â Â â€”Â Â Â â€”Â Â Â 5,412Â Foreign currency translation adjustments Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (47,298)Â Â â€”Â Â Â â€”Â Â Â (47,298) Changes in unrealized losses on marketable securities, net of tax Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 163Â Â Â â€”Â Â Â â€”Â Â Â 163Â Actuarial loss on pension plans, net of tax Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (50)Â Â â€”Â Â Â â€”Â Â Â (50) Balance December 31, 2024 Â Â 59,153,757Â Â $592Â Â $511,068Â Â $(55,237)Â $1,463,499Â Â $(200,956)Â $1,718,966Â Balance September 30, 2023 Â Â 71,294,247Â Â $713Â Â $1,156,160Â Â $(62,426)Â $1,641,009Â Â $(200,956)Â $2,534,500Â Shares issued under restricted stock and purchase plans, net of shares withheld for employee taxes Â Â 144,894Â Â Â 2Â Â Â (2)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Open market repurchases Â Â (2,258,860)Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (113,956)Â Â (113,956) Retirement of treasury shares Â Â â€”Â Â Â (23)Â Â (113,933)Â Â â€”Â Â Â â€”Â Â Â 113,956Â Â Â â€”Â Stock-based compensation Â Â â€”Â Â Â â€”Â Â Â 3,202Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 3,202Â Net loss Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (15,724)Â Â â€”Â Â Â (15,724) Net investment hedge currency translation adjustment, net of tax Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (13,368)Â Â â€”Â Â Â â€”Â Â Â (13,368) Foreign currency translation adjustments Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 46,494Â Â Â â€”Â Â Â â€”Â Â Â 46,494Â Changes in unrealized losses on marketable securities, net of tax Â Â Â Â Â Â â€”Â Â Â â€”Â Â Â 2,524Â Â Â â€”Â Â Â â€”Â Â Â 2,524Â Actuarial loss on pension plans, net of tax Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â (8)Â Â â€”Â Â Â â€”Â Â Â (8) Balance December 31, 2023 Â Â 69,180,281Â Â $692Â Â $1,045,427Â Â $(26,784)Â $1,625,285Â Â $(200,956)Â $2,443,664Â Â The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. Â â€‹ 8 Table of Contents Â AZENTA,Â INC. NOTESÂ TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) Â â€‹ Â 1. Nature of Operations Â Azenta, Inc. (â€œAzentaâ€, or the â€œCompanyâ€) is a leading global provider of biological and chemical compound sample exploration and management solutions for the life sciences industry. The CompanyÂ entered the life sciences market inÂ 2011,Â leveraging itsÂ in-house precision automation and cryogenics capabilities that itÂ wasÂ then applying in the semiconductor manufacturing market.Â This led the CompanyÂ to develop andÂ provide solutions for automated ultra-cold storage.Â Since then, the CompanyÂ hasÂ expanded itsÂ life sciences offerings through internal investments and a series of acquisitions. The Company supports itsÂ customers from research and clinical development to commercialization with itsÂ sample management andÂ automated storage, as well asÂ genomic services expertise to help itsÂ customers bring impactful and breakthrough therapies to market faster. The CompanyÂ understands the importance of sample integrity and offers a broad portfolio of products and services supporting customers at every stage of the life cycle of samples, including procurement, automated storage systems, genomic services and a multitude of sample consumables, informatics and data software, andÂ sample repository services. The Companyâ€™sÂ expertise, global footprint, and leadership positions enable itÂ to beÂ aÂ trusted global partner to pharmaceutical, biotechnology, and life sciences research institutions. Â Discontinued Operations Â During the first quarter of fiscal year 2025, following approval by the Board of Directors of the Company, the Company publicly announced its plan to sell the B Medical Systems business. The B Medical Systems businessÂ operates as a separate business unit within the Company andÂ operated as its own operating and reportable segment called the B Medical Systems segmentÂ focused on the manufacturing and distribution of temperature-controlled storage and transportation solutions in international markets to governments, health institutions, and non-government organizations.Â Â The Company determined that the B Medical Systems segmentÂ met the â€œheld for saleâ€Â criteria and â€œdiscontinued operationsâ€Â criteria in accordance with Financial Accounting Standard Boards (â€œFASBâ€) Accounting Standards Codification (â€œASCâ€) 205,Â Presentation of Financial StatementsÂ (â€œFASB ASC 205â€) as of November 12, 2024. Results related to the B Medical Systems segment are included within discontinued operations. Please refer to Note 3,Â Discontinued OperationsÂ for further information about the discontinued business. The CondensedÂ Consolidated Balance Sheet and CondensedÂ Consolidated Statements of Operations, as well asÂ the notes to the Condensed Consolidated Financial Statements, have beenÂ reclassified for all periods presented to reflect the discontinuation of the B Medical Systems segmentÂ in accordance with FASB ASC 205. The discussion in the notes to these Condensed Consolidated Financial Statements, unless otherwise stated, relate solely to the Companyâ€™sÂ continuing operations. Â Also included in discontinued operations is a loss contingencyÂ related to the Company's sale of the semiconductor automation business in February 2022.Â The Company accrued a liability for theÂ loss contingencyÂ and had $1.7 million remainingÂ in the balance of the accrued liability as of December 31, 2024. Â 2. Summary of Significant Accounting Policies Â Principles of Consolidation and Basis of Presentation Â The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and all entities where it has a controlling financial interest and have been prepared in accordance with accounting principles generally accepted in the United States (â€œGAAPâ€). All intercompany balances and transactions have been eliminated in consolidation. Â The accompanying year-end balance sheet as of September 30, 2024Â was derived from audited, consolidated financial statements but does not include all disclosures required by GAAP. The unaudited interim Condensed Consolidated Financial Statements have been prepared on the same basis as the audited, consolidated financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary for a fair statement of the Companyâ€™s financial position, results of operations, and cash flows for the periods presented. Â Certain information and disclosures normally included in the Companyâ€™s annual consolidated financial statements have been condensed or omitted and, accordingly, the accompanying financial information should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended SeptemberÂ 30,Â 2024 and filed with the U.S. Securities and Exchange Commission (â€œSECâ€) on November 27, 2024Â (the â€œ2024Â Annual Report on Form 10-Kâ€). Â 9 Table of Contents Â Revisions toÂ Previously Issued Financial Statements and Financial InformationÂ Â Â As previously disclosed in the 2024 Annual Report on Form 10-K,Â in connection with the preparation of its fiscal yearÂ 2024Â financial statements, the CompanyÂ identified classificationÂ errors in its Condensed Consolidated Statement of Cash Flows for the year endedÂ September 30, 2023Â and the Condensed ConsolidatedÂ Statements of Cash Flows for the interim periods endedÂ March 31, 2023,Â Â June 30, 2023,Â December 31, 2023,Â March 31, 2024,Â andÂ June 30, 2024.Â Specifically, the Companyâ€™s historical classification of the effects of exchange rate changes on the Companyâ€™s foreign denominated cash and cash equivalentÂ balances was misclassified between the effects of exchange rate changes on cash and cash equivalents and cash flows from operating activities in its Consolidated StatementÂ of Cash Flows for the year endedÂ September 30, 2023Â and itsÂ Condensed ConsolidatedÂ StatementsÂ of Cash Flows for the interim periods endedÂ June 30, 2023,Â December 31, 2023,Â March 31, 2024,Â andÂ June 30, 2024.Â Additionally, the Company corrected for immaterial classification errors in between cash flows from operating activities, investingÂ activities and financingÂ activities, andÂ supplemental disclosures for all revised periods. The Company's Condensed ConsolidatedÂ Statements of Cash Flows for the interim periods endedÂ March 31, 2023,Â Â June 30, 2023,Â December 31, 2023,Â March 31, 2024,Â andÂ June 30, 2024Â haveÂ been revised and disclosedÂ in NoteÂ 21,Â Revision of Previously Issued Unaudited Quarterly Information,Â in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of theÂ 2024Â Annual Report on Form 10-K. Â The effect on the Condensed Consolidated Statement of Cash Flows for the interim period ended December 31, 2023 is as follows (in thousands): Â Â Three months ended December 31, 2023 Â Â As Reported Â Â Adjustments Â Â As Revised Â Cash flows from operating activities Â Â Â Â Â Â Â Â Â Â Â Â Inventories Â $4,542Â Â $387Â Â $4,929Â Accounts payable Â Â 3,457Â Â Â (1,015)Â Â 2,442Â Other assets and liabilities Â Â 15,957Â Â Â (12,047)Â Â 3,910Â Net cash provided by operating activities Â $26,431Â Â $(12,675)Â $13,756Â Â Â Â Â Â Â Â Â Â Â Â Â Cash flows from investing activities Â Â Â Â Â Â Â Â Â Â Â Â Â Purchase of property, plant and equipment Â $(11,919)Â $628Â Â $(11,291) Net cash provided by investing activities Â $98,397Â Â $628Â Â $99,025Â Â Â Â Â Â Â Â Â Â Â Â Â Effects of exchange rate changes on cash and cash equivalents Â $12,501Â Â $12,047Â Â $24,548Â Â Â Â Â Â Â Â Â Â Â Â Â Supplemental disclosures: Â Â Â Â Â Â Â Â Â Â Â Â Â Purchases of property, plant and equipment included in accounts payable and accrued expenses Â $â€”Â Â $2,164Â Â $2,164Â Â The Company assessed the effect of the errors on prior periods under the guidance ofÂ Securities and Exchange Commission (â€œSECâ€) Staff Accounting BulletinÂ No.Â 99,Â â€œMateriality,â€Â codified in ASCÂ 250,Â Accounting Changes and Error Corrections. Based on itsÂ assessment, the Company determinedÂ that the error correction isÂ notÂ material to any previously issued financial statements.Â TheÂ correction hasÂ noÂ impact on the Company's previously reported consolidated net income, financial position, net change in cash, cash equivalents, and restricted cash, or total cash, cash equivalents, and restricted cash as previously reported on the Company's Consolidated Statements of Cash Flows.Â Â Use of Estimates Â The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect amounts reported in the financial statements and notes thereto. Although these estimates are based on the Companyâ€™s knowledge of current events and actions it may undertake in the future, actual results may differ from these estimates. Estimates are associated with recording accounts receivable, inventories, goodwill, intangible assets other than goodwill, long-lived assets, derivative financial instruments, deferred income taxes, warranty obligations, revenue over time, stock-based compensation expense, and other accounts. The Company assesses the estimates on an ongoing basis and records changes in estimates in the period they occur and become known. Â Foreign Currency Translation Â Certain transactions of the Company and its subsidiaries are denominated in currencies other than their functional currency. Foreign currency exchange gains (losses) generated from the settlement and remeasurement of these transactions are recognized in earnings and presented within â€œOther incomeâ€ in the Condensed Consolidated Statements of Operations. Net foreign currency transaction and remeasurement gainsÂ were$0.5Â millionÂ and lossesÂ were $0.5Â million for the three months ended December 31, 2024 and 2023, respectively.Â Â Recently Issued Accounting Pronouncements Â In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU requires the disclosure of incremental segment information on an annual and interim basis, primarily through enhanced disclosures pertaining to significant segment expenses. This update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the standard to determine the impact of adoption on its disclosures.Â Â In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures.Â The ASU is intended to enhance the transparency and decision usefulness of income tax disclosures primarily through changes to the rate reconciliation and income taxes paid information. This update is effective for annual periods beginning afterÂ December 15, 2024,Â though early adoption is permitted. The Company doesÂ notÂ expectÂ the adoption of this standard to impact its disclosures until fiscal yearÂ 2026. Â 10 Table of Contents Â In March 2024, the SEC issued final rules under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. Effective fiscal year 2026, the Company is required to disclose climate-related risks that are reasonably likely to have a material impact on the Companyâ€™s business strategy, results of operations, or financial condition. Additionally, the Company will be required to disclose the effects of severe weather events and other natural conditions within the notes to the financial statements, subject to certain materiality thresholds. Effective fiscal year 2027, required disclosures will also include disclosure of material direct greenhouse gas emissions from operations owned or controlled (Scope 1) and material indirect greenhouse gas emissions from purchased energy consumed in owned or controlled operations (Scope 2). In April 2024, the SECÂ issued an order voluntarily staying the effectiveness of the new rules pending the completion of judicial review of certain legal challenges to their validity. The Company, assuming adoption of the rules,Â is currently evaluating the impact of these rules andÂ monitoring the status of the related litigation andÂ SECâ€™s stay,Â which remains in effect as of December 31, 2024. Â In 2021, the Organization of Economic Cooperation and Development (â€œOECDâ€) introduced its Pillar II Framework Model Rules (â€œPillar 2â€), which are designed to impose a 15% global minimum tax on the earnings of in-scope multinational corporations on a country-by-country basis.Â Certain aspects of PillarÂ 2Â took effect onÂ January 1, 2024Â while other aspects go into effect onÂ January 1, 2025.Â The Company doesÂ notÂ expect the adoption of this standard to have a material impact on its Consolidated Financial Statements as the Company doesÂ notÂ expect to meet the consolidated revenue threshold ofÂ â‚¬750Â million over the nextÂ twelveÂ months. Â In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses. The ASU requires companies to disaggregate operating expenses into specific categories such as employee compensation, depreciation, and intangible asset amortization, by relevant expense caption on the statement of operations. This update is effective for annual periods beginning after December 15, 2026, though early adoption is permitted.Â The Company is currently evaluating the standard to determine the impact of adoption on its consolidated financial statements and disclosures. Â Other Â For further information regarding the Companyâ€™s significant accounting policies, please refer to NoteÂ 2, Summary of Significant Accounting Policies in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of the 2024Â Annual Report on Form 10-K. There were no material changes to the Companyâ€™s critical accounting policies during the three months ended December 31, 2024. Â 3. Discontinued Operations Â Plan to Sell B Medical Systems Business Â During the first quarter of fiscal year 2025, following approval by the Board of Directors of the Company, the Company publicly announced its plan to sell the B Medical Systems business. The B Medical Systems business operates as a separate business unit withinÂ the Company and operated as its own operating and reportable segment called the B Medical Systems segment focused on the manufacturing and distribution of temperature-controlled storage and transportation solutions in international markets to governments, health institutions, and non-government organizations.Â This action is intended to simplify the Company's portfolio and allow management to focus on driving revenue growth and profitability in its core businesses. The decision followedÂ work by the Board of Directors to evaluate strategic, operational and financial opportunities to maximize stockholder value. The Company anticipates entering into a definitive agreement to sell its B Medical Systems business by NovemberÂ 2025. Â The Company determined that the B Medical Systems segmentÂ met the â€œheld for saleâ€ criteria and â€œdiscontinued operationsâ€ criteria in accordance withÂ FASB ASC 205Â as of November 12, 2024. Results related to the B Medical Systems segment are included within discontinued operations. The Condensed Consolidated Balance Sheet and Condensed Consolidated Statements of Operations, and the notes to theÂ Condensed Consolidated Financial Statements, were retroactively reclassifiedÂ for all periods presented to reflect the discontinuation of the B Medical Systems segment in accordance with FASB ASC 205.Â Â The following table presents the financial results of the B Medical Systems segment, included within discontinued operations (in thousands): Â Â Three Months Ended December 31, Â Â Â 2024 Â Â 2023 Â Revenue Â Â Â Â Â Â Â Â Products Â $14,288Â Â $9,686Â Services Â Â 3,303Â Â Â 2,906Â Total revenue Â Â 17,591Â Â Â 12,592Â Cost of revenue Â Â Â Â Â Â Â Â Products Â Â 11,422Â Â Â 10,056Â Services Â Â 3,306Â Â Â 2,768Â Total cost of revenue Â Â 14,728Â Â Â 12,824Â Gross profit Â Â 2,863Â Â Â (232) Operating expenses Â Â Â Â Â Â Â Â Research and development Â Â 1,635Â Â Â 1,180Â Selling, general and administrative Â Â 6,187Â Â Â 8,687Â Restructuring charges Â Â 314Â Â Â 334Â Total operating expenses Â Â 8,136Â Â Â 10,201Â Operating loss Â Â (5,273)Â Â (10,433) Interest income, net Â Â 5Â Â Â 127Â Other income, net Â Â 530Â Â Â 164Â Loss before income taxes Â Â (4,738)Â Â (10,142) Income tax benefit Â Â (819)Â Â (1,610) Loss from discontinued operations, net of tax Â $(3,919)Â $(8,532) Â 11 Table of Contents Â The following table presents the significant non-cash items and capital expenditures for the discontinued operations with respect to the B Medical Systems segmentÂ that are included in the Condensed Consolidated Statements of Cash Flows (in thousands): Â Â Three Months Ended December 31, Â Â Â 2024 Â Â 2023 Â Depreciation and amortization Â $3,846Â Â $7,219Â Capital expenditures Â Â 757Â Â Â 1,246Â Â The carrying value of the assets and liabilities of the discontinued operations with respect to the B MedicalÂ Systems segment reflected as â€œheld for saleâ€ on the Condensed Consolidated Balance Sheets as of December 31, 2024Â and

September 30, 2024Â was as follows (in thousands): Â Â December 31, 2024 Â Â September 30, 2024 Â Assets Â Â Â Â Â Â Â Â Â Cash and cash equivalents Â $26,544Â Â $30,899Â Accounts receivable, net Â Â 8,010Â Â Â 16,438Â Inventories Â Â 33,361Â Â Â 36,333Â Prepaid expenses and other current assets Â Â 4,658Â Â Â 5,224Â Current assets held for sale Â $72,573Â Â $88,894Â Â Â Â Â Â Â Â Â Â Property, plant and equipment, net Â $43,681Â Â $47,032Â Intangibles, net Â Â 111,569Â Â Â 122,988Â Other assets Â Â 3,354Â Â Â 3,774Â Noncurrent assets held for sale Â $158,604Â Â $173,794Â Â Â Â Â Â Â Â Â Â Liabilities Â Â Â Â Â Â Â Â Â Accounts payable Â $9,148Â Â $11,089Â Deferred revenue Â Â 598Â Â Â 1,485Â Accrued warranty and retrofit costs Â Â 4,764Â Â Â 4,916Â Accrued compensation and benefits Â Â 2,303Â Â Â 2,929Â Accrued income taxes Â Â 1,840Â Â Â 4,012Â Accrued expenses and other current liabilities Â Â 4,949Â Â Â 5,619Â Current liabilities held for sale Â $23,602Â Â $30,050Â Â Â Â Â Â Â Â Â Â Long-term deferred tax liabilities Â Â 32,802Â Â Â 36,093Â Long-term operating lease liabilities Â Â 1,993Â Â Â 2,109Â Other long-term liabilities Â Â 3,336Â Â Â 3,994Â Noncurrent liabilities held for sale Â $38,131Â Â $42,196Â Â 12 Table of Contents Â Disposition of Semiconductor Business Â On February 1, 2022, the Company completed the sale of the semiconductor automation business for $2.9 billion in cash to Thomas H. Lee Partners, L.P. On July 1, 2019, the Company completed the sale of the semiconductor cryogenics business for $659.8Â million to Edwards Vacuum LLC (a member of the Atlas Copco Group) (â€œEdwardsâ€). Both the semiconductor automation business and the semiconductor cryogenics business are considered discontinued operations.Â The CompanyÂ still may haveÂ certain indemnification obligations pursuant to claims made under the definitive agreement it entered into with EdwardsÂ in connection with the Companyâ€™s sale of its semiconductor cryogenics business in the fourth quarter of fiscal year 2018. In the third quarter of fiscal year 2020, Edwards asserted claims for indemnification under the definitive agreement relating to alleged breaches of representations and warranties relating to customer warranty claims and inventory (the â€œ2020 Claimâ€). In addition, in January 2023, Edwards filed a lawsuit against the Company in the Supreme Court of the State of New York in the County of New York seeking indemnification from the Company under such definitive agreement for $1.0 million and other related damages, including interest and attorneyâ€™s fees, arising from a third-party claim that was included as part of their initial claims (the â€œ2023 Claimâ€). Â In April 2023, the Company responded to and filed a counterclaim against Edwards for the 2023 Claim alleging breach of the definitive agreements by Edwards and seeking a declaratory judgment. During the third quarter of fiscal year 2023, the Company and Edwards entered into a settlement agreement related to the 2023 Claim to avoid the costs and uncertainties of potential litigation. Under the settlement agreement, the Company paid Edwards $0.8 million from one of the indemnification escrows established at closing of the sale in return for the release of the 2023 Claim and the release to the Company of $1.0 million from a separate indemnification escrow. The Company accrued a liability of $2.5 million for the 2020 Claim and 2023 Claim of which $0.8 million was paid during the third quarter of fiscal year 2023. The 2020 Claim remains outstanding and $1.7 million remains in the balance of the accrued liability as ofÂ December 31, 2024. Â The Company had been informed that Edwards sought recovery for the 2020 Claim from the representation and warranty insurance Edwards obtained in connection with the closing of the sale of the semiconductor cryogenics business. During the first quarter of fiscal year 2025, the Company was further informed that Edwards agreed to a payment under such insurance for claimed amounts in excess of the applicable indemnification deductibles established under the definitive agreement, but less than the total of claimed amounts submitted for recovery. Although management believes that any indemnifiable losses in excess of the applicable deductibles established in the definitive agreement would be covered by such insurance, Edwards is seeking recovery from the Company for claimed amounts purportedly not covered, or inadequately covered, by such insurance (the â€œClaim for Uncovered Amountsâ€). The Company cannot determine the probability of any losses or outcome of the Claim for Uncovered Amounts including the amount of any indemnifiable losses, if any, resulting from this claim. The Company, however, does not believe that this claim will have a material adverse effect on its consolidated financial position or results of operations, in each case, for continuing operations.Â Any potential expense incurred by the Company for these claims would be reflected in discontinued operations. Â In the event of unexpected subsequent developments and given the inherent unpredictability of these matters, there can be no assurance that the Companyâ€™s assessment of these claims will reflect the ultimate outcome, and an adverse outcome in these matters could, from time to time, have a material adverse effect on the Companyâ€™s consolidated financial position or results of operations in particular quarterly or annual periods. Â 13 Table of Contents Â Â 4. Marketable Securities Â The Company had sales and maturities of marketable securities of $125.6Â million and $110.3Â million in the three months ended December 31, 2024 and 2023, respectively.Â There wereÂ immaterial realized gainsÂ in the three months endedÂ December 31, 2024 and 2023 onÂ sales and maturitiesÂ of marketable securities.Â Â The following is a summary of the amortized cost and the fair value, including accrued interest receivable as well as unrealized gains (losses) on the short-term and long-term marketable securities as of December 31, 2024 andÂ September 30, 2024 (in thousands): Â â€‹ Â â€‹ Â Â Gross Â Â Gross Â Â â€‹ Â â€‹ Â Amortized Â Â Unrealized Â Â Unrealized Â Â â€‹ Â â€‹ Â Cost Â Â Losses Â Â Gains Â Â Fair Value Â December 31, 2024: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â U.S. Treasury securities and obligations of U.S. government agencies Â $68,189Â Â $(83)Â $9Â Â $68,115Â Bank certificates of deposit Â Â 2,229Â Â Â (6)Â Â â€”Â Â Â 2,223Â Corporate securities Â Â 42,634Â Â Â (116)Â Â â€”Â Â Â 42,518Â Municipal securities Â Â 528Â Â Â â€”Â Â Â â€”Â Â Â 528Â â€‹ Â $113,580Â Â $(205)Â $9Â Â $113,384Â September 30, 2024: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â U.S. Treasury securities and obligations of U.S. government agencies Â $118,159Â Â $(119)Â $51Â Â $118,091Â Bank certificates of deposit Â Â 5,212Â Â Â (13)Â Â 1Â Â Â 5,200Â Corporate securities Â Â 77,580Â Â Â (255)Â Â â€”Â Â Â 77,325Â â€‹ Â $200,951Â Â $(387)Â $52Â Â $200,616Â Â The amortized cost and fair valueÂ of the marketable securities by contractual maturities as of December 31, 2024Â are presented below (in thousands): Â â€‹ Â Amortized Â Â â€‹ Â â€‹ Â Cost Â Â Fair Value Â Due in one year or less Â $86,122Â Â $85,951Â Due after one year through five years Â Â 23,880Â Â Â 23,855Â Due after ten years Â Â 3,578Â Â Â 3,578Â Total marketable securities Â $113,580Â Â $113,384Â Â 14 Table of Contents Â Expected maturities could differ from contractual maturities because the security issuers may have the right to prepay obligations without prepayment penalties. Â Unrealized losses from fixed-income securities are primarily attributable to changes in interest rates. The Company does not believe any unrealized losses represent impairments based on theÂ evaluation of the available evidence. Â Â Â â€‹ Â 5. Derivative Instruments Â The Company has transactions and balances denominated in currencies other than the functional currency of the transacting entity. Most of these transactions carry foreign exchange risk in Germany, the United Kingdom and China. The Company enters into foreign exchange contracts to reduce its exposure to currency fluctuations.Â Net gains and losses related to foreign exchange contracts are recorded as a component of â€œOther income, netâ€ in the Condensed Consolidated Statements of Operations and wereÂ as follows for the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three Months Ended Â â€‹ Â December 31, Â â€‹ Â 2024 Â Â 2023 Â Realized gains (losses) on derivatives not designated as hedging instruments Â $1,195Â Â $(1,239) Â The notional amounts of the Companyâ€™s derivative instruments as of December 31, 2024 andÂ September 30, 2024 were as follows (in thousands): Â â€‹ â€‹ Â December 31, Â Â September 30, Â â€‹ Â Hedge Designation Â 2024 Â 2024 Â â€‹ â€‹ Â â€‹ Â Â â€‹ Â Cross-currency swap Net Investment Hedge Â $75,978Â Â $75,978Â Foreign exchange contracts Undesignated Â Â 36,573Â Â Â 60,101Â Â The fair values of the foreign exchange contracts are recorded in the Condensed Consolidated Balance Sheets as â€œPrepaid expenses and other current assetsâ€ and â€œAccrued expenses and other current liabilitiesâ€. Foreign exchange contract assets and liabilities are measured and reported at fair value based on observable market inputs and classified within Level 2 of the fair value hierarchy described further in NoteÂ 2, Summary of Significant Accounting Policies in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of the 2024Â Annual Report on Form 10-K and in Note 12, Fair Value Measurements below due to a lack of an active market for these contracts. Â Hedging Activities Â On February 1, 2023, the Company entered into a cross-currency swap agreement to hedge the variability of exchange rate impacts between the U.S. dollar and the Euro. Under the terms of the cross-currency swap agreement, the Company notionally exchanged $436.0 million for â‚¬400.0 million at a weighted average interest rate of 1.66%. The Company designated the cross-currency swap as a hedge of net investments against one of its Euro denominated subsidiaries, which requires an exchange of the notional amounts at maturity. At the maturity of the cross currency-swap on February 1, 2024, the Company delivered a notional amount of â‚¬400 million and received a notional amount of $436.0 million at a Euro to U.S. dollar exchange rate of 1.09, which included a gain of $1.4 million. Â 15 Table of Contents Â On February 1, 2024, the Company entered into a cross-currency swap agreement to hedge the variability of exchange rate impacts between the U.S. dollar and the Euro. Under the terms of the cross-currency swap agreement, the Company notionally exchanged $76.0 million for â‚¬70.0 million at a weighted average interest rate of 1.44%. The Company designated the cross-currency swap as a hedge of net investments against one of its Euro denominated subsidiaries, which requires an exchange of the notional amounts at maturity on February 3, 2025. Â Following the three months ended onÂ December 31, 2024, at the maturity of the cross currency-swap on February 3, 2025, the Company delivered a notional amount of â‚¬70.0 million and received a notional amount of $73.0 million at a Euro to U.S. dollar exchange rate of 1.0419, which included a gain of $3.0Â million. Â On February 3, 2025, the Company also entered into another cross-currency swap agreement to hedge the variability of exchange rate impacts between the U.S. dollar and the Euro. Under the terms of the cross-currency swap agreement, the Company notionally exchanged $260.0 million for â‚¬250.0 million at a weighted average interest rate of 1.80%. The Company designated the cross-currency swap as a hedge of net investments against one of its Euro denominated subsidiaries, which requires an exchange of the notional amounts at maturity on February 2, 2026. Â The cross-currency swaps were recorded as a derivative asset withinÂ â€œPrepaid expenses and other current assetsâ€ as of December 31, 2024 in the Condensed Consolidated Balance Sheets and a derivative liability within â€œAccrued expenses and other current liabilitiesâ€ as ofÂ September 30, 2024 in the Condensed Consolidated Balance Sheets. Â The cross-currency swap is marked to market at each reporting period, representing the fair value of the cross-currency swap, any changes in fair value are recognized as a component of â€œAccumulated other comprehensive lossâ€ in the Condensed Consolidated Balance Sheets. The cross-currency swap is classified within Level 2 of the fair value hierarchy, described in NoteÂ 2, Summary of Significant Accounting Policies in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of the 2024Â Annual Report on Form 10-K and in Note 12, Fair Value Measurements below. Â Interest earned on the cross-currency swap is recorded within â€œInterest income, netâ€ in the Condensed Consolidated Statements of Operations. For the three months ended December 31, 2024 and 2023, the Company recorded interest income of $0.3Â million and $1.8Â million, respectively, on these instruments.Â Â 6. Goodwill and Intangible Assets Â The Company conducts an impairment assessment annually on April 1, or more frequently if impairment indicators are present. Changes to the Companyâ€™s operating segments effective October 1, 2023 resulted in a change to the Companyâ€™s reporting units, which are aligned to the Companyâ€™s operating and reportable segments (as further described below in Note 15, Segment and Geographic Information).Â â€‹ Â The following table sets forth the changes in the carrying amount of goodwillÂ by operating and reportable segment since September 30, 2024Â (in thousands).Â Â â€‹ Â Â Sample Â Â Â Â Â Â Â Â â€‹ Â Management Â Â Â Â Â Â Â Â Â Â Solutions Â Â Multiomics Â Â Total Â Balance - October 1, 2024 Â $494,649Â Â $196,760Â Â $691,409Â Currency translation adjustments Â Â (18,503)Â Â â€”Â Â Â (18,503) Balance - December 31, 2024 Â $476,146Â Â $196,760Â Â $672,906Â Â 16 Table of Contents Â The components of the Companyâ€™s identifiable intangible assets as of December 31, 2024 andÂ September 30, 2024 are as follows (in thousands):Â Â â€‹ Â December 31, 2024 Â Â September 30, 2024 Â â€‹ Â â€‹ Â Â Accumulated Â Â Net Book Â Â â€‹ Â Â Accumulated Â Â Net Book Â â€‹ Â Cost Â Â Amortization Â Â Value Â Â Cost Â Â Amortization Â Â Value Â Patents Â $1,220Â Â $1,220Â Â $â€”Â Â $1,227Â Â $1,227Â Â $â€” Â Completed technology Â Â 106,665Â Â Â 56,034Â Â Â 50,631Â Â Â 109,949Â Â Â 55,191Â Â Â 54,758Â Trademarks and trade names Â Â 705Â Â Â 214Â Â Â 491Â Â Â 726Â Â Â 195Â Â Â 531Â Customer relationships Â Â 243,930Â Â Â 179,230Â Â Â 64,700Â Â Â 248,036Â Â Â 178,283Â Â Â 69,753Â Total Â $352,520Â Â $236,698Â Â $115,822Â Â $359,938Â Â $234,896Â Â $125,042Â Â Amortization expenses for intangible assets wereÂ $6.1Â million and $7.2Â million, respectively, for the three months ended December 31, 2024 and 2023.Â Â Estimated future amortization expense for the intangible assets for the remainder of fiscalÂ year 2025Â and the subsequent five fiscalÂ years are as follows (in thousands): Â Remainder of fiscal year 2025 Â $18,243Â 2026 Â Â 21,697Â 2027 Â Â 17,290Â 2028 Â Â 14,459Â 2029 Â Â 11,854Â 2030 Â Â 10,336Â Â Â 7. Restructuring Â 2024 Restructuring Plan Â In the second quarter of fiscal year 2024, the Company launched initiatives designed to optimize resources for future growth and improve efficiency across its organization. The focus of the initiatives is to improve the Companyâ€™s profitability, which includes facilities consolidation, portfolio optimization, and organization structure simplification. The Company expects to complete the activities included in these initiatives by the end of fiscal year 2026. As ofÂ the date of issuance of the accompanying Condensed Consolidated Financial Statements, the Company has not identified restructuring actions related to these initiatives that will result in additional material charges. The Company expects to identify additional actions as it further refines its plan, and theÂ related initiatives in future periodsÂ will be recorded when specified criteria are met, including but not limited to,Â communication of benefit arrangements or when the costs have been incurred. Â The majority of the restructuring expenses associated with the initiatives described above for the three months ended December 31, 2024 are severance and other related costs.Â Of the total restructuring expenses in the threeÂ months ended December 31, 2024, $0.2 million is related to the SMS segment, $0.1 million is related to the MultiomicsÂ segment,Â and $0.1Â million is related to Corporate. Â 2023 Cost Savings Plans Â In the second and third quarters of fiscal year 2023, the Company announced cost savings plans designed to position the Company to meet the needs of its customers and accelerate growth of the business. The cost savings plans were completed and costs from the actions were fully realized by the end of the firstÂ quarter of fiscal year 2024.Â Â Â 17 Table of Contents Â The restructuring expenses associated with the 2023 cost savings plans for the three months ended December 31, 2023 are severance and related costs. Â The following table presentsÂ restructuring charges recognized for the three months ended December 31, 2024 and 2023 (in thousands): Â Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Severance and related costs Â $320Â Â $786Â Other Â Â 111Â Â Â â€”Â Total restructuring charges Â $431Â Â $786Â Â The following table presentsÂ activity in the severance and related costs accruals for theÂ three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Balance at beginning of period Â $755Â Â $665Â Provisions Â Â 320Â Â Â 786Â Payments Â Â (858)Â Â (696) Balance at end of period Â $217Â Â $755Â Â Â 8. Supplementary Balance Sheet Information Â Inventories Â The following is a summary of inventories at December 31, 2024 andÂ September 30, 2024 (in thousands): Â â€‹ Â December 31, Â Â September 30, Â â€‹ Â 2024 Â Â 2024 Â â€‹ Â Â Â Â Â Â Â Â Raw materials and purchased parts Â $39,916Â Â $34,134Â Work-in-process Â Â 7,585Â Â Â 8,402Â Finished goods Â Â 33,505Â Â Â 36,387Â Total inventories Â $81,006Â Â $78,923Â Â Inventory reservesÂ were $7.2Â million and $6.1Â million, respectively, at December 31, 2024 andÂ September 30, 2024. Â Warranty and Retrofit Costs Â The following is a summary of product and warranty retrofit activity for the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â â€‹ Â â€‹ Â Â â€‹ Â Balance at beginning of period Â $5,213Â Â $3,974Â Accruals for warranties during the period Â Â 187Â Â Â 903Â Costs incurred during the period Â Â (427)Â Â (320) Balance at end of period Â $4,973Â Â $4,557Â Â 18 Table of Contents Â Â 9. Stockholdersâ€™ Equity Â Share Repurchases Â OnÂ November 4, 2022,Â the Company's Board of Directors approved anÂ authorization to repurchase up to $1.5Â billion of the Company'sÂ common stock (theÂ â€œ2022Â Repurchase Authorizationâ€). During the three months ended December 31, 2023, the CompanyÂ repurchased 2.3 million shares of common stock for $112.9Â million (excluding fees, commissions, and excise tax) under this authorization. AsÂ ofÂ September 30, 2024,Â the CompanyÂ hadÂ repurchased and retiredÂ 30.0Â million shares of common stock for the full $1.5Â billion approved under theÂ 2022Â Repurchase Authorization.Â All shares repurchased under theÂ 2022Â Repurchase AuthorizationÂ were retired, accounted for as a reduction to stockholdersâ€™ equity in the Condensed Consolidated Balance Sheets and treated as a repurchase of common stock for purposes of calculating earnings per share as of the applicable settlement dates. NoÂ additional repurchase authorization has been approved and as such there were no shares repurchased during the three monthsÂ ended December 31, 2024.Â Â EffectiveÂ January 1, 2023,Â all corporate share repurchases are subject to aÂ oneÂ percent excise tax on the value of the repurchase, net of share issuances, subject to certain exclusions. The excise tax was part of The Inflation Reduction Act passed by the U.S. government inÂ 2022.Â The Company'sÂ accrual forÂ excise tax related to share repurchases is considered an additional cost of the share repurchases and a reduction to stockholdersâ€™ equity in the Condensed Consolidated Balance Sheets. During the three months ended December 31, 2024, the Company made an excise tax payment of $4.9 million, reducing the excise tax accrual to $6.5 million as of December 31, 2024. Â Accumulated Other Comprehensive Income (Loss) Â â€‹ The following is a summary of the components of accumulated other comprehensive income (loss), net of tax for the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ â€‹ Â â€‹ Â Â Unrealized Â Â â€‹ Â Â â€‹ Â Â â€‹ Â â€‹ Â â€‹ Â Â Gains (Losses) Â Â â€‹ Â Â â€‹ Â â€‹ Â â€‹ Â Â on Available- Â Â Â Â Pension Â Â â€‹ Â â€‹ Â Currency Â Â for-Sale Â Â â€‹Gains (Losses) Â Â Liability Â Â â€‹ Â â€‹ Â Translation Â Â Securities Â Â on Derivative Â Â Adjustments Â Â â€‹ Â â€‹ Â Adjustments Â Â Net of tax Â Â Net of tax Â Â Net of tax Â Â Total Â Balance at September 30, 2023 Â $(88,448)Â $(5,135)Â $31,487Â Â $(330)Â $(62,426) Other comprehensive income (loss) before reclassifications Â Â 46,494Â Â Â 2,524Â Â Â (13,368)Â Â (35)Â Â 35,615Â Amounts reclassified from accumulated other comprehensive loss Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 27Â Â Â 27Â Balance at December 31, 2023 Â $(41,954)Â $(2,611)Â $18,119Â Â $(338)Â $(26,784) Â â€‹ Â â€‹ Â Â Unrealized Â Â â€‹ Â Â â€‹ Â Â â€‹ Â â€‹ Â â€‹ Â Â Gains (Losses) Â Â â€‹ Â Â â€‹ Â Â â€‹ Â â€‹ Â â€‹ Â Â on Available- Â Â Â Â Â Pension Â Â â€‹ Â â€‹ Â Currency Â Â for-Sale Â Â â€‹Gains (Losses) Â Â Liability Â Â â€‹ Â â€‹ Â Translation Â Â Securities Â Â on Derivative Â Â Adjustments Â Â â€‹ Â â€‹ Â Adjustments Â Â Net of tax Â Â Net of tax Â Â Net of tax Â Â Total Â Balance at September 30, 2024 Â $(34,170)Â $(263)Â $21,468Â Â $(499)Â $(13,464) Other comprehensive income (loss) before reclassifications Â Â (47,298)Â Â 163Â Â Â 5,412Â Â Â (68)Â Â (41,791) Amounts reclassified from accumulated other comprehensive loss Â Â â€”Â Â Â â€”Â Â Â â€”Â Â Â 18Â Â Â 18Â Balance at December 31, 2024 Â $(81,468)Â $(100)Â $26,880Â Â $(549)Â $(55,237) Â 19 Table of Contents Â As described in Note 2, Summary of Significant Accounting Policies in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of the 2024Â Annual Report on Form 10-K, unrealized gains (losses) on available-for-sale marketable securities are reclassified from â€œAccumulated other comprehensive income (loss)â€ into results of operations at the time of the securitiesâ€™ sale, gains (losses) on derivative are the effective portions of changes in the fair value of the net investment hedges which are recorded in â€œAccumulated other comprehensive income (loss)â€, and amounts reclassified from â€œAccumulated other comprehensive income (loss)â€ related to pension liability adjustments represent amortization of actuarial gains and losses.Â â€‹ Â 10. Revenue from Contracts with Customers Â Disaggregated Revenue Â The Company disaggregates revenue from contracts with customers in a manner that depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The following is revenue by significant business line for the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three months ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Significant Business Line Â â€‹ Â Â â€‹ Â Multiomics Â $66,297Â Â $62,720Â Core Products (1) Â Â 49,699Â Â Â 48,886Â Sample Repository Services Â Â 31,514Â Â Â 30,119Â Total revenue Â $147,510Â Â $141,725Â Â (1) Core Products are Automated Stores, Cryogenic Systems, Automated Sample Tube, Consumables and Instruments and Controlled Rate Thawing Devices. Â Contract Balances Â Accounts Receivable, Net. Accounts receivable represent rights to consideration in exchange for products or services that have been transferred by the Company, when payment is unconditional and only the passage of time is required before payment is due. Accounts receivable do not bear interest and are recorded at the invoiced amount. The Company maintains an allowance for expected credit losses representing its best estimate of probable credit losses related to its existing accounts receivable and their net realizable value. The Company determines the allowance for expected credit losses based on a number of factors, including an evaluation of customer credit worthiness, the age of the outstanding receivables, economic trends, historical experience, and other information through the payment periods. Accounts receivable, net were $155.0Â million and $156.3Â million at December 31, 2024 and September 30, 2024, respectively. Â Contract Assets. Contract assets represent rights to consideration in exchange for products or services that have been transferred by the Company and payment is conditional on something other than the passage of time. These amounts typically relate to contracts where the right to invoice the customer is not present until completion of the contract or the achievement of specified milestones and the value of the products or services transferred exceed this constraint. Contract assets are classified as current as they are expected to convert to cash within one year. Contract asset balances which are included within â€œPrepaid expenses and other current assetsâ€ in the Condensed Consolidated Balance Sheet, were $34.3Â million and $28.9Â million at December 31, 2024 andÂ September 30, 2024, respectively. Revenue of $9.2Â million recognized during the three months endedÂ December 31, 2024 and $9.1Â million recognized during the three months ended December 31, 2023Â contributed to the contract asset balances at December 31, 2024 and September 30, 2024. Â Contract Liabilities. Contract liabilities represent the Companyâ€™s obligation to transfer products or services to a customer for which consideration has been received, or for which an amount of consideration is due from the customer. Contract assets and liabilities are reported on a net basis at the contract level, depending on the contractâ€™s position at the end of each reporting period. Contract liabilities are included within â€œDeferred revenueâ€ in the Condensed Consolidated Balance Sheet. Contract liabilities were $41.8Â million and $30.5Â million at December 31, 2024 andÂ September 30, 2024, respectively. The Company recognized revenues of $14.4 million and $21.6Â million in the three months ended December 31, 2024 and 2023, respectively, that were included in the contract liability balance at the beginning of each period. Â 20 Table of Contents Â Remaining Performance Obligations. Remaining performance obligations represent the transaction price of unsatisfied or partially satisfied performance obligations within contracts with an original expected contract term that is greater than one year and for which fulfillment of the contract has started as of the end of the reporting period. The aggregate amount of transaction consideration allocated to remaining performance obligations as of December 31, 2024 was $84.6Â million. The following table summarizes when the Company expects to recognize the remaining performance obligations as revenue; the Company will recognize revenue associated with these performance obligations as transfer of control occurs (in thousands): Â â€‹ Â As of December 31, 2024 Â â€‹ Â Less than 1 Year Â Â Greater than 1 Year Â Â Total Â Remaining performance obligations Â $54,503Â Â $30,053Â Â $84,556Â Â Â 11. Stock-Based Compensation Â In accordance with the Company's 2020 Equity Incentive Plan, the Company may issue to eligible employees options to purchase shares of the Companyâ€™s common stock, restricted stock units and other equity incentives, which vest upon the satisfaction of a performance condition and/or a service condition. In addition, the Company issues common stock to participating employees pursuant to an employee stock purchase plan, and may issue common stock awards and deferred restricted stock units to members of its Board of Directors in accordance with its Board of Director compensation program. Â 2020 Equity Incentive Plan Â The following table reflects the total stock-based compensation expense for continuing operations recorded during the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Restricted stock units Â $4,615Â Â $2,649Â Employee stock purchase plan Â Â 257Â Â Â 352Â Total stock-based compensation expense Â $4,872Â Â $3,001Â Â The Company recorded $0.2 million ofÂ stock-based compensation expense for discontinued operations during each of theÂ three months ended December 31, 2024 and 2023.Â Â Restricted Stock Unit Activity Â The following table summarizes restricted stock unit activity for the three months ended December 31, 2024: Â â€‹ Â â€‹ Â Â Weighted Â â€‹ Â â€‹ Â Average Â â€‹ Â â€‹ Â Grant-Date Â â€‹ Â Shares Â Â Fair Value Â Outstanding as of September 30, 2024 Â Â 764,111Â Â $59.65Â Granted Â Â 519,862Â Â $47.14Â Vested Â Â (121,804)Â $61.96Â Forfeited Â Â (59,923)Â $94.75Â Outstanding as of December 31, 2024 Â Â 1,102,246Â Â $51.21Â Â Awards vested during theÂ three months ended December 31, 2024Â per the table above include 9,209 shares from discontinued operations.Â The fair value of restricted stock units vested during the three months ended December 31, 2024Â and 2023Â was $4.7Â million andÂ $7.2Â million, respectively, for continuing operations. Â As of December 31, 2024, the future unrecognized stock-based compensation expense related to restricted stock units for continuing operations expected to vest is $34.8Â million and is expected to be recognized over an estimated weighted average amortization period of 1.9Â years. Â 21 Table of Contents Â Restricted stock units granted with performance goals may also have a required service period following the achievement of all or a portion of the performance goals. The following table reflects restricted stock units granted during the three months ended December 31, 2024 and 2023:Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Time-based restricted stock units Â Â 364,173Â Â Â 199,316Â Performance-based restricted stock units Â Â 155,689Â Â Â 388,532Â Total units Â Â 519,862Â Â Â 587,848Â Â Restricted stock unitsÂ granted during the three months ended December 31, 2023 per the table above include 31,475 unitsÂ forÂ discontinued operations. All restricted stock units granted duringÂ theÂ three months ended December 31, 2024Â per the table above are for continuing operations. Â Time-Based Restricted Stock Unit Grants Â Restricted stock units granted with a required service period typically haveÂ three-yearÂ vesting schedules in whichÂ one-thirdÂ of awards vest at each annual anniversary of grant date, subject to the award holders meeting service requirements. Â Performance-Based Restricted Stock Unit Grants Â Performance-based restricted stock units are earned based on the achievement of performance criteria established by the Human Resources and Compensation Committee and approved by the Company's Board of Directors. The criteria for performance-based awards are weighted and have threshold, target, and maximum performance goals.Â Â Performance-based restricted stock unit awards granted allow participants to earnÂ 100% of restricted stock units if the Companyâ€™s performance meets or exceeds its target goal for each applicable financial metric, and up to a maximum ofÂ 200% if the Companyâ€™s performance for such metrics meets or exceeds the maximum or stretch goal. Performance below the minimum threshold for each financial metric results in award forfeiture. Performance goals are measured over aÂ three-yearÂ period for each yearâ€™s restricted stock unit awards and at the end of the period to determine the number of restricted stock units earned, if any, by recipients who continue to meet the service requirement. Upon the third anniversary of each yearâ€™s restricted stock unit awardsâ€™ grant date, the Companyâ€™s Board of Directors approves the number of restricted stock units earned for participants who continue to meet the service requirements on the vesting date.Â For restricted stock unit awards that include vesting based on performance conditions, the fair values are estimated based on the intrinsic values of the awards at the grant date. Â In November 2024, the Company issued restricted stock unit awards with vesting based on market conditions, which will vest based on achievement of the Company'sÂ relative total shareholder return against the defined peer groupÂ over a three-year period. The fair values for those grants that include vesting based on market conditions are estimated using the Monte Carlo simulation model.Â The key assumptions used in the Monte Carlo simulation included (i) the expected volatility based on the three-year daily historical volatility as measured on the grant date, (ii) risk-free interest rate based on U.S. Treasury constant maturities yieldsÂ as of the grant date, (iii) correlation assumption based on daily share price changes over three years between the Company and the peer companies measured on the grant date, and (iv)Â no expected dividend yield. Â In October 2023, the Companyâ€™s Board of Directors approved an amendment to the performance goals associated with the previously issued performance-based restricted stock units for all impacted employees, excluding members of the executive team. The performance goals, as amended, are more reflective of the current macroeconomic environment and consideration toward employee retention in the competitive life sciences industry. Before the amendment, the original performance goals were not expected to be satisfied. Subsequent to the amendment, vesting became probable based on the forecasted achievement of the amended performance goals. The amendment of these restricted stock units is treated as a modification with the total potential maximum compensation cost of $3.8Â million recognized over the service period through November 2025. The Company recorded expense of $0.6Â million inÂ the three months ended December 31, 2024Â related to the modified awards.Â â€‹ Â 12. Fair Value Measurements Â See Note 2, Summary of Significant Accounting Policies in the notes to the audited consolidated financial statements included in the section titled â€œFinancial Statements and Supplementary Dataâ€ in Part II, Item 8 of the 2024Â Annual Report on Form 10-K for information on the fair value hierarchy and the level of inputs used by the Company in determining fair value. Â 22 Table of Contents Â Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis Â The following tables summarize assets and liabilities measured and recorded at fair value on a recurring basis in the Condensed Consolidated Balance Sheets as of December 31, 2024 andÂ September 30, 2024 (in thousands): Â â€‹ Â As of December 31, 2024 Â Description Â Total Fair Value Â Â Level 1 Â Â Level 2 Â Â Level 3 Â Assets: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Cash equivalents Â $207,170Â Â $200,395Â Â $6,775Â Â $â€”Â Available-for-sale securities Â Â 113,384Â Â Â 14,999Â Â Â 98,385Â Â Â â€”Â Investment in equity securities Â Â 2,100Â Â Â â€”Â Â Â â€”Â Â Â 2,100Â Foreign exchange contracts Â Â 35Â Â Â â€”Â Â Â 35Â Â Â â€”Â Net investment hedge Â Â 3,497Â Â Â â€”Â Â Â 3,497Â Â Â â€”Â Total assets Â $326,186Â Â $215,394Â Â $108,692Â Â $2,100Â Liabilities: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Foreign exchange contracts Â Â 122Â Â Â â€”Â Â Â 122Â Â Â â€”Â Total liabilities Â $122Â Â $â€”Â Â $122Â Â $â€”Â Â â€‹ Â As of September 30, 2024 Â Description Â Total Fair Value Â Â Level 1 Â Â Level 2 Â Â Level 3 Â Assets: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Cash equivalents Â $157,990Â Â $157,990Â Â $â€”Â Â $â€”Â Available-for-sale securities Â Â 198,616Â Â Â 37,584Â Â Â 161,032Â Â Â â€”Â Convertible debt securities Â Â 2,000Â Â Â â€”Â Â Â â€”Â Â Â 2,000Â Foreign exchange contracts Â Â 9Â Â Â â€”Â Â Â 9Â Â Â â€”Â Total assets Â $358,615Â Â $195,574Â Â $161,041Â Â $2,000Â Liabilities: Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Â Net investment hedge Â Â 1,915Â Â Â â€”Â Â Â 1,915Â Â Â â€”Â Foreign exchange contracts Â Â 213Â Â $â€”Â Â $213Â Â $â€”Â Total liabilities Â $2,128Â Â $â€”Â Â $2,128Â Â $â€”Â Â Cash Equivalents Â The Company considers all highly liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents primarily consist of money market funds and U.S. government backed securities with a maturity of three months or less. They are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets. The fair values of these investments approximate their carrying values. Investments classified as Level 2 consist of debt securities valued using matrix pricing benchmarking because they are not actively traded and bank certificates of deposit with a maturity of three months or less. Matrix pricing is a mathematical technique used to value securities by relying on the securitiesâ€™ relationship to other benchmark quoted prices. Â Available-For-Sale Securities Â Available-for-sale securities primarily consist of highly rated corporate debt securities, and U.S. government backed securities, which are classified as Level 1. Investments classified as Level 2 consist of debt securities that are valued using matrix pricing and benchmarking because they are not actively traded, and bank certificates of deposit.Â Â 23 Table of Contents Â Convertible Debt Securities and Investment in Equity Securities Â In the third quarter of fiscal year 2024, the Company purchased $2.0 million principal amount of convertible notes issued by a private company. The Company accounted for the investment in convertible notes at fair value with changes in fair value recognized in the income statement. As of the conversion date, the fair value of the convertible notes was $2.1 million. Â During the first quarter of fiscal year 2025, the Company converted theÂ convertible notesÂ into 420,000 shares of preferred stock of the private company. The conversion did not result in the recognition of additional gain or loss on the convertible notes. The shares of preferred stock are equity securities and within the scope of ASC 321, Investments - Equity Securities. The Company elected the measurement alternative for its investment in the shares of preferred stock ofÂ the private companyÂ because the shares of preferred stock do notÂ have a readily determinable fair value. As of December 31, 2024, the carrying value of the investment in the shares of preferred stock of the private companyÂ was $2.1Â million and is included in â€œOther assetsâ€ on the Condensed Consolidated Balance Sheets. The CompanyÂ performs a qualitative assessment of whether the investment is impaired at each reporting date and will reduce the carrying value accordingly when an impairment is identified.Â The fair value determination is based on unobservable inputs (LevelÂ 3Â on the fair value hierarchy) which were based on the best information available in the circumstance, including transaction pricing, recent acquisition, and market participant assumptions. The unobservable inputs used in the determination of the fair value of assets classified as LevelÂ 3Â have an inherent measurement uncertainty that if changed could result in higher or lower fair value measurements of the assets as of the reporting date. Â Foreign Exchange Contracts & Net Investment Hedge Â The Companyâ€™s foreign exchange contract assets and liabilities, and its net investment hedge assets are measured and reported at fair value using the market method valuation technique. The inputs to this technique utilize current foreign currency exchange forward market rates published by third-party leading financial news and data providers. These are observable data that represent the rates that the financial institution uses for contracts entered into at that date; however, they are not based on actual transactions, so they are classified as Level 2. Â Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis Â During the three months ended December 31, 2024Â and 2023, the Company did not record any material other-than-temporary impairments on financial assets required to be measured at fair value on a nonrecurring basis. Â 24 Table of Contents Â Â 13. Income Taxes Â The Company recorded an income tax benefitÂ of $3.6Â millionÂ during the three months ended December 31, 2024. The tax benefit forÂ the three months ended December 31, 2024Â was primarily driven byÂ the profits in foreign jurisdictions and current state income taxes in jurisdictions where the Company does not have a net operating loss carryover. Additionally, tax expense is generated on a global loss because the U.S. tax loss is not being benefited due to a valuation allowance against U.S. deferred tax assets. Â The Company recorded an income tax expenseÂ of $1.4Â millionÂ during theÂ three months ended December 31, 2023. The tax expense for the three months endedÂ December 31, 2023Â was primarily driven by the pre-tax income from foreign operations during the period, a $0.5Â million stock compensation shortfall expense for tax deductions that are lower than the associated book compensation expense, and a $0.6Â million expense related to a valuation allowance on beginning of year U.S. state deferred tax assets. Â Â Â The Company evaluates the realizability of its deferred tax assets and assesses the need for a valuation allowance on a quarterly basis. The Company operates in numerous countries under many legal forms and, as a result, is subject to the jurisdiction of numerous domestic and foreign tax authorities. The CompanyÂ evaluates the profitability of itsÂ operations in each jurisdiction on a historic cumulative basis and on a forward-looking basis, while carefully considering carry-forward periods of tax attributesÂ and ongoing tax planning strategies in assessing the need for the valuation allowance. Â The Company has generated U.S. pre-tax losses in recent years and provided a valuation allowance against U.S. deferred tax assets during fiscal year 2024. The Company expects to generate a U.S. book loss during fiscal year 2025 and expects a valuation allowance of $11.9 million in the United States against its U.S. net deferred tax assets for fiscal year 2025. Â The Company also maintains a valuation allowance against net deferred tax assets on certain foreign tax-paying components. Â The Company has not provided deferred income taxes on the outside basis difference of any foreign subsidiary and maintains its general assertion of indefinite reinvestment regarding those subsidiaries and the remaining earnings of its German subsidiary as of December 31, 2024. Â The Company maintains liabilities for unrecognized tax benefits based on its estimates and assumptions. The Company recognizes interest related to unrecognized tax benefits as a component of the income tax provision or benefit. The Company recognized minimal interest expense related to its unrecognized tax benefits during the threeÂ months ended December 31,Â 2024. Â The Company is subject to U.S. federal, state, local and foreign income taxes in various jurisdictions. The amount of income taxes paid is subject to the Companyâ€™s interpretation of applicable tax laws in the jurisdictions in which it files. Â In the normal course of business, the Company is subject to income tax audits in various global jurisdictions in which it operates. The years subject to examination vary for the United States and international jurisdictions, with the earliest tax year being 2018. Based on the outcome of these examinations or the expiration of statutes of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in the Condensed Consolidated Balance Sheets. The Company currently anticipates that it is reasonably possible that the unrecognized tax benefits and accrued interest on those benefits will not be reduced in the next twelve months due to the statute of limitations expirations. These unrecognized tax benefits would impact the effective tax rate if recognized. Â 25 Table of Contents Â Â 14. Net Loss per Share Â The calculations of basic and diluted net loss per share and basic and diluted weighted average shares outstanding are as follows for the three months ended December 31, 2024 and 2023 (in thousands, except per share data): Â â€‹ Â Three Months Ended Â â€‹ Â December 31, Â â€‹ Â 2024 Â Â 2023 Â Loss from continuing operations Â $(9,421)Â $(7,192) Loss from discontinued operations, net of tax Â Â (3,919)Â Â (8,532) Net loss Â Â (13,340)Â Â (15,724) â€‹ Â â€‹ Â Â â€‹ Â Weighted average common shares outstanding used in computing basic loss per share Â Â 45,626Â Â Â 56,709Â Weighted average common shares outstanding used in computing diluted loss per share Â Â 45,626Â Â Â 56,709Â â€‹ Â â€‹ Â Â â€‹ Â Basic net loss per share: Â Â Â Â Â Â Â Â Loss from continuing operations Â $(0.21)Â $(0.13) Loss from discontinued operations, net of tax Â Â (0.09)Â Â (0.15) Basic net loss per share Â $(0.29)Â $(0.28) â€‹ Â â€‹ Â Â â€‹ Â Diluted net loss per share: Â Â Â Â Â Â Â Â Loss from continuing operations Â $(0.21)Â $(0.13) Loss from discontinued operations, net of tax Â Â (0.09)Â Â (0.15) Diluted net loss per share Â $(0.29)Â $(0.28) Â As a result of incurring a net loss from continuing operations for the three months ended December 31, 2024 and 2023, outstanding restricted stock units and shares issued by the Company under the employee stock purchase plan were excluded from the computation of diluted loss per share as their effect would be antidilutive to earnings per share for continuing operations based on the treasury stock method. The following table contains all potentially dilutive common stock equivalents for the three months ended December 31, 2024 and 2023. Â Â Three Months Ended December 31, Â Â 2024 Â 2023 Time-based restricted stock units Â 87,117 Â 62,983 Performance-based restricted stock units Â â€” Â 23,671 Employee stock purchase plan Â â€” Â 6,451 Â Â 87,117 Â 93,105 Â Â 15. Segment and Geographic Information Â Operating segments are defined as components of an enterprise that engage in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker (â€œCODMâ€) in deciding how to allocate resources and to assess performance. The Companyâ€™s Chief Executive Officer is the Companyâ€™s CODM. Â As of November 12, 2024, the Companyâ€™s B Medical Systems segmentÂ met the â€œheld for saleâ€ criteria and â€œdiscontinued operationsâ€ criteria in accordance with FASB ASC 205 and the results of the B Medical Systems segment are included within discontinued operations.Â Â The Companyâ€™s continuing operations includes the following operating and reportable segments: Â â€‹ Â â— Sample Management Solutions. The SMS business resources operateÂ as a single business unit offering end-to-end sample management products and services, including: Sample Repository Services and Core Products (Automated Stores, Cryogenic Systems, Automated Sample Tube, Consumables and Instruments and Controlled Rate Thawing Devices). Â â— Multiomics. The Multiomics business resources operate asÂ a single business unit offering genomic and other sample analysis services, including gene sequencing and gene synthesis. Â â€‹ 26 Table of Contents Â Management considers adjusted operating income (loss), which excludes charges related to amortization of intangible assets, transformation costs, restructuring charges, goodwill and intangible asset impairment,Â merger and acquisition costs and costs related to share repurchase, governance-related matters, and other unallocated corporate expenses, as the primary performance metric when evaluating eachÂ segmentâ€™s operations. Â The following is the summary of the financial information for the Companyâ€™s operating and reportable segments for the three months ended December 31, 2024 and 2023 (in thousands): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Revenue: Â â€‹ Â Â Â Â Â Sample Management Solutions Â $81,213Â Â $79,005Â Multiomics Â Â 66,297Â Â Â 62,720Â Total revenue Â $147,510Â Â $141,725Â â€‹ Â â€‹ Â Â â€‹ Â Adjusted operating income (loss): Â â€‹ Â Â â€‹ Â Sample Management Solutions Â $2,317Â Â $(616) Multiomics Â Â (2,503)Â Â (3,263) Segment adjusted operating loss Â Â (186)Â Â (3,879) â€‹ Â â€‹ Â Â â€‹ Â Amortization of completed technology Â Â 1,500Â Â Â 1,856Â Amortization of intangible assets other than completed technology Â Â 4,573Â Â Â 5,371Â Transformation costs (1) Â Â 3,046Â Â Â 41Â Restructuring charges Â Â 431Â Â Â 786Â Merger and acquisition costs and costs related to share repurchase (2) Â Â 1,570Â Â Â 4,321Â Other unallocated corporate expenses Â Â 47Â Â Â (9) Total operating loss Â Â (11,353)Â Â (16,245) Interest income, net Â Â 4,298Â Â Â 9,955Â Other income, net Â Â 1,203Â Â Â 518Â Loss before income taxes Â $(5,852)Â $(5,772) Â (1) Transformation costs represent non-recurring expenses for strategic projects with anticipated long-term benefits to the Company focused on cost reduction and productivity improvement that do not meet the definition of restructuring charges. These costs are directed at simplifying, standardizing, streamlining, and optimizing the Companyâ€™s operations, processes and systems to permanently alter the Companyâ€™s operations for the long term. For a project to be considered transformational, successful completion of the project must be expected to bring long-term material benefits to the organization and involve significant changes to process and/or underlying technology. Transformation costs in the period result from actions taken as part of the Companyâ€™s 2024 transformation planÂ and primarily relate to one time asset write downs associated with changes in technology, one time inventory write downs relating to restructuring actions taken in the period, and third-party consulting costs associated with process andÂ systems re-design. (2) Includes expenses related to governance-related matters. Â â€‹ The following is the summary of the asset information for the Companyâ€™s reportable segments as of December 31, 2024 andÂ September 30, 2024 (in thousands): Â Assets: Â December 31, 2024 Â Â September 30, 2024 Â Sample Management Solutions Â $840,580Â Â $859,353Â Multiomics Â Â 454,958Â Â Â 462,825Â Total assets Â $1,295,538Â Â $1,322,178Â Â 27 Table of Contents Â The following is a reconciliation of the segment assets to the corresponding amounts presented in the Condensed Consolidated Balance Sheets as of December 31, 2024 andÂ September 30, 2024 (in thousands): Â â€‹ Â December 31, Â Â September 30, Â â€‹ Â 2024 Â Â 2024 Â Segment assets Â $1,295,538Â Â $1,322,178Â Cash and cash equivalents, restricted cash and marketable securities Â Â 501,277Â Â Â 490,707Â Deferred tax assets Â Â 627Â Â Â 837Â General corporate assets Â Â 12,591Â Â Â 23,631Â Assets held for sale Â Â 231,177Â Â Â 262,688Â Total assets Â $2,041,210Â Â $2,100,041Â Â Revenue from external customers is attributed to geographic areas based on locations in which the product is shipped. Net revenue by geographic area for the three months ended December 31, 2024 and 2023 are as follows (in thousands): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â Geographic Location: Â â€‹ Â Â â€‹ Â United States Â $93,469Â Â $90,127Â China Â Â 14,888Â Â Â 14,898Â United Kingdom Â Â 7,798Â Â Â 5,676Â Rest of Europe Â Â 24,319Â Â Â 22,731Â Asia Pacific/Other Â Â 7,036Â Â Â 8,293Â Total revenue Â $147,510Â Â $141,725Â Â For theÂ three months ended December 31, 2024 and 2023, the Company did not have anyÂ individual customers that accounted for 10% or more of its consolidated revenue.Â As ofÂ December 31, 2024, one customer within the SMS segmentÂ accounted for 12% of the Companyâ€™s accounts receivable balance. As of September 30, 2024, there wereÂ no customers that accounted for more than 10% of the Company's accountsÂ receivable balance. Â 16. Commitments and Contingencies Â Contingencies Â The Company is subject to various legal proceedings, both asserted and unasserted, that arise in the ordinary course of business. The Company cannot predict the ultimate outcome of such legal proceedings or, in certain instances, provide reasonable ranges of potential losses. The CompanyÂ considers all claims on a quarterly basis and based on known facts assesses whether potential losses are considered reasonably possible, probable, and estimable. Based upon this assessment, the CompanyÂ then evaluates disclosure requirements and whether to accrue for such claims in the Condensed Consolidated Financial Statements.Â At December 31, 2024Â and as of the date of filing of these Condensed Consolidated Financial Statements, the CompanyÂ believes that, other than theÂ claims related toÂ Edwards disclosed in Note 3,Â Discontinued Operations, no material provision for liability nor disclosure is required related to any claims.Â In the event of unexpected subsequent developments and given the inherent unpredictability of these matters, there can be no assurance that the Companyâ€™s assessment of any claim will reflect the ultimate outcome, and an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Companyâ€™s consolidated financial position or results of operations in particular quarterly or annual periods. Â Tariff Matter Â With the assistance of aÂ third-party consultant, during theÂ firstÂ quarter of fiscal yearÂ 2021,Â the Company initiated a review of the value of transactions it used for intercompany imports into the U. S. from its GENEWIZ business.Â As a result of this review and an interpretation surrounding the valuation method used to calculate the estimated transaction value, the Company revised its estimate of the tariffs owed and paid $5.9Â million to U.S. customs authorities in fiscal yearÂ 2022Â related toÂ transactions prior toÂ December 2021.Â InÂ July 2024,Â the CompanyÂ paid approximately $2.5Â million in tariffsÂ as well as interest related to the imports from its GENEWIZ business into the U.S. during the period from December 2021Â toÂ July 2024.Â As of December 31, 2024,Â the CompanyÂ doesÂ notÂ anticipate any penalties associated with this payment because its valuation methodology was accepted by U.S. customs authoritiesÂ duringÂ previous voluntary disclosures. It is expected that U.S. customs authorities willÂ issue the final audit results for these periods in the third quarter of fiscal year 2025. Â Purchase Commitments Â As of December 31, 2024, the Company had non-cancellable commitments of $50.1Â million, comprised of purchase orders for inventory of $36.0Â million and other operating expenseÂ commitments of $14.1Â million. Â 28 Table of Contents Â Â ItemÂ 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations Â You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited interim condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and related notes contained in the â€œ2024Â Annual Report on Form 10-Kâ€. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below and in the forward-looking statements. Factors that could cause or contribute to these differences include, without limitation, those discussed in this Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations or â€œMD&Aâ€,Â as well as those described in the 2024Â Annual Report on Form 10-K and this Quarterly Report on Form 10-Q under â€œInformation Related to Forward-Looking Statementsâ€, Part I, Item 1A â€œRisk Factorsâ€ in the 2024 Annual Report on Form 10-K and Part II, Item 1A â€œRisk Factorsâ€ in this Quarterly Report on Form 10-Q. All dollar amounts in the below MD&A are presented in U.S. dollars, unless otherwise noted or the context otherwise provides. Â Our MD&A is organized as follows: Â Â â— Overview. This section provides a general description of our business and operating segments as well as a brief discussion and overall analysis of our business and financial performance, including key developments affecting us during the three months ended December 31, 2024 and 2023. Â Â â— Critical Accounting Policies and Estimates. This section discusses accounting policies and estimates that require us to exercise subjective or complex judgments in their application. We believe these accounting policies and estimates are important to understanding the assumptions and judgments incorporated in our reported financial results. Â Â â— Results of Operations. This section provides an analysis of our financial results for the three months ended December 31, 2024 compared to the three months ended December 31, 2023. Â Â â— Liquidity and Capital Resources. This section provides an analysis of our liquidity and changes in cash flows as well as a discussion of contractual commitments. Â Plan to Sell B Medical Systems Business Â During the first quarter of fiscal year 2025, the CompanyÂ announced that it is pursuing a sale of its B Medical Systems business, a manufacturer and global distributor of medical refrigeration devices based in Luxembourg. This strategic action is intended to simplify the Companyâ€™s portfolio and allow management to focus on driving revenue growth and profitability in its core Sample Management Solutions and Multiomics segments. The B Medical SystemsÂ segment has been classified as held-for-sale and a discontinued operation under generally accepted accounting principles in the United States, or GAAP. Unless otherwise noted, this MD&A relates solely to our continuing operations and excludesÂ the operations of our B Medical Systems business. Â OVERVIEW Â We are a leading global provider of biological and chemical compound sample exploration and management solutions for the life sciences industry. We entered the life sciences market in 2011, leveraging our in-house precision automation and cryogenics capabilities that we were then applying in the semiconductor manufacturing market. This led us to develop solutions for automated ultra-cold storage.Â Since then, we have expanded our life sciences offerings through internal investments and through a series of acquisitions. We support our customers from research and clinical development to commercialization with our sample management andÂ automated storage, as well asÂ genomic services expertise to help our customers bring impactful therapies to market faster. We understand the importance of sample integrity and offer a broad portfolio of products and services supporting customers at every stage of the life cycle of samples including procurement, automated storage systems,Â genomic services and a multitude of sample consumables, informatics and data software, along with sample repository services. Our expertise, global footprint and leadership positions enable usÂ to be aÂ trusted global partner to pharmaceutical, biotechnology and life sciences research institutions. In total, we employ approximately 3,000 full-time employees, part-time employees and contingent workers worldwide as of December 31, 2024 and have sales in approximately 80Â countries. We are headquartered in Burlington, Massachusetts and have operations in North America, Asia, and Europe. Â Our portfolio includes product and service offerings developed by us internally, as well as acquired through acquisitions, designed to provide comprehensive capabilities to our customers, addressing their needs in sample exploration and management, automated storageÂ and multiomics. We continue to develop new product and service offerings and enhance existing and acquired offerings through the expertise of our research and development resources. We believe our acquisition, investment and integration approach has allowed us to accelerate internal development and significantly accelerate time to market for our life sciences solutions. Â 29 Table of Contents Â Segments Â Within our Sample Management Solutions segment, we operate as a single business unit offering end-to-end sample management products and services, including: Sample Repository Services and Core Products (Automated Stores, Cryogenic Systems, Automated Sample Tube, Consumables and Instruments and Controlled Rate Thawing Devices). This portfolio provides customers with a high level of sample quality, security, availability, intelligence and integrity throughout the lifecycle of samples, providing customers with complete end-to-end â€œcold chain of custodyâ€ capabilities. We also offer expert-level consultation services to our clients throughout their experimental design and implementation processes. Â Within our Multiomics segment, our genomicÂ services business advances research and development activities by providing gene sequencing, synthesis, editing and related services. We offer a comprehensive, global portfolio that we believe has both broad appeal in the life sciences industry and enables customers to select the best solution for their research and development challenges.Â This portfolio also offers unique solutions for key markets such as cell and gene therapy, antibody development and biomarker discovery by addressing genomic complexity and throughput challenges. Â Business and Financial Performance Â Basis of Presentation Â Our condensed consolidated financial statements are prepared in accordance with GAAP. Â Financial Performance Â Our performance for the three months ended December 31, 2024 and 2023 is as follows: Â â€‹ Â Three Months Ended December 31, Â In thousands Â 2024 Â Â 2023 Â Revenue Â $ 147,510 Â Â $ 141,725 Â Cost of revenue Â Â 78,839 Â Â Â 79,982 Â Gross profit Â Â 68,671 Â Â Â 61,743 Â Operating expenses Â â€‹ Â Â â€‹ Â Research and development Â Â 6,380 Â Â Â 7,313 Â Selling, general and administrative Â Â 73,213 Â Â Â 69,889 Â Restructuring charges Â Â 431 Â Â Â 786 Â Total operating expenses Â Â 80,024 Â Â Â 77,988 Â Operating loss Â Â (11,353) Â Â (16,245) Other income Â â€‹ Â Â â€‹ Â Interest income, net Â Â 4,298 Â Â Â 9,955 Â Other income, net Â Â 1,203 Â Â Â 518 Â Loss before income taxes Â Â (5,852) Â Â (5,772) Income tax expense Â Â 3,569 Â Â Â 1,420 Â Loss from continuing operations Â Â (9,421) Â Â (7,192) Loss from discontinued operations, net of tax Â Â (3,919) Â Â (8,532) Net loss Â $ (13,340) Â $ (15,724) Â Three months ended December 31, 2024 compared to three months ended December 31, 2023 Â RevenueÂ increasedÂ 4% for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year, driven by revenue growthÂ in both our Multiomics andÂ Sample Management Solutions segments.Â In Multiomics, revenue increased in Next Generation Sequencing andÂ Gene Synthesis services, partially offset by a decline in Sanger sequencing.Â In Sample Management Solutions,Â revenue increased in SampleÂ RepositoryÂ SolutionsÂ andÂ CoreÂ Products,Â particularlyÂ inÂ ConsumablesÂ and InstrumentsÂ andÂ ClinicalÂ andÂ CryogenicÂ StoresÂ Systems. Gross margin was 47%Â for the three months ended December 31, 2024 compared to 44%Â for the corresponding period in the prior fiscal year, driven byÂ higher revenues and margin expansion across the business, particularly in ourÂ Sample Management Solutions segment, mostly driven by operational efficiencies, sales mix, and the impact of certain non-recurring items recorded in the correspondingÂ period in the prior fiscal year. Operating expenses increasedÂ during the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal yearÂ driven by higherÂ selling, general and administrative expenses, partially offset by lower research and development expense and lower restructuring charges. We generated aÂ loss from continuing operationsÂ ofÂ $9.4Â million for the three months ended December 31, 2024Â compared toÂ loss from continuing operations ofÂ $7.2Â million for theÂ corresponding period in the prior fiscal year, primarily driven byÂ lowerÂ interest income and higher income tax expense, partially offset by higher revenue and operational efficiencies.Â We generatedÂ a net lossÂ of $13.3Â million for the three months ended December 31, 2024 compared toÂ a net lossÂ of $15.7Â million for the three months ended December 31, 2023, primarily due to decreased loss from discontinued operationsÂ offsetting the increased loss from continuing operations. Â 30 Table of Contents Â

CRITICAL ACCOUNTING POLICIES AND ESTIMATES Â The preparation of the interim condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates based on historical experience and consider various other assumptions that are believed to be reasonable under the circumstances. We evaluate current and anticipated worldwide economic conditions, both in general and specifically in relation to the life sciences industry, that serve as a basis for making judgments about the carrying values of assets and liabilities that are not readily determinable based on information from other sources. Actual results may differ from these estimates under different assumptions or conditions that could have a material impact on our financial condition and results of operations. Â 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 Quarterly Report on Form 10-Q are described underÂ Critical Accounting Policies Estimates included in the section titled â€œManagementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ in Part II, Item 7 of the 2024Â Annual Report on FormÂ 10-K. 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. Â Â RESULTS OF OPERATIONS Â Please refer to the commentary provided below for further discussion and analysis of the factors contributing to our results from operations for the three months ended December 31, 2024 compared to the three months ended December 31, 2023. Â Non-GAAP Financial Measures Â Non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures. Management adjusts the GAAP results for the impact of amortization of intangible assets, transformation costs, restructuring charges, governance-related matters, merger and acquisition costs and costs related to share repurchase, and other unallocated corporate expenses to provide investors better perspective on the results of operations which the Company believes is more comparable to the similar analysis provided by its peers.Â Management also excludes special charges and gains, such as gains and losses from the sale of assets, certain tax benefits and charges, as well as other gains and charges that are not representative of the normal operations of the business. Management strongly encourages investors to review our financial statements and publicly filed reports in their entirety and not rely on any single measure. A reconciliation of non-GAAP measures to the most nearly comparable GAAP measures is included under â€œOperating Income (Loss)â€ and â€œGross Marginâ€ below. Â Revenue Â Our revenue performance for the three months ended December 31, 2024 and 2023 is as follows: Â â€‹ Â Three Months Ended December 31, Â â€‹ Â â€‹ Â Â â€‹ Â Â % Change Â In thousands, except percentages Â 2024 Â Â 2023 Â Â 2024 v. 2023 Â Sample Management Solutions Â $ 81,213 Â Â $ 79,005 Â Â Â 2.8 % Multiomics Â Â 66,297 Â Â Â 62,720 Â Â Â 5.7 % Total revenue Â $ 147,510 Â Â $ 141,725 Â Â Â 4.1 % Â Three months ended December 31, 2024 compared to three months ended December 31, 2023 Â â€‹ Our Multiomics segment revenue for the three months ended December 31, 2024Â increasedÂ 6%Â compared to the corresponding prior fiscal year period driven by revenue growth in Next Generation Sequencing and Gene Synthesis services, partially offset by a decline in Sanger sequencing services. Â 31 Table of Contents Â Our Sample Management Solutions segment revenue for the three months ended December 31, 2024Â increased 3%Â compared to the corresponding prior fiscal year period driven by revenue growth in both Sample Repository Services and Core Products businesses,Â particularlyÂ inÂ ConsumablesÂ and InstrumentsÂ andÂ ClinicalÂ andÂ CryogenicÂ StoresÂ Systems. Â Revenue generated outside the United States was $54.0Â million, or 37% of total revenue, for the three months ended December 31, 2024 compared to $51.6Â million, or 36% of total revenue, for the corresponding period in the prior fiscalÂ year. Â Operating Income (Loss) Â Our operating income (loss) performance for the three months ended December 31, 2024 and 2023 is as follows (in thousands, except percentages): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â Sample Management Solutions Â Â Multiomics Â â€‹ Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Revenue: Â $ 81,213 Â Â $ 79,005 Â Â $ 66,297 Â Â $ 62,720 Â â€‹ Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Operating income (loss): Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Operating income (loss) Â $ 1,562 Â Â $ (1,483) Â $ (3,387) Â $ (4,302) Amortization of completed technology Â Â 639 Â Â Â 816 Â Â Â 861 Â Â Â 1,039 Â Amortization of other intangibles Â Â 13 Â Â Â 51 Â Â Â â€” Â Â Â â€” Â Transformation costs(1) Â Â 103 Â Â Â â€” Â Â Â â€” Â Â Â â€” Â Restructuring charges Â Â â€” Â Â Â â€” Â Â Â 23 Â Â Â â€” Â Total adjusted operating income (loss) Â $ 2,317 Â Â $ (616) Â $ (2,503) Â $ (3,263) Operating margin Â Â 1.9 % Â Â (1.9)% Â Â (5.1)% Â Â (6.9)% Adjusted operating margin Â Â 2.9 % Â Â (0.8)% Â Â (3.8)% Â Â (5.2)% Â â€‹ Â Three Months Ended December 31, Â â€‹ Â Segment Â Â Corporate Â Â Azenta Total Â â€‹ Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Revenue: Â $ 147,510 Â Â $ 141,725 Â Â $ â€” Â Â $ â€” Â Â $ 147,510 Â Â $ 141,725 Â â€‹ Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Operating income (loss): Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Operating loss Â $ (1,825) Â $ (5,785) Â $ (9,528) Â $ (10,460) Â $ (11,353) Â $ (16,245) Amortization of completed technology Â Â 1,500 Â Â Â 1,855 Â Â Â â€” Â Â Â 1 Â Â Â 1,500 Â Â Â 1,856 Â Amortization of other intangibles Â Â 13 Â Â Â 51 Â Â Â 4,560 Â Â Â 5,320 Â Â Â 4,573 Â Â Â 5,371 Â Transformation costs(1) Â Â 103 Â Â Â â€” Â Â Â 2,943 Â Â Â 41 Â Â Â 3,046 Â Â Â 41 Â Restructuring charges Â Â 23 Â Â Â â€” Â Â Â 408 Â Â Â 786 Â Â Â 431 Â Â Â 786 Â Merger and acquisition costs and costs related to share repurchase(2) Â Â â€” Â Â Â â€” Â Â Â 1,570 Â Â Â 4,321 Â Â Â 1,570 Â Â Â 4,321 Â Other adjustments Â Â â€” Â Â Â â€” Â Â Â 9 Â Â Â (1) Â Â 9 Â Â Â (1) Total adjusted operating income (loss) Â $ (186) Â $ (3,879) Â $ (38) Â $ 8 Â Â $ (224) Â $ (3,871) Operating margin Â Â (1.2)% Â Â (4.1)% Â Â â€‹ Â Â Â â€‹ Â Â Â (7.7)% Â Â (11.5)% Adjusted operating margin Â Â (0.1)% Â Â (2.7)% Â Â â€‹ Â Â Â â€‹ Â Â Â (0.2)% Â Â (2.7)% Â (1) Transformation costs represent non-recurring expenses for strategic projects with anticipated long-term benefits to the Company focused on cost reduction and productivity improvement that do not meet the definition of restructuring charges. These costs are directed at simplifying, standardizing, streamlining, and optimizing the Companyâ€™s operations, processes and systems to permanently alter the Companyâ€™s operations for the long term. For a project to be considered transformational, successful completion of the project must be expected to bring long-term material benefits to the organization and involve significant changes to process and/or underlying technology. Transformation costs in the period result from actions taken as part of the Companyâ€™s 2024 transformation planÂ and primarily relate to one time asset write downs associated with changes in technology, one time inventory write downs relating to restructuring actions taken in the period, and third-party consulting costs associated with process and systems re-design. (2) Includes expenses related to governance-related matters. Â â€‹ 32 Table of Contents Â Three months ended December 31, 2024 compared to three months ended December 31, 2023 Â Operating incomeÂ for the Sample Management Solutions segment was $1.6 million for the three months ended December 31, 2024 compared to an operating lossÂ of $1.5Â million in the corresponding period in the prior fiscal year. The Sample Management Solutions segment operating margin was 1.9%,Â an increase of 380Â basis points for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year. The increase in operating income and operating margin were primarily driven by higher revenue and margin expansion, partially offset by increased operating expenses. Adjusted operating incomeÂ was $2.3 million for the three months ended December 31, 2024 compared toÂ adjusted operating lossÂ of $0.6 million in the corresponding period in the prior fiscal year. Adjusted operating margin was 2.9%,Â an increase of 363Â basis points for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year.Â Adjusted operating income and margin exclude the impact of amortization of intangible assets of $0.7 millionÂ and $0.9 million for the three months ended December 31, 2024 and 2023, respectively, and transformation costsÂ of $0.1Â million for the three months ended December 31, 2024. Â Operating lossÂ for the Multiomics segment was $3.4Â million for the three months ended December 31, 2024 compared toÂ an operating loss of $4.3Â million in the corresponding period in the prior fiscal year. The Multiomics segment operating margin was (5.1)%,Â an increase of 175Â basis points for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year. The decrease in operating loss and increase in operating margin were primarily driven by higher revenue and gross profit, supported by operational efficiency.Â Adjusted operating lossÂ was $2.5Â million for the three months ended December 31, 2024 compared toÂ adjusted operating loss of $3.3Â million in the corresponding period of the prior fiscal year. Adjusted operating margin was (3.8)%, an increaseÂ of 143Â basis points for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year. Adjusted operating loss and margin exclude the impact of amortization related to completed technology of $0.9Â million and $1.0Â million for the three months ended December 31, 2024 and 2023, respectively. Â Â Gross Margin Â Our gross margin performance for the three months ended December 31, 2024 and 2023 is as follows (in thousands, except percentages): Â â€‹ Â Three Months Ended December 31, Â â€‹ Â Sample Management Solutions Â Â Multiomics Â Â Azenta Total Â â€‹ Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Â 2024 Â Â 2023 Â Revenue Â $ 81,213 Â Â $ 79,005 Â Â $ 66,297 Â Â $ 62,720 Â Â $ 147,510 Â Â $ 141,725 Â â€‹ Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Â â€‹ Â Gross profit Â $ 38,114 Â Â $ 33,272 Â Â $ 30,557 Â Â $ 28,471 Â Â $ 68,671 Â Â $ 61,743 Â Adjustments: Â â€‹ Â Â Â Â Â Â â€‹ Â Â Â Â Â Â â€‹ Â Â â€‹ Â Amortization of completed technology Â Â 639 Â Â Â 816 Â Â Â 861 Â Â Â 1,039 Â Â Â 1,500 Â Â Â 1,855 Â Transformation costs(1) Â Â 52 Â Â Â â€” Â Â Â â€” Â Â Â â€” Â Â Â 52 Â Â Â â€” Â Other adjustments Â Â 5 Â Â Â â€” Â Â Â 1 Â Â Â â€” Â Â Â 6 Â Â Â â€” Â Adjusted gross profit Â $ 38,810 Â Â $ 34,088 Â Â $ 31,419 Â Â $ 29,510 Â Â $ 70,229 Â Â $ 63,598 Â Gross margin Â Â 46.9 % Â Â 42.1 % Â Â 46.1 % Â Â 45.4 % Â Â 46.6 % Â Â 43.6 % Adjusted gross margin Â Â 47.8 % Â Â 43.1 % Â Â 47.4 % Â Â 47.1 % Â Â 47.6 % Â Â 44.9 % Â (1) Transformation costs represent non-recurring expenses for strategic projects with anticipated long-term benefits to the Company focused on cost reduction and productivity improvement that do not meet the definition of restructuring charges. These costs are directed at simplifying, standardizing, streamlining, and optimizing the Companyâ€™s operations, processes and systems to permanently alter the Companyâ€™s operations for the long term. For a project to be considered transformational, successful completion of the project must be expected to bring long-term material benefits to the organization and involve significant changes to process and/or underlying technology. Transformation costs in the period result from actions taken as part of the Companyâ€™s 2024 transformation planÂ and primarily relate to one time asset write downs associated with changes in technology, one time inventory write downs relating to restructuring actions taken in the period, and third-party consulting costs associated with process and systems re-design. Â â€‹ 33 Table of Contents Â Three months ended December 31, 2024 compared to three months ended December 31, 2023 Â The Sample Management Solutions segment gross margin wasÂ 46.9%Â for the three months ended December 31, 2024,Â an increaseÂ of 482Â basis points compared to the corresponding period in the prior fiscal year. Adjusted gross margin was 47.8%Â for the three months ended December 31, 2024, an increaseÂ of 464Â basis points compared to the corresponding period in the prior fiscal year, driven by higher gross margin for both Core Products and Sample Repository Services.Â The increase in gross margin was mostly driven by improved operational efficiencies, sales mix, and the impact of certain non-recurring items recorded in the same period last year.Â Adjusted gross margin excludes the impact of amortization related to completed technology of $0.6Â million and $0.8Â million for the three months ended December 31, 2024 and 2023, respectively, and transformation costsÂ of $0.1Â million for the three months ended December 31, 2024. Â The Multiomics segment gross margin was 46.1%Â for the three months ended December 31, 2024,Â an increaseÂ of 70Â basis points compared to the corresponding period in the prior fiscal year. Adjusted gross margin was 47.4%Â for the three months ended December 31, 2024, an increaseÂ of 34Â basis points compared to the corresponding period in the prior fiscal year, driven by higher gross margin for the Next Generation Sequencing and Gene Synthesis services, partially offset by lower gross margin for Sanger sequencing. The increase in gross margin for Next Generation Sequencing and Gene Synthesis was driven byÂ higher revenues and operational efficiencies;Â the margin pressure in Sanger sequencing was primarily driven by lower revenues. Adjusted gross margin excludes the impact of amortization related to completed technology of $0.9Â million and $1.0Â million for the three months ended December 31, 2024 and 2023, respectively. Â Research and Development Expenses Â Our research and development expenses for the three months ended December 31, 2024 and 2023 are as follows: Â â€‹ â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â â€‹ Â In thousands Â Â % of Revenue Â Â In thousands Â Â % of Revenue Â Sample Management Solutions Â $ 3,784 Â Â Â 4.7 % Â $ 4,387 Â Â Â 5.6 % Multiomics Â Â 2,596 Â Â Â 3.9 % Â Â 2,926 Â Â Â 4.7 % Total research and development expense Â $ 6,380 Â Â Â 4.3 % Â $ 7,313 Â Â Â 5.2 % Â Total research and development expenses decreasedÂ $0.9Â million for the three months endedÂ December 31, 2024Â compared to the corresponding period in the prior fiscal year, driven by cost reduction initiativesÂ across the business, primarily decreased compensation and benefits expense. Â Selling, General and Administrative Expenses Â Our selling, general and administrative expenses for the three months ended December 31, 2024 and 2023 are as follows: Â â€‹ Â Three Months Ended December 31, Â â€‹ Â 2024 Â Â 2023 Â â€‹ Â In thousands Â Â % of Revenue Â Â In thousands Â Â % of Revenue Â Sample Management Solutions Â $ 32,771 Â Â Â 40.4 % Â $ 30,369 Â Â Â 38.4 % Multiomics Â Â 31,326 Â Â Â 47.3 % Â Â 29,847 Â Â Â 47.6 % Corporate Â Â 9,116 Â Â Â 6.2 % Â Â 9,673 Â Â Â 6.8 % Total selling, general and administrative expense Â $ 73,213 Â Â Â 49.6 % Â $ 69,889 Â Â Â 49.3 % Â Total selling, general and administrative expenses increasedÂ $3.3Â million for the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year, primarily driven by higher stock-based compensation expense and one-time costs related to the Company's leadership changes. Â 34 Table of Contents Â Restructuring Charges Â Restructuring charges were $0.4Â million for the three months ended December 31, 2024,Â a decrease of $0.4Â millionÂ compared to theÂ three months ended December 31, 2023 driven by decreased activity onÂ the cost saving initiatives launched inÂ fiscal year 2024. See Note 7, Restructuring in the notes to the unaudited condensed consolidated financial statements included in the section titled â€œFinancial Statementsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information. Â Non-Operating Income Â Interest income, net â€“ We recorded interest income of $4.3Â millionÂ for the three months ended December 31, 2024, compared to $10.0Â million recorded for the three months ended December 31, 2023. The decreaseÂ in interest income is due to decreased investments in marketable securities during the three months ended December 31, 2024 compared to the corresponding period in the prior fiscal year. Please refer to Note 4, Marketable Securities and Note 5, Derivative Instruments in the notes to the unaudited condensed consolidated financial statements included in the section titled â€œFinancial Statementsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q. Â Other income (expense), net â€“ We recorded other incomeÂ of $1.2 million for the three months ended December 31, 2024, compared toÂ other incomeÂ of $0.5Â millionÂ for the three months ended December 31, 2023, which primarily relates to foreign exchange gains and losses resulting from foreign currency denominated transactions and the revaluation of foreign currency denominated assets and liabilities. Â Income Tax BenefitÂ Â We recorded income tax expenseÂ of $3.6Â millionÂ forÂ the three months ended December 31,Â 2024, whichÂ was primarily driven by the profits in our foreign jurisdictions and current state income taxes in jurisdictions where we do not have a net operating loss carryover. Additionally, tax expense is generated on a global loss because the U.S. tax loss is not being benefited due to a valuation allowance against U.S. deferred tax assets. Â We recordedÂ income tax expense ofÂ $1.4 millionÂ during the three months ended DecemberÂ 31,Â 2023.Â The tax expense for the three months endedÂ December 31, 2023Â was primarily driven by the pre-tax income from foreign operations during the period, a $0.5Â million stock compensation shortfall expense for tax deductions that are lower than the associated book compensation expense and a $0.6Â million expense related to a valuation allowance on beginning of year U.S. state deferred tax assets. Â Discontinued Operations Â During the first quarter of fiscal year 2025, following approval by our Board of Directors,Â we publicly announced our plan to sell the B Medical Systems business.Â Results related to the B Medical Systems segment are included within discontinued operations for theÂ three months ended December 31, 2024 and 2023. Revenue from discontinued operations was $17.6 million and $12.6 million, respectively,Â for theÂ three months ended December 31, 2024 and 2023. Loss from discontinued operations, net of tax,Â wasÂ $3.9Â million and $8.5Â million, respectively,Â for theÂ three months ended December 31, 2024 and 2023. The loss from discontinued operations includes only direct operating expenses incurred that (1) are clearly identifiable as costs being disposed of upon completion of the sale and (2) will not be continued by the Company on an ongoing basis. Indirect expenses which supported the B Medical Systems segmentÂ and remain part of continuing operations, are not reflected in loss from discontinued operations.Â Please refer to Note 3,Â Discontinued Operations,Â in the notes to the unaudited condensed consolidated financial statements included in the section titled â€œFinancial Statementsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q. Â 35 Table of Contents Â Â LIQUIDITY AND CAPITAL RESOURCES Â As of December 31, 2024, we had cash and cash equivalents, restricted cash, and marketable securitiesÂ of $503.4 million and stockholdersâ€™ equity of $1.7Â billion. We believe that our current cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements for at least one year from the date of this Quarterly Report on Form 10-Q and for the foreseeable future thereafter. The current global economic environment makes it difficult for us to predict longer-term liquidity requirements with sufficient certainty. We may be unable to obtain financing that may be required on terms favorable to us, if at all. If adequate funds are not available to us on acceptable terms or otherwise, we may be unable to successfully develop or enhance products and services, respond to competitive pressures, or take advantage of acquisition opportunities, any of which could have a material adverse effect on our business, financial condition and operating results. Â Cash Flows and Liquidity Â Our cash and cash equivalents, restricted cash and marketable securities for ourÂ continuing operationsÂ as ofÂ December 31, 2024 andÂ September 30, 2024Â are as follows: Â In thousands Â December 31, 2024 Â Â September 30, 2024 Â Cash and cash equivalents Â $ 377,494 Â Â $ 280,030 Â Restricted cash Â Â 10,399 Â Â Â 10,061 Â Short-term marketable securities Â Â 85,951 Â Â Â 151,162 Â Long-term marketable securities Â Â 27,433 Â Â Â 49,454 Â â€‹ Â $ 501,277 Â Â $ 490,707 Â Â As of December 31, 2024, we had$124.6Â million of cash, cash equivalents and restricted cash held outside of the United States, whichÂ are not currently needed for U.S. operations. Our marketable securities are generally readily convertible to cash without a material adverse impact. Â Our cash flows on a total company consolidated basis for the three months ended December 31, 2024 and 2023 were as follows: Â â€‹ Â Three Months Ended December 31, Â In thousands Â 2024 Â Â 2023 Â Net cash provided by operating activities Â $ 30,628 Â Â $ 13,756 Â Net cash provided by investing activities Â Â 76,256 Â Â 99,025 Â Net cash used in financing activities Â Â (5,126) Â Â (113,153) Effects of exchange rate changes on cash, cash equivalents and restricted cash Â Â (8,311) Â Â 24,548 Â Net increase in cash, cash equivalents and restricted cash Â $ 93,447 Â Â $ 24,176 Â Â Cash inflows from operating activities for the three months ended December 31, 2024 were $30.6Â million, primarily due to increasedÂ revenue andÂ collections and a U.S.Â federal tax refund of $11.5 million received in the three months ended December 31, 2024. Investing activities for the three months ended December 31, 2024 include $40.8Â millionÂ of purchases of marketable securities, offset by $125.6 million for sales and maturities of marketable securities. Financing activities for the three months ended December 31, 2024 include $4.9 million of excise tax payments related to our share repurchases settled in fiscal year 2024. Â As of December 31, 2024, we had no outstanding debt on our balance sheet. Â Capital Resources Â Contractual Obligations and Requirements Â As of December 31, 2024, weÂ had non-cancellable commitments of $50.1Â million, comprised of purchase orders for inventory of $36.0Â million and other operating expenseÂ commitments of $14.1Â million. Â â€‹ 36 Table of Contents Â Â ItemÂ 3. Quantitative and Qualitative Disclosures About Market Risk Â We are exposed to a variety of market risks, including changes in interest rates affecting the return on our cash and cash equivalents, restricted cash and short-term and long-term investments and fluctuations in foreign currency exchange rates. Â Interest Rate Exposure Â Our cash and cash equivalents and restricted cash consist principally of money market securities which are short-term in nature. At December 31, 2024, our aggregate short-term and long-term investments were $113.4Â million, consisting mostly of highly rated corporate debt securities and U.S. government backed securities. At December 31, 2024, the net unrealized loss position on marketable securities was $0.2Â million which is included in â€œAccumulated other comprehensive lossâ€ in the Condensed Consolidated Balance Sheets. A hypothetical 100 basis point change in interest rates would result in a $1.3Â million and $2.7Â million change in interest income earned during the three months ended December 31, 2024 and 2023, respectively. Â Currency Rate Exposure Â We have transactions and balances denominated in currencies other than the functional currency of the transacting entity. Most of these transactions carrying foreign exchange risk are in Germany, the United Kingdom, and China. Sales in currencies other than the U.S. dollar were approximately 37% and 27% of our total sales, respectively, during the three months ended December 31, 2024 and 2023. These sales were made primarily by our foreign subsidiaries, which have cost structures that substantially align with the currency of sale. Â In the normal course of our business, we have liquid assets denominated in non-functional currencies which include cash, short-term advances between our legal entities and accounts receivable which are subject to foreign currency exposure. Such balances were $38.8Â million and $63.9Â million, respectively, at December 31, 2024 andÂ September 30, 2024, and primarily relate to the Euro, British Pound, and the Chinese Yuan. We mitigate the impact of potential currency translation losses on these short-term intercompany advances by the timely settlement of each transaction, generally within 30Â days. We also utilize forward contracts to mitigate our exposures to currency movement. We incurred foreign currency gainsÂ of $0.5Â million andÂ losses ofÂ $0.5Â million during the three months ended December 31, 2024 and 2023, respectively, which related to the currency fluctuation on these balances between the time the transaction occurred and the ultimate settlement of the transaction. A hypothetical 10% change in foreign exchange rates as of December 31, 2024 would result in an approximate change of $0.2Â million in our net incomeÂ during the three months ended December 31, 2024. Â â€‹ ItemÂ 4. Controls and Procedures Â Evaluation of Disclosure Controls and Procedures.Â Under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SECâ€™s rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. Based upon this evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were not effective as of December 31, 2024Â due to the material weakness described below.Â Notwithstanding the material weakness, our chief executive officer and our chief financial officer have concluded that the Companyâ€™s unaudited Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q are fairly stated in all material respects in accordance with U.S. generally accepted accounting principles for each of the periods presented.Â Â 37 Table of Contents Â Material Weakness in Internal Control over Financial Reporting. As previously disclosed in theÂ 2024Â Annual Report on Form 10-K, we identified a material weakness in our internal control over financial reporting as we did not design and maintain effective controls related to the review of the cash flow statement that continues to exist as of December 31, 2024.Â The material weakness resulted in immaterial misstatements in our Consolidated Statements of Cash Flows for the Q2 and Q3 interim periods during fiscal year 2023, for the year ended September 30, 2023, as well as the Q1, Q2, and Q3 interim periods during fiscal year 2024 and in our supplemental cash flow disclosures for the year ended September 30, 2022, each interim and annual period during fiscal year 2023 and the Q1, Q2 and Q3 interim periods during fiscal year 2024.Â Additionally, the material weakness could result in material misstatements of our interim or annual consolidated statement of cash flows or supplemental cash flow disclosures that would not be prevented or detected on a timely basis. Â Remediation Plan.Â During the three months endedÂ December 31, 2024, we have taken steps to remediate the material weakness described above, including implementingÂ a new cash flow reporting tool which automates the calculation of the effect of exchange rate changes on cash and cash equivalents, and we have implementedÂ and documentedÂ new processes and controls over the review of our consolidated statement ofÂ cash flows. While the new and enhanced controls have been designed and implemented, they have not operated for a sufficient period of time as of December 31, 2024 to assert the material weakness has been remediated. OnceÂ the controlsÂ operate for a sufficient period of time and management has concluded, through testing, that the controls are operating effectively, the material weakness will be considered remediated. We are committed to continuing to improve our internal control over financial reporting, and as we continue to evaluate and work to improve our internal control over financial reporting, we may take additional measures to address control deficiencies, or we may modify certainÂ remediation measures. Â Changes in Internal Control over Financial Reporting. As described under the Remediation Plan section above, there wereÂ changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Â Â PARTÂ II. OTHER INFORMATION Â ItemÂ 1. Legal Proceedings Â We are subject to various legal proceedings, both asserted and unasserted, that arise in the ordinary course of business. We cannot predict the ultimate outcome of such legal proceedings or in certain instances provide reasonable ranges of potential losses. However, as of the date of this Quarterly Report on FormÂ 10-Q, we believe that none of these claims will have a material adverse effect on our consolidated financial condition or results of operations, in each case, for continuing operations. Please refer to Note 3, Discontinued OperationsÂ and Note 16, Commitments and ContingenciesÂ in the notes to the unaudited condensed consolidated financial statements included in the section titled â€œFinancial Statementsâ€ in Part I, Item 1 of this Quarterly Report on Form 10-Q, for additional information about our legal proceedings. In the event of unexpected subsequent developments and given the inherent unpredictability of these legal proceedings, there can be no assurance that our assessment of any claim will reflect the ultimate outcome and an adverse outcome in certain matters could, from time to time, have a material adverse effect on our consolidated financial condition or results of operations in particular quarterly or annual periods. Â â€‹ Item 1A. Risk Factors Â You should carefully review and consider the information regarding certain factors that could materially affect our business, consolidated financial condition or results of operations set forth under the section titled â€œRisk Factorsâ€ in Part I, Item 1A of the 2024Â Annual Report on FormÂ 10-K. There have been no material changes from the risk factors disclosed in the 2024Â Annual Report on FormÂ 10-K.Â We may disclose changes to risk factors or additional factors from time to time in our future filings with the SEC.Â Â Item 5. Other Information Â Rule 10b5-1 Trading Arrangements Â During the three months ended December 31, 2024, no director nor officer of the CompanyÂ adopted,Â modifiedÂ orÂ terminatedÂ a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408 of Regulation S-K. Â 38 Table of Contents Â Â Â ItemÂ 6. Exhibits Â The following exhibits are included herein: Â Exhibit No. Â Description â€‹ â€‹ â€‹ 10.1 â€‹ Cooperation Agreement, by and among the Company and Politan Capital Management LP, Politan Capital Management GP LLC, Politan Capital NY LLC, and Politan Capital Partners GP LLC, dated as of November 1, 2024 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 4, 2024). Â Â Â 10.2* Â Offer Letter, dated November 11, 2024, between Azenta, Inc. and Lawrence Lin (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on November 12, 2024). Â Â Â 10.3* Â Transition and Severance Agreement and Release dated November 12, 2024 between Azenta, Inc. and Herman Cueto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on November 12, 2024). â€‹ â€‹ â€‹ 31.01 â€‹ Certification of the Companyâ€™s Chief Executive Officer pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 2002. â€‹ â€‹ â€‹ 31.02 â€‹ Certification of the Companyâ€™s Chief Financial Officer pursuant to SectionÂ 302 of the Sarbanes-Oxley Act of 2002. â€‹ â€‹ â€‹ 32 â€‹ Certification of the Companyâ€™s Chief Executive Officer and Chief Financial Officer pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002. â€‹ â€‹ â€‹ 101 â€‹ The following material from the Companyâ€™s Quarterly Report on FormÂ 10-Q, for the quarter ended December 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i)Â the unaudited Condensed Consolidated Balance Sheets; (ii)Â the unaudited Condensed Consolidated Statements of Operations; (iii)Â the unaudited Condensed Consolidated Statements of Comprehensive Income (Loss); (iv)Â the unaudited Condensed Consolidated Statements of Cash Flows; (v) the unaudited Condensed Consolidated Statements of Changes in Stockholdersâ€™Â Equity; and (vi)Â the NotesÂ to the unaudited Condensed Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because XBRL tags are embedded in the iXBRL document. â€‹ â€‹ â€‹ 104 â€‹â€‹â€‹ Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101). Â Â Â Â Â â€‹*Management contract, compensatory plan or agreement. Â â€‹ 39 Table of Contents Â SIGNATURES Â Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. Â Â â€‹ AZENTA,Â INC. â€‹ â€‹ Date: February 10, 2025 /s/ Lawrence Lin â€‹ Lawrence Lin â€‹ Executive Vice President and Chief Financial Officer â€‹ (Principal Financial Officer) â€‹ â€‹ Date: February 10, 2025 /s/ Violetta A. Hughes â€‹ Violetta A. Hughes â€‹ Vice President and Chief Accounting Officer â€‹ (Principal Accounting Officer) Â â€‹ 40 0001437749-25-003325ex_753320.htm ExhibitÂ 31.01Â CERTIFICATION PURSUANT TO SECTIONÂ 302 OF THE SARBANES-OXLEY ACT OF 2002Â I, John Marotta, certify that:Â Â 1. I have reviewed this quarterly report on FormÂ 10-Q of Azenta,Â Inc.; Â Â 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; Â Â 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; Â Â 4. The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â and 15d-15(f)) for the registrant and have: Â Â 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; Â Â 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; Â Â c. Evaluated the effectiveness of the registrantâ€™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 Â Â d. Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â Â 5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â Â 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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â â€‹Â Â /s/ John Marotta Â John Marotta Â President and Chief Executive Officer Â Â Â Date: February 10, 2025 Â Â â€‹Â 0001437749-25-003325ex_753321.htm ExhibitÂ 31.02Â CERTIFICATION PURSUANT TO SECTIONÂ 302 OF THE SARBANES-OXLEY ACT OF 2002Â I, Lawrence Lin, certify that:Â Â 1. I have reviewed this quarterly report on FormÂ 10-Q of Azenta,Â Inc.; Â Â 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; Â Â 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; Â Â 4. The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act RulesÂ 13a-15(e)Â and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act RulesÂ 13a-15(f)Â and 15d-15(f)) for the registrant and have: Â Â 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; Â Â 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; Â Â c. Evaluated the effectiveness of the registrantâ€™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 Â Â d. Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and Â Â 5. The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions): Â Â 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 registrantâ€™s ability to record, process, summarize and report financial information; and Â Â b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting. Â â€‹Â Â /s/ Lawrence Lin Â Lawrence Lin Â Executive Vice President and Chief Financial Officer Â Â Â Date: February 10, 2025 Â Â â€‹Â 0001437749-25-003325ex_753322.htm

ExhibitÂ 32Â Â â€‹CERTIFICATIONÂ Pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a)Â and (b)Â of SectionÂ 1350, ChapterÂ 63 of Title 18, United States Code)Â Pursuant to SectionÂ 906 of the Sarbanes-Oxley Act of 2002 (subsections (a)Â and (b)Â of SectionÂ 1350, ChapterÂ 63 of Title 18, United States Code), each of the undersigned officers of Azenta,Â Inc., a Delaware corporation (the â€œCompanyâ€), does hereby certify, to the best of such officerâ€™s knowledge and belief, that:Â (1)Â The Quarterly Report on FormÂ 10-Q for the quarter endedÂ December 31, 2024Â (this "Form 10-Q") of the Company fully complies with the requirements of SectionÂ 13(a)Â or 15(d)Â of the Securities Exchange Act of 1934; andÂ (2)Â The information contained in this FormÂ 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.Â Â Â â€‹ Dated: February 10, 2025 Â Â /s/ John Marotta â€‹ Â Â John Marotta â€‹ Â Â President and Chief Executive Officer â€‹ Â Â (Principal Executive Officer) â€‹ Â â€‹ Dated: February 10, 2025 Â Â /s/ Lawrence Lin â€‹ Â Â Lawrence Lin â€‹ Â Â Executive Vice President and â€‹ Â Â Chief Financial Officer â€‹ Â Â (Principal Financial Officer) Â â€‹A signed original of this written statement required by SectionÂ 906 has been provided to Azenta,Â Inc. and will be retained by Azenta,Â Inc. and furnished to the Securities and Exchange Commission or its staff upon request.Â Â