UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2021, or

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

For the transition period from_________ to _________

Commission file number 0-17272

BIO-TECHNE CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota **(State or other jurisdiction of incorporation or organization)**	**41-1427402** **(I.R.S. Employer Identification No.)**
614 McKinley Place N.E. **Minneapolis, MN 55413** **(Address of principal executive offices) (Zip Code)**	**(612) 379-8854** **(Registrant's telephone number, including area code)**

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.01 par value	TECH	The NASDAQ Stock Market LLC

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

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

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

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

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

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

At February 3, 2022, 39,288,254 shares of the Company's Common Stock (par value $0.01) were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

Bio-Techne Corporation and Subsidiaries
(in thousands, except per share data)
(unaudited)

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	2020
Net sales	$ 269,276	$ 224,253	$ 526,995	$ 428,452
Cost of sales	85,585	73,353	172,307	139,821
Gross margin	183,691	150,900	354,688	288,631
Operating expenses:				
Selling, general and administrative	100,693	83,116	186,868	155,714
Research and development	20,650	16,789	42,250	32,830
Total operating expenses	121,343	99,905	229,118	188,544
Operating income	62,348	50,995	125,570	100,087
Other income (expense)	23,831	5,373	27,992	(4,381)
Earnings before income taxes	86,179	56,368	153,562	95,706
Income taxes (benefit)	14,120	10,224	12,522	16,168
Net earnings, including noncontrolling interest	72,059	46,144	141,040	79,538
Net earnings (loss) attributable to noncontrolling interest	(8,114)	(130)	(8,748)	(130)
Net earnings attributable to Bio-Techne	$ 80,173	$ 46,274	$ 149,788	$ 79,668
Other comprehensive income (loss):				
Foreign currency translation adjustments	1,924	16,928	(6,722)	28,842
Unrealized gains (losses) on derivative instruments - cash flow hedges, net of tax amounts disclosed in Note 8	2,884	2,059	4,566	4,202
Other comprehensive income (loss)	4,808	18,987	(2,156)	33,044
Other comprehensive income (loss) attributable to noncontrolling interest	66	83	27	83
Other comprehensive income (loss) attributable to Bio-Techne	4,742	18,904	(2,183)	32,961
Comprehensive income attributable to Bio-Techne	$ 84,915	$ 65,178	$ 147,605	$ 112,629
Earnings per share attributable to Bio-Techne:				
Basic	$ 2.04	$ 1.20	$ 3.82	$ 2.06
Diluted	$ 1.94	$ 1.15	$ 3.64	$ 1.98
Weighted average common shares outstanding:				
Basic	39,310	38,691	39,202	38,614
Diluted	41,207	40,257	41,159	40,135

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

Bio-Techne Corporation and Subsidiaries
(in thousands, except share and per share data)

	December 31, 2021 (unaudited)	June 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 211,845	$ 199,091
Short-term available-for-sale investments	67,135	32,463
Accounts receivable, less allowance for doubtful accounts of$1,334 and $1,229, respectively	152,896	145,385
Inventories	121,858	116,748
Other current assets	36,496	16,919
Total current assets	590,230	510,606
Property and equipment, net	211,814	207,907
Right of use asset	64,293	73,834
Goodwill	832,056	843,067
Intangible assets, net	569,347	615,968
Other assets	37,106	11,575
Total assets	$ 2,304,846	$ 2,262,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 26,756	$ 29,384
Salaries, wages and related accruals	43,921	51,294
Accrued expenses	18,991	15,282
Contract liabilities	19,081	18,995
Income taxes payable	14,284	5,336
Operating lease liabilities - current	11,809	11,602
Contingent consideration payable	2,000	4,000
Current portion of long-term debt obligations	12,500	12,500
Other current liabilities	5,467	3,891
Total current liabilities	154,809	152,284
Deferred income taxes	101,423	93,125
Long-term debt obligations	269,618	328,827
Long-term contingent consideration payable	7,000	25,400
Operating lease liabilities	57,718	67,625
Other long-term liabilities	11,747	24,462
Bio-Techne's Shareholders' equity:		
Undesignated capital stock, no par; authorized 5,000,000 shares; none issued or outstanding	-	-
Common stock, par value $.01 per share; authorized 100,000,000; issued and outstanding 39,319,766 and 38,955,484, respectively	393	390
Additional paid-in capital	616,429	534,411
Retained earnings	1,145,641	1,085,461
Accumulated other comprehensive loss	(59,474)	(57,291)
Total Bio-Techne’s shareholders' equity	1,702,989	1,562,971
Noncontrolling interest	(458)	8,263
Total shareholders’ equity	1,702,531	1,571,234
Total liabilities and shareholders’ equity	$ 2,304,846	$ 2,262,957

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Bio-Techne Corporation and Subsidiaries
(in thousands)
(unaudited)

	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings, including noncontrolling interest	$ 141,040	$ 79,538
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	49,836	41,972
Costs recognized on sale of acquired inventory	1,596	23
Deferred income taxes	7,233	216
Stock-based compensation expense	25,706	28,531
Contingent consideration payments	(3,300)	(155)
Fair value adjustment to contingent consideration payable	(16,400)	4,600
Fair value adjustment on available for sale investments	(33,672)	(6,356)
Asset impairment restructuring	546	-
Eminence impairment	18,715	-
Leases, net	(501)	113
Other operating activity	383	324
Change in operating assets and operating liabilities, net of acquisition:		
Trade accounts and other receivables, net	(9,347)	(2,327)
Inventories	(8,700)	(586)
Prepaid expenses	(7,025)	(1,508)
Trade accounts payable, accrued expenses, contract liabilities, and other	(175)	8,624
Salaries, wages and related accruals	(10,408)	(1,713)
Income taxes payable	(6,100)	3,982
Net cash provided by (used in) operating activities	149,427	155,278
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of available-for-sale investments	12,450	43,146
Purchases of available-for-sale investments	(13,500)	(27,184)
Additions to property and equipment	(16,238)	(22,383)
Acquisitions, net of cash acquired	-	(9,765)
Investment of forward purchase contract	(25,000)	-
Other investing activity	-	(556)
Net cash provided by (used in) investing activities	(42,288)	(16,742)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends	(25,069)	(24,728)
Proceeds from stock option exercises	56,500	32,337
Re-purchases of common stock	(41,294)	-
Borrowings under line-of-credit agreement	50,000	-
Repayments of long-term debt	(109,250)	(125,250)
Contingent consideration payments	(700)	-
Other financing activity	(23,247)	(7,371)
Net cash provided by (used in) financing activities	(93,060)	(125,012)
Effect of exchange rate changes on cash and cash equivalents	(1,325)	5,377
Net change in cash and cash equivalents	12,754	18,901
Cash and cash equivalents at beginning of period	199,091	146,625
Cash and cash equivalents at end of period	$ 211,845	$ 165,526
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 15,368	$ 11,007
Cash paid for interest	$ 6,144	$ 7,779

See Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Bio-Techne Corporation and Subsidiaries
(unaudited)

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

The interim consolidated financial statements of Bio-Techne Corporation and subsidiaries, (the Company) presented here have been prepared by the Company and are unaudited. They have been prepared in accordance with accounting principles generally accepted in the United States of America and with instructions to Form 10-Q and Article 10 of Regulation S-X. They reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto for the fiscal year ended June 30, 2021, included in the Company's Annual Report on Form 10-K for fiscal 2021. A summary of significant accounting policies followed by the Company is detailed in the Company's Annual Report on Form 10-K for fiscal 2021. The Company follows these policies in preparation of the interim unaudited condensed consolidated financial statements.

During the six months ended December 31, 2021, the Company operated under two operating segments, Protein Sciences and Diagnostics and Genomics. The operating segments the Company operated under were consistent with the Company's operating segments disclosed in the Company's Annual Report on Form 10-K for fiscal 2021.

Goodwill: In the second quarter of fiscal 2022, Changzhou Eminence Biotechnology Co., Ltd. (Eminence) notified the Company of its need for additional capital to execute its growth plan. The Company first attempted to find outside equity financing support for the Eminence investment but was unable to do so. The Company then reviewed the additional financing needs required to successfully ramp Eminence's business, which ultimately did not meet the Company's return on capital requirements. Therefore, the Company did not provide additional funding to Eminence. As a result of not obtaining additional financing, Eminence notified the Company of its plans to cease operations and liquidate its business.

Given the upcoming liquidation process to dispose of the Eminence assets, the Company identified a triggering event in the second quarter of fiscal 2022 and performed impairment testing. The impairment testing resulted in a full impairment of the Eminence goodwill and intangible assets, which resulted in charges of $8.3 million and $8.6 million, respectively. The Company also recognized inventory and fixed asset impairment charges of $0.9 million and $0.9 million, respectively.

The Company recorded the impairment charges within the General and Administrative line in the Consolidated Income Statement. The impact on net income attributable to Bio-Techne was approximately $8 million, after taking into effect non-controlling interest holders. The remaining net tangible assets of Eminence included in our Consolidated Balance Sheet were approximately $4 million and primarily consisted of fixed assets and related deposits of $3.7 million, inventory of $0.9 million, receivables of $0.6 million, and other current assets of $0.2 million. The Company also had $1.6 million related to current liabilities. The Company holds a financial interest of approximately 57.4% in those tangible assets in the liquidation process.

Investments: In December 2021, the Company paid $25 million to enter into a two-part forward contract which requires the Company to make an initial ownership investment followed by purchase of full equity interest in Wilson Wolf Corporation (Wilson Wolf) if certain annual revenue or EBITDA thresholds are met. Wilson Wolf is a leading manufacturer of cell culture devices, including the G-Rex product line.

The first part of the forward contract is triggered upon Wilson Wolf achieving approximately $92 million in annual revenue or $55 million in annual earnings before interest, taxes, depreciation, and amortization (EBITDA) at any point prior to December 31, 2027. Once triggered, the Company is required to make an additional investment of $231 million in exchange for a 19.9% ownership stake. If Wilson Wolf doesn't achieve the revenue and EBITDA targets by December 31, 2027, the agreement will expire.

Once the first part of the forward contract is triggered, the second part of the forward contract will automatically trigger, and requires the Company to acquire the remaining equity interest in Wilson Wolf on December 31, 2027 based on a revenue multiple. The second part of the contract would be accelerated in advance of December 31, 2027, if Wilson Wolf meets its second milestone of approximately $226 million in annual revenue or $136 million in annual EBITDA. If the second milestone is achieved, the forward contract requires the Company to pay approximately $1 billion plus potential consideration for revenue in excess of the revenue milestone. The approximate multiple for total expected payments of the second forward contract is 4.4 times the annual revenue of Wilson Wolf. The Company has elected to apply the measurement alternative as detailed under ASC 321-10-35-2 for the Wilson Wolf investment. The Company recorded the $25 million payment as a cost basis investment within Other long-term assets on the Consolidated Balance Sheet.

Restructuring actions: Restructuring actions generally include significant actions involving employee-related severance charges, contract termination costs, and impairments and disposals of assets associated with such actions. Employee-related severance charges are based upon distributed employment policies and substantive severance plans. These charges are reflected in the quarter when the actions are probable and the amounts are estimable, which typically is when management approves the associated actions. Asset impairment and disposal charges include right of use assets, leasehold improvements, and other asset write-downs associated with combining operations and disposal of assets.

In September 2021, the Company informed employees of our decision to close our Exosome Diagnostics Germany facility, discontinuing lab and research occurring at the site, as part of a realignment of activities within our Exosome Diagnostics business. The closure of the site is expected to be completed in the third quarter of fiscal 2022. As a result of the restructuring activities, an estimated pre-tax charge of $1.2 million was recorded within our Diagnostics and Genomics segment during thefirst quarter of fiscal 2022. Additional charges of approximately $0.5 million were recorded in the quarter ended December 31, 2021. These additional charges related to the refinement of our estimated close down costs as well as miscellaneous shut-down costs incurred during the quarter. Total restructuring charges for the closure of the Exosome Diagnostics Germany facility for the six months ended December 31, 2021 were recorded within operating income on the income statement as follows (in thousands):

	Employee Severance	Asset Impairment and other	Total
Selling, general and administrative	$ 940	$ 750	$ 1,690

Restructuring actions, including cash and non-cash impacts, are as follows (in thousands):

	Employee Severance	Other	Total
Accrued restructuring action balances as of September 31, 2021(1)	$ 639	$ 364	$ 1,003
Incremental expense incurred in the second quarter of fiscal 2022	-	242	242
Cash payments	(370)	(242)	(612)
Adjustments	301	(37)	264
Accrued restructuring actions balances as of December 31, 2021	$ 570	$ 327	$ 897

(1) The expense recorded for the three months ended September 31, 2021 of $1.2 million included $0.2 million related to the non-cash impairment of fixed assets.

During the second quarter of fiscal 2022, the Company also incurred a restructuring charge of $0.2 million related to employee severance for the relocation of a US plant. This charge is recorded within Other current liabilities as of December 31, 2021. There were no cash payments related to this restructuring during the period ended December 31, 2021.

Recently Adopted Accounting Pronouncements

There were no accounting pronouncements adopted in the first and second quarter of fiscal 2022. Refer to the Form 10-K for accounting pronouncements adopted prior to June 30, 2021.

Note 2. Revenue Recognition:

Consumables revenues consist of single-use products and are recognized at a point in time following the transfer of control of such products to the customer, which generally occurs upon shipment. Instruments revenues typically consist of longer-lived assets that, for the substantial majority of sales, are recognized at a point in time in a manner similar to consumables. Service revenues consist of extended warranty contracts, post contract support, and custom development projects that are recognized over time as either the customers receive and consume the benefits of such services simultaneously or the underlying asset being developed has no alternative use for the Company at contract inception and the Company has an enforceable right to payment for the portion of the performance completed. Service revenues also include laboratory services recognized at point in time. Prior to fiscal 2021, the Company has not recognized revenue upon completion of the performance obligation for laboratory services, but rather upon cash receipt, which was subsequent to the performance obligation being satisfied. The Company accounted for these services based on cash receipts as we did not have significant historical experience collecting payments from Medicare or other insurance providers and considered the variable consideration for such services to be constrained as it would not be probable that a significant amount of revenue would not need to be reversed in future periods for the services provided. Given Medicare coverage for our laboratory services became effective on December 1, 2019, the Company considered it to have sufficient data to estimate variable consideration as of July 1, 2020 for laboratory services that are reimbursed by Medicare. The amount of cash received in fiscal 2021 for laboratory services reimbursed by Medicare that were performed prior to July 1, 2020 was approximately $0.5 million. The Company continues to record revenue based on cash receipts for laboratory services not reimbursed by Medicare, as the variable consideration remains constrained. We recognize royalty revenues in the period the sales occur using third party evidence. The Company elected the "right to invoice" practical expedient based on the Company's right to invoice a customer at an amount that approximates the value to the customer and the performance completed to date.

The Company elected the exemption to not disclose the unfulfilled performance obligations for contracts with an original length of one year or less and the exemption to exclude future performance obligations that are accounted under the sales-based or usage-based royalty guidance. The Company’s unfulfilled performance obligations were not material as of December 31, 2021.

Contracts with customers that contain instruments may include multiple performance obligations. For these contracts, the Company allocates the contract’s transaction price to each performance obligation on a relative standalone selling price basis. Allocation of the transaction price is determined at the contracts’ inception.

Payment terms for shipments to end-users are generally net 30 days. Payment terms for distributor shipments may range from 30 to 90 days. Service arrangements commonly call for payments in advance of performing the work (e.g. extended warranty and service contracts), upon completion of the service (e.g. custom development manufacturing) or a mix of both.

Contract assets include revenues recognized in advance of billings. Contract assets are included within other current assets in the accompanying balance sheet as the amount of time expected to lapse until the company's right to consideration becomes unconditional is less than one year. We elected the practical expedient allowing us to expense contract costs that would otherwise be capitalized and amortized over a period of less than one year. Contract assets as of December 31, 2021 are not material.

Contract liabilities include billings in excess of revenues recognized, such as those resulting from customer advances and deposits and unearned revenue on warranty contracts. Contract liabilities as of December 31, 2021 and June 30, 2021 were approximately $20.8 million and $20.0 million, respectively. Contract liabilities as of June 30, 2021 subsequently recognized as revenue during the quarter and six month period ended December 31, 2021 were approximately $3.6 million and $13.3 million, respectively. Contract liabilities in excess of one year are included in Other long-term liabilities on the consolidated balance sheet.

Any claims for credit or return of goods must be made within 10 days of receipt. Revenues are reduced to reflect estimated credits and returns. Although the amounts recorded for these revenue deductions are dependent on estimates and assumptions, historically our adjustments to actual results have not been material.

Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenue. Amounts billed to customers for shipping and handling are included in revenue, while the related shipping and handling costs are reflected in cost of products. We elected the practical expedient that allows us to account for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment cost, and we accrue costs of shipping and handling when the related revenue is recognized.

The following tables present our disaggregated revenue for the periods presented.

Revenue by type is as follows:

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
Consumables	$ 212,706	$ 177,464	$ 418,397	$ 344,091
Instruments	33,353	26,529	63,222	46,101
Services	17,354	15,175	33,611	30,639
Total product and services revenue, net	$ 263,413	$ 219,168	$ 515,230	$ 420,831
Royalty revenues	5,863	5,085	11,765	7,621
Total revenues, net	$ 269,276	$ 224,253	$ 526,995	$ 428,452

Revenue by geography is as follows:

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
United States	$ 142,367	$ 114,439	$ 283,069	$ 228,001
EMEA, excluding United Kingdom	57,159	49,936	108,702	93,070
United Kingdom	11,842	9,852	24,320	18,386
APAC, excluding Greater China	19,603	18,008	37,104	33,742
Greater China	31,009	25,165	59,442	43,218
Rest of World	7,296	6,853	14,358	12,035
Net Sales	$ 269,276	$ 224,253	$ 526,995	$ 428,452

Note 3. Selected Balance Sheet Data:

Inventories:

Inventories consist of (in thousands):

	December 31, 2021	June 30, 2021
Raw materials	$ 61,624	$ 55,096
Finished goods(1)	65,620	67,108
Inventories, net	$ 127,244	$ 122,204

(1)Finished goods inventory of $5,386 and $5,456 included within other long-term assets in the respective December 31, 2021 and June 30, 2021, consolidated balance sheet. The inventory is included in long-term assets as it is forecasted to be sold after the 12 months subsequent to the consolidated balance sheet date.

Property and Equipment:

Property and equipment consist of (in thousands):

	December 31, 2021	June 30, 2021
Land	$ 8,587	$ 8,612
Buildings and improvements	225,501	190,661
Machinery and equipment	161,431	149,410
Construction in progress	17,386	49,073
Property and equipment, cost	412,905	397,756
Accumulated depreciation and amortization	(201,091)	(189,849)
Property and equipment, net	$ 211,814	$ 207,907

Intangible Assets:

Intangible assets consist of (in thousands):

	December 31, 2021	June 30, 2021
Developed technology	$ 544,388	$ 552,160
Trade names	147,327	147,640
Customer relationships	228,419	232,493
Patents	3,116	2,926
Other intangibles	6,309	6,316
Definite-lived intangible assets	929,559	941,535
Accumulated amortization	(382,912)	(348,267)
Definite-lived intangibles assets, net	546,647	593,268
In process research and development	22,700	22,700
Total intangible assets, net	$ 569,347	$ 615,968

Changes to the carrying amount of net intangible assets for the quarter ended December 31, 2021 consist of (in thousands):

Beginning balance	$	615,968
Acquisitions		-
Other additions		171
Amortization expense		(37,258)
Currency translation		(971)
Eminence impairment (1)		(8,563)
Ending balance	$	569,347

The estimated future amortization expense for intangible assets as of December 31, 2021 is as follows (in thousands):

2022 remainder	$	36,927
2023		71,669
2024		68,818
2025		65,579
2026		61,819
Thereafter		241,835
Total	$	546,647

(1) As disclosed in Note 1, the Company recorded an impairment charge of $8.6 million related to Eminence in Q2 of FY'22.

Goodwill:

Changes to the carrying amount of goodwill for the quarter ended December 31, 2021 consist of (in thousands):

		Protein Sciences		*Diagnostics and Genomics*		*Total*
Beginning balance	$	392,717	$	450,350	$	843,067
Acquisitions		-		-		-
Eminence impairment		(8,275)		-		(8,275)
Currency translation		(2,610)		(126)		(2,736)
Ending balance	$	381,832	$	450,224	$	832,056

We evaluate the carrying value of goodwill in the fourth quarter of each fiscal year and between annual evaluations if events occur or circumstances change that would indicate a possible impairment. The Company performed a quantitative goodwill impairment assessment for all of its reporting units during the fourth quarter of fiscal 2021. No indicators of impairment were identified as part of our assessment.

During the quarter ended September 30, 2021, the Company combined the management of the Exosome Diagnostics and Asuragen reporting units, both of which are included in the Diagnostics and Genomics operating segment. In conjunction with the combination of the reporting units, a qualitative goodwill impairment assessment was performed. The qualitative assessment identified no indicators of impairment.

As disclosed in Note 1, the Company identified a triggering event and a goodwill impairment charge of $8.3 million in the quarter ended December 31, 2021. No additional triggering events or items beyond the upcoming Eminence liquidation were identified during the quarter ended December 31, 2021. The impairment of the Eminence goodwill is the only impairment of goodwill recorded since the adoption of Financial Accounting Standards Board ("FASB") ASC 350 guidance for goodwill and other intangibles on July 1, 2002.

Note 4. Acquisitions:

We periodically complete business combinations that align with our business strategy. Acquisitions are accounted for using the acquisition method of accounting, which requires, among other things, that assets acquired and liabilities assumed be recognized at fair value as of the acquisition date and that the results of operations of each acquired business be included in our consolidated statements of comprehensive income from their respective dates of acquisitions. Acquisition costs are recorded in selling, general and administrative expenses as incurred.

2021 Acquisitions

Asuragen, Inc.

On April 6, 2021, the Company acquired all of the ownership interests of Asuragen, Inc. (Asuragen) for approximately $216 million, net of cash acquired, plus contingent consideration of up to $105.0 million, subject to certain revenue thresholds. The Asuragen acquisition adds a leading portfolio of best in-class molecular diagnostic and research products, including genetic screening, oncology testing kits, molecular controls, a GMP compliant manufacturing facility, and a CLIA-certified laboratory. The transaction was accounted for in accordance with ASC 805, *Business Combinations*. The goodwill recorded as a result of the acquisition represents the strategic benefits of growing the Company' product portfolio and the expected revenue growth from increased market penetration. The goodwill is not deductible for income tax purposes. The business became part of the Diagnostics and Genomics operating segment in the fourth quarter of fiscal 2021.

Purchase accounting remained open as of December 31, 2021 for our income tax assessment of acquired net operating losses with the completion of the stub period tax returns and the corresponding goodwill impact. The Company expects to finalize the allocation of purchase price in the third quarter of fiscal 2022. Net sales and operating loss of this business included in Bio-Techne's consolidated results of operations for the quarter ended December 31, 2021 were approximately $8.8 million and $0.4 million, respectively. Net sales and operating loss of this business included in Bio-Techne's consolidated results of operations for the six months ended December 31, 2021 were approximately $16.4 million and $3.6 million, respectively. The preliminary estimated fair values of the assets acquired and liabilities assumed as of the acquisition date and at December 31, 2021 are as follows (in thousands):

	Preliminary allocation at acquisition date and at December 31, 2021
Current assets, net of cash	$ 10,422
Equipment and other long-term assets	3,762
Intangible assets:	
Developed technology	107,000
In-process research and development	22,700
Customer relationships	11,700
Trade names	2,000
Non-competition agreement	1,000
Goodwill	94,970
Total assets acquired	253,554
Liabilities	4,003
Deferred income taxes, net	15,664
Net assets acquired	$ 233,887
Cash paid, net of cash acquired	215,587
Contingent consideration payable	18,300
Net assets acquired	$ 233,887

Tangible assets and liabilities acquired were recorded at fair value on the date of close based on management's preliminary assessment. The purchase price allocated to developed technology, in-process research and development, and customer relationships was based on management's preliminary forecasted cash inflows and outflows and using a multiperiod excess earnings method to calculate the fair value of assets purchased. The amount recorded for developed technology is being amortized with the expense reflected in cost of goods sold in the Condensed Consolidated Statement of Earnings and Comprehensive Income. The amortization period for developed technology is estimated to be 14 years. Amortization expense related to customer relationships is reflected in selling, general and administrative expenses in the Condensed Consolidated Statement of Earnings and Comprehensive Income. The amortization period for customer relationships is estimated to be 16 years. The amount recorded for trade names and the non-competition agreement is being amortized with the expense reflected in selling, general and administrative expenses in the Condensed Consolidated Statement of Earnings and Comprehensive Income. The amortization period for trade names and the non-competition agreement is estimated to be 5 years and 3 years, respectively. The net deferred income tax liability represents the net amount of the estimated future impact of adjustments for costs to be recognized as intangible asset amortization, which is not deductible for income tax purposes, offset by the deferred tax asset for the preliminary calculation of acquired net operating losses.

Note* 5. *Fair Value Measurements:

The Company's financial instruments include cash and cash equivalents, available for sale investments, derivative instruments, accounts receivable, accounts payable, contingent consideration obligations, and long-term debt.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. This standard also establishes a hierarchy for inputs used in measuring fair value. This standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability based upon the best information available in the circumstances.

The categorization of financial assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable for the asset or liability and their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 may also include certain investment securities for which there is limited market activity or a decrease in the observability of market pricing for the investments, such that the determination of fair value requires significant judgment or estimation.

The following tables provide information by level for financial assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	Total carrying value as of December 31, 2021	*Fair Value Measurements Using Inputs Considered as*		
		Level 1	*Level 2*	*Level 3*
Assets				
Equity securities (1)	$ 53,635	$ 50,525	$ 3,110	$ -
Certificates of deposit (2)	13,500	13,500	-	-
Derivative instruments – cash flow hedges	2,254	-	2,254	-
Total assets	$ 69,389	$ 64,025	$ 5,364	$ -
Liabilities				
Contingent consideration	$ 9,000	$ -	$ -	$ 9,000
Derivative instruments - cash flow hedges	4,382	-	4,382	-
Total liabilities	$ 13,382	$ -	$ 4,382	$ 9,000

	Total carrying value as of June 30, 2021	*Fair Value Measurements Using Inputs Considered as*		
		Level 1	*Level 2*	*Level 3*
Assets				
Equity securities (1)	$ 19,963	$ 18,581	$ 1,382	$ -
Certificates of deposit (2)	12,500	12,500	-	-
Derivative instruments – cash flow hedges	275	-	275	-
Total assets	$ 32,738	$ 31,081	$ 1,657	$ -
Liabilities				
Contingent consideration	$ 29,400	$ -	$ -	$ 29,400
Derivative instruments - cash flow hedges	8,376	-	8,376	-
Total liabilities	$ 37,776	$ -	$ 8,376	$ 29,400

(1) Included in available-for-sale investments on the balance sheet. The cost basis in the Company's investment in ChemoCentryx Inc (CCXI) was $6.6 million at both December 31, 2021 and June 30, 2021. The Company has a warrant to purchase additional CCXI equity shares which was valued at $3.1 million and $1.4 million as of December 31, 2021 and June 30, 2021, respectively.

(2) Included in available-for-sale investments on the balance sheet. The certificates of deposit have contractual maturity dates within one year.

Fair value measurements of available for sale securities
Our available for sale securities are measured at fair value using quoted market prices in active markets for identical assets and are therefore classified as Level 1 assets. The Company's warrant to purchase additional shares at a specified future price was valued using a Black-Scholes model with observable inputs in active markets and therefore was classified as a Level 2 asset.

Fair value measurements of derivative instruments
In October 2018, the Company entered into forward starting swaps designated as cash flow hedges on outstanding debt. The forward starting swaps reduce the variability of cash flow payments for the Company by converting the variable interest rate on the Company's long-term debt described in Note 6 to that of a fixed interest rate. Accordingly, as part of the forward starting swaps, the Company exchanges, at specified intervals, the difference between floating and fixed interest amounts based on an initial $380 million of notional principal amount. The notional amount decreased by $100 million in October 2020, $80 million in October 2021 and will further decrease by $200 million in October 2022. In June 2020, the Company de-designated $80 million of the notional amount set to expire in October 2020. The net loss associated with the June 2020 de-designated portion of the derivative instrument was not reclassified into earnings based on the amount of probable variable interest payments to occur within a two-month time period of the forecasted hedged transaction. In December 2020, the Company de-designated an additional $80 million of notional amount set to expire in October 2021. The net loss associated with the December 2020 de-designated portion of the derivative instrument was recorded as a loss in other non-operating income related to variable interest debt payments in certain months on a portion of the de-designated derivative that was not expected to occur. The fair value of the designated derivative instrument is $4.4 million and is recorded within short-term liabilities on the Consolidated Balance Sheet as of December 31, 2021. The fair value of the designated derivative instrument was $7.6 million as of June 30, 2021 and was recorded within other long-term liabilities on the Consolidated Balance Sheet.

In May 2021, the Company entered into a new forward starting swap designated as a cash flow hedge on forecasted debt. The forward starting swap reduces the variability of cash flow payments for the Company by converting the variable interest rate on the Company's forecasted variable interest long-term debt to that of a fixed interest rate. Accordingly, as part of the forward starting swap, the Company exchanges, at specified intervals, the difference between floating and fixed interest amounts based on $200 million of notional principal amount. The effective date of the swap is November 2022 with the full swap maturing in November 2025. The fair value of the derivative instrument was $2.3 million and $0.3 million as of December 31, 2021 and June 30, 2021, respectively, which is recorded within other long-term assets on the Consolidated Balance Sheet.

Changes in the fair value of the designated hedged instruments are reported as a component of other comprehensive income and reclassified into interest expense over the corresponding term of the cash flow hedge. The Company reclassified $3.8 million to interest expense and related tax benefits of $0.9 million during the six months ended December 31, 2021. The Company reclassified $5.0 million to interest expense, $0.5 million to non-operating income for the portion of de-designated variable payments considered probable to not occur, and related tax benefits of $1.3 million during the six months ended December 31, 2020. The instruments were valued using observable market inputs in active markets and therefore are classified as Level 2 liabilities.

Fair value measurements of contingent consideration
The Company has $9 million in contingent consideration recorded as of December 31, 2021, which is the fair value of contingent consideration related to the Asuragen and B-MoGen Biotechnologies Inc ("B-MoGen") acquisitions. The Company is required to make contingent consideration payments of up to $105.0 million and $38.0 million, respectively, as part of these acquisition agreements. The contingent agreement for Asuragen is based on achieving certain revenue thresholds. The opening balance sheet fair value of the liabilities for the Asuragen acquisition was $18.3 million, as discussed in Note 4. The contingent agreement for B-MoGen is based on meeting certain product development milestones and revenue thresholds. The fair value amount recorded on the opening balance sheet of the revenue milestone payments was determined using a Monte Carlo simulation-based model discounted to present value. Assumptions used in these calculations are units sold, expected revenue, expected expenses, discount rate, and various probability factors.

The ultimate settlement of contingent consideration liabilities for the Asuragen and B-Mogen acquisitions could deviate from current estimates based on the actual results of the financial measures described above. This liability is considered to be a Level 3 financial liability that is re-measured each reporting period. The change in fair value of contingent consideration for these acquisitions is included in general and administrative expense.

During the first quarter of fiscal 2022, the Company made a $4.0 million payment on the QT Holdings Corporation contingent consideration agreement relating to certain product development milestones. The cash paid was consistent with the related accrual as of June 30, 2021.

The following table presents a reconciliation of the liability measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (in thousands):

	Quarter Ended December 31, 2021	Six Months Ended December 31, 2021
Fair value at the beginning of period	$ 22,600	$ 29,400
Change in fair value of contingent consideration	(13,600)	(16,400)
Payments	-	(4,000)
Fair value at the end of period	$ 9,000	$ 9,000

The use of different assumptions, applying different judgment to matters that inherently are subjective and changes in future market conditions could result in different estimates of fair value of our securities or contingent consideration, currently and in the future. If market conditions deteriorate, we may incur impairment charges for securities in our investment portfolio.

Fair value measurements of other financial instruments– The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate fair value.

Cash and cash equivalents, certificates of deposit, accounts receivable, and accounts payable – The carrying amounts reported in the consolidated balance sheets approximate fair value because of the short-term nature of these items.

Long-term debt – The carrying amounts reported in the consolidated balance sheets for the amount drawn on our line-of-credit facility and long-term debt approximates fair value because our interest rate is variable and reflects current market rates.

Note 6. Debt and Other Financing Arrangements:

On August 1, 2018, the Company entered into a new revolving line-of-credit and term loan governed by a Credit Agreement (the Credit Agreement). The Credit Agreement provides for a revolving credit facility of $600.0 million, which can be increased by an additional $200.0 million subject to certain conditions, and a term loan of $250.0 million. Borrowings under the Credit Agreement may be used for working capital and expenditures of the Company and its subsidiaries, including financing permitted acquisitions. Borrowings under the Credit Agreement bear interest at a variable rate. The current outstanding debt is based on the Eurodollar Loans term for which the interest rate is calculated as the sum of LIBOR plus an applicable margin. The applicable margin is determined from the total leverage ratio of the Company and updated on a quarterly basis. The annualized fee for any unused portion of the credit facility is currently 12.5 basis points.

The Credit Agreement matures on August 1, 2023 and contains customary restrictive and financial covenants and customary events of default. As ofDecember 31, 2021, the outstanding balance under the Credit Agreement was $282.3 million.

Note 7. Leases:

As a lessee, the company leases offices, labs, and manufacturing facilities, as well as vehicles, copiers, and other equipment. The Company adopted ASUNo. 2016-02 and related standards (collectively ASC 842, *Leases*), which replaced previous lease accounting guidance, on July 1, 2019.

The Company recognizes operating lease expense on a straight-line basis over the lease term. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The discount rate used to calculate present value is Bio-Techne's incremental borrowing rate or, if available, the rate implicit in the lease. Bio-Techne determines the incremental borrowing rate for each lease based primarily on its lease term and the economic environment of the applicable country or region. During the six months ended December 31, 2021, the Company recognized $2.1 million in variable lease expense and $7.3 million relating to fixed lease expense in the Condensed Consolidated Statements of Earnings and Comprehensive Income.

The following table summarizes the balance sheet classification of the Company's operating leases and amounts of right of use assets and lease liabilities and the weighted average remaining lease term and weighted average discount rate for the Company's operating leases (asset and liability amounts are in thousands):

	Balance Sheet Classification	*As of: December 31, 2021*
Operating leases:		
Operating lease right of use assets	Right of Use Asset	$ 64,293
Current operating lease liabilities	Operating lease liabilities current	$ 11,809
Noncurrent operating lease liabilities	Operating lease liabilities	57,718
Total operating lease liabilities		$ 69,527
Weighted average remaining lease term (in years):		7.25
Weighted average discount rate:		3.87%

The following table summarizes the cash paid for amounts included in the measurement of operating lease liabilities and right of use assets obtained in exchange for new operating lease liabilities for the six months ended (in thousands):

	Six months ended December 31, 2021
Cash amounts paid on operating lease liabilities	$ 7,504
Right of use assets obtained in exchange for lease liabilities	575

The following table summarizes the fair value of the lease liability by payment date for the Company's operating leases by fiscal year (in thousands):

	Operating Leases
Remainder of fiscal 2022	$ 7,176
2023	13,191
2024	11,511
2025	10,353
2026	9,628
Thereafter	27,902
Total	$ 79,761
Less: Amounts representing interest	10,234
Total Lease obligations	$ 69,527

Certain leases include one or more options to renew, with terms that extend the lease term up tofive years. Bio-Techne includes the option to renew the lease as part of the right of use lease asset and liability when it is reasonably certain the Company will exercise the option. In addition, certain leases contain fair value purchase and termination options with an associated penalty. In general, Bio-Techne is not reasonably certain to exercise such options.

Note 8. Supplemental Equity and Accumulated Other Comprehensive Income (Loss):

Supplemental Equity

The Company has declared cash dividends per share of $0.32 and $0.64 in both the three and six months ended December 31, 2021 and 2020, respectively.

Consolidated Changes in Equity (amounts in thousands)

	Bio-Techne Shareholders						
	Common Stock		*Additional Paid-in*	*Retained*	*Accumulated Other Comprehensive*	*Noncontrolling*	
	Shares	*Amount*	*Capital*	*Earnings*	*Income(Loss)*	*Interest*	*Total*
Balances at June 30, 2021	**38,955**	**$ 390**	**$ 534,411**	**$ 1,085,461**	**$ (57,291)**	**$ 8,263**	**$ 1,571,234**
Net earnings				69,615		(634)	68,981
Other comprehensive income (loss)					(6,925)	(39)	(6,964)
Share repurchases							
Common stock issued for exercise of options	295	3	36,345	(13,481)			22,867
Common stock issued for restricted stock awards	20	0	0	(9,765)			(9,765)
Cash dividends				(12,493)			(12,493)
Stock-based compensation expense			11,396				11,396
Common stock issued to employee stock purchase plan	3	0	1,358				1,358
Employee stock purchase plan expense			341				341
Balances at September 30, 2021	**39,273**	**$ 393**	**$ 583,851**	**$ 1,119,337**	**$ (64,216)**	**$ 7,590**	**$ 1,646,955**
Net earnings				80,173		(8,114)	72,059
Other comprehensive income (loss)					4,742	66	4,808
Share repurchases	(89)	(1)		(41,293)			(41,294)
Common stock issued for exercise of options	134	1	18,604				18,605
Common stock issued for restricted stock awards	1						
Cash dividends				(12,576)			(12,576)
Stock-based compensation expense			13,701				13,701
Common stock issued to employee stock purchase plan			6				6
Employee stock purchase plan expense			267				267
Balances at December 31, 2021	**39,319**	**393**	**616,429**	**1,145,641**	**(59,474)**	**(458)**	**1,702,531**

	Bio-Techne Shareholders						
	Common Stock		*Additional Paid-in*	*Retained*	*Accumulated Other Comprehensive*	*Noncontrolling*	
	Shares	*Amount*	*Capital*	*Earnings*	*Income(Loss)*	*Interest*	*Total*
Balances at June 30, 2020	**38,453**	**$ 385**	**$ 420,536**	**$ 1,057,470**	**$ (97,199)**	$ -	**$ 1,381,192**
Cumulative effect adjustments due to adoption of new accounting standards				(276)			(276)
Net earnings				33,395			33,395
Other comprehensive income (loss)					14,057		14,057
Common stock issued for exercise of options	117	1	13,727				13,728
Common stock issued for restricted stock awards	25	0	(0)	(4,890)			(4,890)
Cash dividends				(12,336)			(12,336)
Stock-based compensation expense			12,667				12,667
Common stock issued to employee stock purchase plan	6	0	1,463				1,463
Employee stock purchase plan expense			286				286
Balances at September 30, 2020	**38,601**	**$ 386**	**$ 448,679**	**$ 1,073,362**	**$ (83,142)**	$ -	**$ 1,439,285**
Non-controlling interest in Eminence						8,985	8,985
Net earnings				46,274		(130)	46,144
Other comprehensive income (loss)					18,904	83	18,987
Common stock issued for exercise of options	161	2	16,748	(2,482)			14,268
Common stock issued for restricted stock awards	3	0	(0)	0			0
Cash dividends				(12,392)			(12,392)
Stock-based compensation expense			15,471				15,471
Employee stock purchase plan expense			106				106
Balances at December 31, 2020	**38,765**	**$ 388**	**$ 481,004**	**$ 1,104,762**	**$ (64,238)**	**$ 8,938**	**$ 1,530,854**

Accumulated Other Comprehensive Income

The components of other comprehensive income (loss) consist of changes in foreign currency translation adjustments and changes in net unrealized gains (losses) on derivative instruments designated as cash flow hedges. The Company reclassified $2.9 million, net of taxes, from accumulated other comprehensive income (loss) to earnings during the six months ended December 31, 2021. The Company reclassified $4.2 million, net of taxes, from accumulated other comprehensive income (loss) to earnings during the six months ended December 31, 2020.

The accumulated balances related to each component of other comprehensive income (loss) attributable to Bio-Techne, net of tax, are summarized as follows:

	Unrealized Gains (Losses) on Derivative Instruments	*Foreign Currency Translation Adjustments*	*Total*
Balance as of June 30, 2021	$ (6,193)	$ (51,098)	$ (57,291)
Other comprehensive income (loss) before reclassifications, net of taxes, attributable to Bio-Techne	1,682	(6,750)	(5,068)
Reclassification from loss on derivatives to interest expense, net of taxes, attributable to Bio-Techne(1)	2,884	$ -	$ 2,884
Balance as of December 31, 2021(2)	$ (1,626)	(57,848)	(59,474)

	Unrealized Gains (Losses) on Derivative Instruments	*Foreign Currency Translation Adjustments*	*Total*
Balance as of June 30, 2020 attributable to Bio-Techne	$ (13,253)	$ (83,946)	$ (97,199)
Other comprehensive income (loss), net of tax before reclassifications, attributable to Bio-Techne	(47)	28,759	28,712
Reclassification from loss on derivatives to interest expense, net of taxes, attributable to Bio-Techne (3)	4,249	-	4,249
Balance as of December 31, 2020(2)	$ (9,051)	$ (55,187)	$ (64,238)

(1) Gains (losses) on the interest swap are reclassified into interest expense as payments on the derivative agreement are made. The Company reclassified $3,777 to interest expense and a related tax benefit of $892 during the six months ended December 31, 2021.

(2) The Company had net deferred tax benefits of $502 and $2,886 included in the accumulated other comprehensive income loss as of December 31, 2021 and 2020, respectively.

(3) Gains (losses) on the interest swap are reclassified into interest expense as payments on the derivative agreement are made. The Company reclassified $5,026 to interest expense and $512 to non-operating income relating to variable interest payments that were probablenot to occur in the six months ended December 31, 2020. The Company also recorded a related tax benefit of $1,289 during the six months ended December 31, 2020.

Note 9. Earnings Per Share:

The following table reflects the calculation of basic and diluted earnings per share (in thousands, except per share amounts):

	Quarter Ended December 31,		Six Months Ended December 31,	
	2021	2020	2021	2020
Earnings per share – basic:				
Net earnings, including noncontrolling interest	$ 72,059	$ 46,144	$ 141,040	$ 79,538
Less net earnings (loss) attributable to noncontrolling interest	(8,114)	(130)	(8,748)	(130)
Net earnings attributable to Bio-Techne	$ 80,173	$ 46,274	$ 149,788	$ 79,668
Income allocated to participating securities	(34)	(37)	(70)	(50)
Income available to common shareholders	$ 80,139	$ 46,237	$ 149,718	$ 79,618
Weighted-average shares outstanding – basic	39,310	38,691	39,202	38,614
Earnings per share – basic	$ 2.04	$ 1.20	$ 3.82	$ 2.06
Earnings per share – diluted:				
Net earnings, including noncontrolling interest	$ 72,059	$ 46,144	$ 141,040	$ 79,538
Less net earnings (loss) attributable to noncontrolling interest	(8,114)	(130)	(8,748)	(130)
Net earnings attributable to Bio-Techne	$ 80,173	$ 46,274	$ 149,788	$ 79,668
Income allocated to participating securities	(34)	(37)	(70)	(50)
Income available to common shareholders	$ 80,139	$ 46,237	$ 149,718	$ 79,618
Weighted-average shares outstanding – basic	39,310	38,691	39,202	38,614
Dilutive effect of stock options and restricted stock units	1,897	1,566	1,957	1,521
Weighted-average common shares outstanding – diluted	41,207	40,257	41,159	40,135
Earnings per share – diluted	$ 1.94	$ 1.15	$ 3.64	$ 1.98

The dilutive effect of stock options and restricted stock units in the above table excludes all options for which the aggregate exercise proceeds exceeded the average market price for the period. The number of potentially dilutive option shares excluded from the calculation was 0.7 million and 1.6 million for the quarter ended December 31, 2021 and 2020, respectively and 0.5 million and 1.5 million for the six months ended December 31, 2021 and 2020 respectively.

Note 10. Share-based Compensation:

During the six months ended December 31, 2021 and 2020, the Company granted 0.3 million and 0.7 million stock options at weighted average grant prices of $483.48 and $267.59 and weighted average fair values of $119.27 and $56.88, respectively. During the six months ended December 31, 2021 and 2020, the Company granted 21,218 and 22,367 restricted stock units at a weighted average fair value of $485.94 and $267.87, respectively. During the six months ended December 31, 2021 and 2020, the Company granted 6,896 and 11,803 shares of restricted common stock shares at a weighted average fair value of $489.34 and $264.73.

Stock options for 470,942 and 293,262 shares of common stock with total intrinsic values of $170.7 million and $50.6 million were exercised during the six months ended December 31, 2021 and 2020, respectively.

Stock-based compensation expense, inclusive of payroll taxes, of $14.1 million and $15.6 million was included in selling, general and administrative expenses for the quarter ended December 31, 2021 and 2020, respectively. Stock-based compensation expenses, inclusive of payroll taxes, of $27.3 million and $28.5 million was included in selling, general, and administrative expenses for the six months ended December 31, 2021 and 2020, respectively. Additionally, the company recognized $0.4 million and $0.8 million of stock-based compensation costs in cost of goods sold in the quarter and six months ended December 31, 2021 respectively, compared to $0.6 million and $1 million in cost of goods sold in the comparative prior year periods. As of December 31, 2021, there was $54.1 million of unrecognized compensation cost related to non-vested stock options, non-vested restricted stock units and non-vested restricted stock. The weighted average period over which the compensation cost is expected to be recognized is 2.2 years.

In fiscal 2015, the Company established the Bio-Techne Corporation 2014 Employee Stock Purchase Plan (ESPP), which was approved by the Company's shareholders on October 30, 2014, and which is designed to comply with IRS provisions governing employee stock purchase plans. 200,000 shares were allocated to the ESPP. The Company recorded expense of $0.3 million and $0.1 million for the ESPP for the quarter ended December 31, 2021 and 2020, respectively. The Company recorded expense of $0.6 million and $0.4 million for the ESPP for the six months ended December 31, 2021 and 2020, respectively.

Note 11. Other Income / (Expense):

The components of other income (expense) in the accompanying Statement of Earnings and Comprehensive Income are as follows:

	Quarter Ended December 31,		Six Months December 31,	
	2021	2020	2021	2020
Interest expense	$ (2,902)	$ (3,585)	$ (6,311)	$ (8,002)
Interest income	245	78	438	192
Other non-operating income (expense), net(1)	26,488	8,880	33,865	3,429
Total other income (expense)	$ 23,831	$ 5,373	$ 27,992	$ (4,381)

(1) Primarily due to a $28.4 million and $33.7 million gain in the fair value of our CCXI investment for the quarter and six months ended December 31, 2021, respectively, as compared to a $10.7 million and $6.4 million gain in the comparative periods.

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Note 12. Income Taxes:

The Company's effective income tax rate for the second quarter of fiscal 2022 and 2021 was 16.4% and 18.1% of consolidated earnings before income taxes, and 8.2% and 16.9% for the first six months of fiscal 2022 and 2021, respectively. The change in the company's tax rate for the quarter and six months ended December 31, 2021 compared to the quarter and six months ended December 31, 2020 was driven by discrete tax items.

The Company recognized total net benefits related to discrete tax itens of $7.6 million and $25.3 million during the quarter and six months ended December 31, 2021, respectively, compared to $3.7 million and $7.8 million during the quarter and six months ended December 31, 2020, respectively. Share-based compensation excess tax benefit contributed $6.1 million and $24.4 million in the quarter and six months ended December 31, 2021, respectively, compared to $4.8 million and $8.0 million in the quarter and six months, ended December 31, 2020, respectively. The Company recognized total other immaterial net discrete tax benefit of $1.5 million and $0.9 million in the quarter and six months ended December 31, 2021, respectively, compared to $1.1 million and $0.2 million of other immaterial net discrete tax expense in the quarter and six months ended December 31, 2020, respectively.

Note 13. Segment Information:

The Company's management evaluates segment operating performance based on operating income before certain charges to cost of sales and selling, general and administrative expenses, principally associated with the impact of partially owned consolidated subsidiaries as well as acquisition accounting related to inventory, amortization of acquisition-related intangible assets and other acquisition-related expenses. The Protein Sciences and Diagnostics and Genomics segments both include consumables, instruments, services and royalty revenue.

The following is financial information relating to the Company's reportable segments (in thousands):

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
Net sales:				
Protein Sciences	$ 204,971	$ 172,179	$ 402,156	$ 326,625
Diagnostics and Genomics	64,527	52,469	125,512	102,595
Intersegment	(222)	(395)	(673)	(768)
Consolidated net sales	$ 269,276	$ 224,253	$ 526,995	$ 428,452
Operating income:				
Protein Sciences	$ 93,281	$ 80,453	$ 183,381	$ 150,803
Diagnostics and Genomics	10,880	8,107	18,344	16,781
Segment operating income	$ 104,161	$ 88,560	$ 201,725	$ 167,584
Costs recognized on sale of acquired inventory	(84)	(23)	(1,595)	(23)
Amortization of acquisition related intangible assets	(18,380)	(15,027)	(36,769)	(30,528)
Impact of partially owned consolidated subsidiaries(1)	(1,004)	(207)	(2,567)	(207)
Acquisition related expenses	13,262	(4,421)	15,618	(4,558)
Eminence impairment	(18,715)	-	(18,715)	-
Stock based compensation, inclusive of employer taxes	(14,815)	(16,225)	(28,675)	(29,557)
Restructuring costs	(743)	(142)	(1,928)	(142)
Corporate general, selling, and administrative expenses	(1,334)	(1,520)	(1,524)	(2,482)
Consolidated operating income	$ 62,348	$ 50,995	$ 125,570	$ 100,087

(1) Adjusted operating income for the second quarter and full year of fiscal 2021 have been updated for comparability to fiscal 2022 for the inclusion of the impact of partially owned consolidated subsidiaries on the Company's adjusted operating income.

Note 14. Subsequent Events:
None.

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

The following management discussion and analysis (“MD&A”) provides information that we believe is useful in understanding our operating results, cash flows and financial condition. We provide quantitative information about the material sales drivers including the effect of acquisitions and changes in foreign currency at the corporate and segment level. We also provide quantitative information about discrete tax items and other significant factors we believe are useful for understanding our results. The MD&A should be read in conjunction with both the unaudited condensed consolidated financial information and related notes included in this Form 10-Q, and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended June 30, 2021. This discussion contains various “Non-GAAP Financial Measures” and also contains various “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. We refer readers to the statements entitled “Non-GAAP Financial Measures” and “Forward-Looking Information and Cautionary Statements” located at the end of Item 2 of this report.

OVERVIEW

Bio-Techne and its subsidiaries, collectively doing business as Bio-Techne Corporation (Bio-Techne, we, our, us or the Company) develop, manufacture and sell biotechnology reagents, instruments and services for the research and clinical diagnostic markets worldwide. With our deep product portfolio and application expertise, we sell integral components of scientific investigations into biological processes and molecular diagnostics, revealing the nature, diagnosis, etiology and progression of specific diseases. Our products aid in drug discovery efforts and provide the means for accurate clinical tests and diagnoses.

Consistent with the prior year, we have operated with two segments – our Protein Sciences segment and our Diagnostics and Genomics segment – during the second quarter of fiscal 2022. Our Protein Sciences segment is a leading developer and manufacturer of high-quality purified proteins and reagent solutions, most notably cytokines and growth factors, antibodies, immunoassays, biologically active small molecule compounds, tissue culture reagents and T-Cell activation technologies. This segment also includes protein analysis solutions that offer researchers efficient and streamlined options for automated western blot and multiplexed ELISA workflow. Our Genomics and Diagnostics segment develops and manufactures diagnostic products, including FDA-regulated controls, calibrators, blood gas and clinical chemistry controls and other reagents for OEM and clinical customers, as well as a portfolio of clinical molecular diagnostic oncology assays, including the ExoDx®Prostate (IntelliScore) test (EPI) for prostate cancer diagnosis. This segment also manufactures and sells advanced tissue-based in-situ hybridization assays (ISH) for research and clinical use.

RECENT ACQUISITIONS

A key component of the Company's strategy is to augment internal growth at existing businesses with complementary acquisitions. The Company did not make any acquisitions in the six months ended December 31, 2021. Refer to the prior year Annual Report on form 10-K for additional disclosure regarding the Company's recent acquisitions.

RESULTS OF OPERATIONS

Operational Update

Consolidated net sales increased 20% and 23% for the quarter and six months ended December 31, 2021, respectively, compared to the same prior year periods. Organic growth for the quarter ended December 31, 2021 was 17% compared to the prior year, with acquisitions contributing 3% to revenue growth and foreign currency exchange having an immaterial impact. Organic growth for the six months ended December 31, 2021 was 19% compared to the prior year same period with acquisitions contributing 4% to revenue growth and foreign currency exchange having an immaterial impact.

Consolidated net earnings attributable to Bio-Techne increased to $80.2 million and $149.8 million for the quarter and six months ended December 31, 2021, respectively, as compared to $46.3 million and $79.7 million in the same prior year periods. The increase in net earnings attributable to Bio-Techne for the quarter and six months ended December 31, 2021 is primarily due to an increase in net sales and changes in the fair value of our ChemoCentryx investment.

Business Strategy Update

The Company’s key business strategies for long-term growth and profitability continue to be geographic expansion, core product innovation, acquisitions and talent retention and development. In fiscal 2022, the Company is also focused on evaluating how climate change impacts from our business operations might be measured and mitigated, with the plan of integrating consideration of greenhouse gas emissions and other climate variables into those key business strategies.

In response to the COVID-19 pandemic, the Company took additional steps to monitor and strengthen our supply chain to maintain an uninterrupted supply of our critical products and services. The Company has maintained these procedures while incorporating additional considerations regarding potential adverse weather events associated with climate change.

The financial impact of potential environmental regulations pertaining to carbon emissions or the integration of climate change impacts into our core business strategies are not expected to materially alter the Company’s near-term financial results. Additionally, the Company is creating a cross-functional internal council to evaluate potential long-term business impacts while driving long-term sustainability solutions.

Net Sales

Consolidated net sales for the quarter and six months ended December 31, 2021 were $269.3 million and $527.0 million, respectively, an increase of 20% and 23% from the same prior year periods. Organic growth for the quarter ended December 31, 2021 was 17% compared to the prior year, with acquisitions contributing 3% to revenue growth and foreign currency exchange having an immaterial impact. Organic growth for the six months ended December 31, 2021 was 19% compared to the prior year same period with acquisitions contributing 4% to revenue growth and foreign currency exchange having an immaterial impact. Organic growth for the quarter and six months ended December 31, 2021 is primarily driven by strong biopharma demand, especially for products, services and solutions from the Protein Sciences segment and by overall execution of the Company's long-term growth strategy.

Gross Margins

Consolidated gross margins for the quarter and six months ended December 31, 2021 were 68.2% and 67.3% respectively, compared to 67.3% and 67.4% for the same prior year periods. Under purchase accounting, inventory is valued at fair value less expected selling and marketing costs, resulting in reduced margins in future periods as the inventory is sold. Excluding the impact of costs recognized upon the sale of acquired inventory, stock compensation expense, amortization of intangibles, and impact of partially owned consolidated subsidiaries, adjusted gross margins for the quarter and six months ended December 31, 2021 were 72.3% and 71.8%, respectively compared to 71.5% and 71.7% for the quarter and six months ended December 31, 2020, respectively. Both consolidated gross margin and non-GAAP adjusted gross margins were positively impacted by volume leverage and favorable product mix as compared to the prior year, partially offset by additional investments made in the business to support future growth for the quarter ended December 31, 2021. Consolidated gross margin for the six months ended December 31, 2021 was negatively impacted by product mix and additional investments made in the business to support future growth. Non-GAAP adjusted gross margin for the six months ended December 31, 2021 was positively impacted by volume leverage, partially offset by additional investments made in the business to support future growth.

A reconciliation of the reported consolidated gross margin percentages, adjusted for acquired inventory sold, intangible amortization, stock compensation expense, and impact of partially owned consolidated subsidiaries included in cost of sales, is as follows:

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
Consolidated gross margin percentage	68.2%	67.3%	67.3%	67.4%
Identified adjustments:				
Costs recognized upon sale of acquired inventory	0.0%	0.0%	0.3%	0.0%
Amortization of intangibles	3.8%	3.9%	3.9%	4.0%
Stock compensation expense - COGS	0.2%	0.3%	0.1%	0.3%
Impact of partially owned consolidated subsidiaries(1)	0.1%	0.0%	0.2%	0.0%
Non-GAAP adjusted gross margin percentage	72.3%	71.5%	71.8%	71.7%

(1) Adjusted gross margin percentages for the second quarter and full year of fiscal 2021 have been updated for comparability to fiscal 2022 for the inclusion of the impact of partially owned consolidated subsidiaries on the Company's adjusted gross margin percentage.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $17.6 million (21%) and $31.2 million (20%) for the quarter and six months ended December 31, 2021, respectively, from the same prior year periods. The increase in expense was due to strategic growth investments and the Asuragen acquisition in the fourth quarter of fiscal 2021.

Research and Development Expenses

Research and development expenses were $20.7 million and $42.3 million for the quarter and six months ended December 31, 2021, respectively, compared to $16.8 million and $32.8 million for the comparative prior year periods. The increase in expense was due to strategic growth investments and the Asuragen acquisition in the fourth quarter of fiscal 2021.

Segment Results

Protein Sciences

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
Net sales (in thousands)	$ 204,971	$ 172,179	$ 402,156	$ 326,625
Operating margin percentage	45.5%	46.7%	45.6%	46.2%

Protein Science's net sales for the quarter and six months ended December 31, 2021 were $205.0 million and $402.2 million, respectively, with reported growth of 19% and 23% compared to the same respective prior year periods. Organic growth for the quarter and six months ended December 31, 2021 was 19% and 23%, respectively, when compared to the prior year. Currency exchange had an immaterial impact for both the quarter and six months ended December 31, 2021. Segment growth was driven by strong BioPharma demand resulting in broad-based growth across our proteomic research reagents and analytical tools.

The operating margin was 45.5% and 45.6% for the quarter and six months ended December 31, 2021, respectively, compared to 46.7% and 46.2% for the quarter and six month periods, respectively, for the same prior year periods. The segment's operating margin compared to the prior year was negatively impacted by strategic investments to support future growth.

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Diagnostics and Genomics

	Quarter Ended December 31, 2021	Quarter Ended December 31, 2020	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020
Net sales (in thousands)	$ 64,527	$ 52,469	$ 125,512	$ 102,595
Operating margin percentage	16.9%	15.5%	14.6%	16.4%

Diagnostics and Genomics' net sales for the quarter and six months ended December 31, 2021 were $64.5 million and $125.5 million, respectively, with reported growth of 23% and 22% compared to the same respective prior year periods. Organic growth for the quarter and six months ended December 31, 2021 was 7% and 6%, respectively, when compared to the prior year. Acquisitions contributed 16% to revenue growth for both the quarter and six months ended December 31, 2021. Currency exchange had an immaterial impact for both the quarter and six months ended December 31, 2021. Segment growth was driven by the Asuragen acquisition in the fourth quarter of fiscal 2021. Organic growth was driven by continued strength in our diagnostic reagent product lines.

The operating margin for the segment was 16.9% and 14.6% for the quarter and six months ended December 31, 2021, respectively, compared to 15.5% and 16.4% in both comparative prior year periods. The segment's operating margin was favorably impacted by volume leverage and product mix, which were partially offset by additional investments made in the business to support future growth for the quarter ended December 31, 2021. Operating margin for the six months ended December 31, 2021 was negatively impacted by acquisitions and strategic investments to support future growth.

Income Taxes

Income taxes were at an effective rate of 16.4% and 8.2% of consolidated earnings for the quarter and six month period ended December 31, 2021, respectively, compared to 18.1% and 16.9% for the same respective prior year periods. The change in the Company's tax rate for the quarter and six months ended December 31, 2021 was driven by the composition and amount of net income across periods and the impact of discrete tax items of $7.6 million and $25.3 million, respectively, compared to prior year discrete tax items of $3.7 million and $7.8 million as further discussed in Note 12.

The forecasted tax rate as of the second fiscal quarter of 2022 before discrete itemsis 24.6% compared to the prior year forecasted tax rate before discrete items of 25.1%. Excluding the impact of discrete items, the Company expects the consolidated income tax rate for the remainder of fiscal 2022 to range from 24% to 28%.

Net Earnings

Non-GAAP adjusted consolidated net earnings are as follows:

	Quarter Ended December 31, 2021	Quarter Ended December 31, 2020	Six Months Ended December 31, 2021	Six Months Ended December 31, 2020
Net earnings before taxes - GAAP	$ 86,179	$ 56,368	$ 153,562	$ 95,706
Identified adjustments attributable to Bio-Techne:				
Costs recognized upon sale of acquired inventory	84	23	1,596	23
Amortization of intangibles	18,380	15,027	36,769	30,528
Acquisition related expenses	(13,168)	4,514	(15,430)	4,746
Eminence impairment	18,715	-	18,715	-
Stock based compensation, inclusive of employer taxes	14,815	16,225	28,675	29,558
Restructuring costs	743	142	1,928	142
Investment (gain) loss and other	(28,395)	(10,197)	(34,630)	(5,846)
Impact of partially owned subsidiaries(1)	1,004	207	2,567	207
Non-GAAP adjusted net earnings attributable to Bio-Techne(1)	$ 98,357	$ 82,309	$ 193,752	$ 155,064
Non-GAAP tax rate	21.4%	20.6%	21.2%	20.6%
Non-GAAP tax expense	21,048	16,956	41,076	31,969
Non-GAAP adjusted net earnings attributable to Bio-Techne(1)	$ 77,309	$ 65,353	$ 152,676	$ 123,095
Earnings per share – diluted - Adjusted	$ 1.88	$ 1.62	$ 3.71	$ 3.07

(1)Adjusted consolidated net earnings and earnings per share for the second quarter and full year of fiscal 2021 have been updated for comparability to fiscal 2022 for the inclusion of the impact of partially owned consolidated subsidiaries on the Company's adjusted consolidated net earnings.

Depending on the nature of discrete tax items, our reported tax rate may not be consistent on a period to period basis. The Company independently calculates a non-GAAP adjusted tax rate considering the impact of discrete items and jurisdictional mix of the identified non-GAAP adjustments. The following table summarizes the reported GAAP tax rate and the effective non-GAAP adjusted tax rate for the quarter and six months ended December 31, 2021 and December 31, 2020.

	Quarter Ended *December 31,*		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
GAAP effective tax rate	16.4%	18.1%	8.2%	16.9%
Discrete items	7.5	6.5	16.4	8.2
Annual forecast update	0.7	0.5	-	-
Long-term GAAP tax rate	24.6%	25.1%	24.6%	25.1%
Rate impact items				
Stock based compensation	(1.7)	(4.2)	(1.9)	(4.2)
Other	(1.5)	(0.3)	(1.5)	(0.3)
Total rate impact items	(3.2)%	(4.5)%	(3.4)%	(4.5)%
Non-GAAP adjusted tax rate(1)	21.4%	20.6%	21.2%	20.6%

(1)In our second quarter results of fiscal 2021, the Company re-casted our first quarter results using the non-GAAP tax rate for the first six months of fiscal 2021, which normalized the tax rate impact on adjusted earnings resulting from return to growth patterns seen prior to the onset of the COVID-19 pandemic.

The difference between the reported GAAP tax rate and non-GAAP tax rate applied to the identified non-GAAP adjustments for the quarter ended December 31, 2021 is primarily a result of discrete tax items, including the tax benefit of stock option exercises.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents and available-for-sale investments were $279.0 million as of December 31, 2021, compared to $231.6 million as of June 30, 2021. Included in available-for-sale-investments was the fair value of the Company's investment in ChemoCentryx, Inc. (CCXI) which was $53.6 million as of December 31, 2021 and $20.0 million as of June 30, 2021.

The Company has a line-of-credit and term loan governed by a Credit Agreement dated August 1, 2018. See Note 6 to the Condensed Consolidated Financial Statements for a description of the Credit Agreement.

The Company has remaining potential contingent consideration payments of up to $105 million and $38 million relating to the Asuragen and B-MoGen acquisitions as of December 31, 2021. The fair value of the remaining payments is $9.0 million as of December 31, 2021.

Management of the Company expects to be able to meet its cash and working capital requirements for operations, facility expansion, capital additions, and cash dividends for the foreseeable future, and at least the next 12 months, through currently available cash, cash generated from operations, and remaining credit available on its existing revolving line of credit.

Cash Flows From Operating Activities

The Company generated cash of $149.4 million from operating activities in the six months ended December 31, 2021 compared to $155.3 million in the six months ended December 31, 2020. The decrease from the prior year was primarily due to changes in the timing of cash payments on certain operating assets and liabilities, largely offset by an increase in year over year net earnings.

Cash Flows From Investing Activities

We continue to make investments in our business, including capital expenditures.

Capital expenditures for fixed assets for the six months ended December 31, 2021 and December 31, 2020 were $16.2 million and $22.4 million, respectively. Capital expenditures for the remainder of fiscal 2022 are expected to be approximately $45 million. Capital expenditures are expected to be financed through currently available funds and cash generated from operating activities. Expected additions in fiscal 2022 is related to increasing capacity to meet expected sales growth across the Company.

During the six months ended December 31, 2021, the Company paid $25 million to enter into a two-part forward contract which requires the Company to purchase the full equity interest in Wilson Wolf Corporation (Wilson Wolf) if certain annual revenue or EBITDA thresholds are met. The Company is currently forecasting the first option payment of $231 million to occur in either fiscal 2023 or fiscal 2024 with the second option payment of approximately $1 billion plus potential contingent consideration occurring between fiscal 2026 and fiscal 2028.

Cash Flows From Financing Activities

During the six months ended December 31, 2021 and December 31, 2020, the Company paid cash dividends of $25.1 million and $24.7 million, respectively, to all common shareholders. On February 1, 2022, the Company announced the payment of a $0.32 per share cash dividend, or approximately $12.6 million, will be payable February 25, 2022 to all common shareholders of record on February 11, 2022.

Cash of $56.5 million and $32.3 million was received during the six months ended December 31, 2021 and 2020, respectively, from the exercise of stock options.

During the six months ended December 31, 2021, and December 31, 2020, the Company made payments of $109.3 million and $125.3 million, respectively, towards the balance of its line-of-credit facility and term loan. During the six months ended December 31, 2021, the Company borrowed $50.0 million of its line-of-credit facility. There were no borrowings for the six months ended December 31, 2020.

During the six months ended December 31, 2021, the Company repurchased $41.3 million of common stock. There were no repurchases for the six months ended December 31, 2020.

During the six months ended December 31, 2021 and December 31, 2020, the Company made $23.2 million and $7.4 million in other financing payments, respectively, related to taxes paid on restricted stock units and stock options exercised through a net share settlement.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are discussed in the Company's Annual Report on Form 10-K for fiscal 2021 and are incorporated herein by reference. The application of certain of these policies requires judgments and estimates that can affect the results of operations and financial position of the Company. Judgments and estimates are used for, but not limited to, valuation of available-for-sale investments, inventory valuation and allowances, valuation of intangible assets and goodwill and valuation of investments in unconsolidated entities. There have been no significant changes in estimates in the quarter or six months ended December 31, 2021 that would require disclosure nor have there been any changes to the Company's policies.

NON-GAAP FINANCIAL MEASURES

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operation" in Item 2, contains financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (GAAP). These non-GAAP measures include:

- Organic Growth
- Adjusted gross margin
- Adjusted net earnings
- Adjusted effective tax rate

We provide these measures as additional information regarding our operating results. We use these non-GAAP measures internally to evaluate our performance and in making financial and operational decisions, including with respect to incentive compensation. We believe that our presentation of these measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results.

Our non-GAAP financial measure of organic growth represents revenue growth excluding revenue from acquisitions within the preceding 12 months, the impact of foreign currency, as well as the impact of partially owned consolidated subsidiaries. Excluding these measures provides more useful period-to-period comparison of revenue results as it excludes the impact of foreign currency exchange rates, which can vary significantly from period to period, and revenue from acquisitions that would not be included in the comparable prior period. Revenues from partially owned subsidiaries consolidated in our financial statements are also excluded from our organic revenue calculation, as those revenues are not fully attributable to the Company. Revenue from partially owned subsidiaries was $0.5 million and $0.9 million for the quarter and six months ended December, 31, 2021.

Our non-GAAP financial measures for adjusted gross margin, adjusted operating margin, and adjusted net earnings, in total and on a per share basis, exclude stock-based compensation, the costs recognized upon the sale of acquired inventory, amortization of acquisition intangibles, acquisition related expenses inclusive of the changes in fair value of contingent consideration, and other non-recurring items including non-recurring costs, goodwill and long-lived asset impairments, and gains. Stock-based compensation is excluded from non-GAAP adjusted net earnings because of the nature of this charge, specifically the varying available valuation methodologies, subjection assumptions, variety of award types, and unpredictability of amount and timing of employer related tax obligations. The Company excludes amortization of purchased intangible assets, purchase accounting adjustments, including costs recognized upon the sale of acquired inventory and acquisition-related expenses inclusive of the changes in fair value contingent consideration, and other non-recurring items including gains or losses on legal settlements, goodwill and long-lived asset impairment charges, and one-time assessments from this measure because they occur as a result of specific events, and are not reflective of our internal investments, the costs of developing, producing, supporting and selling our products, and the other ongoing costs to support our operating structure. Additionally, these amounts can vary significantly from period to period based on current activity. The Company also excludes revenue and expense attributable to partially owned consolidated subsidiaries in the calculation of our non-GAAP financial measures as the revenues and expenses are not fully attributable to the Company.

The Company's non-GAAP adjusted operating margin and adjusted net earnings, in total and on a per share basis, also excludes stock-based compensation expense, which is inclusive of the employer portion of payroll taxes on those stock awards, restructuring, impairments of equity method investments, gain and losses from investments, and certain adjustments to income tax expense. Impairments of equity investments are excluded as they are not part of our day-to-day operating decisions. Additionally, gains and losses from other investments that are either isolated or cannot be expected to occur again with any predictability are excluded. Costs related to restructuring activities, including reducing overhead and consolidating facilities, are excluded because we believe they are not indicative of our normal operating costs. The Company independently calculates a non-GAAP adjusted tax rate to be applied to the identified non-GAAP adjustments considering the impact of discrete items on these adjustments and the jurisdictional mix of the adjustments. In addition, the tax impact of other discrete and non-recurring charges which impact our reported GAAP tax rate are adjusted from net earnings. We believe these tax items can significantly affect the period-over-period assessment of operating results and not necessarily reflect costs and/or income associated with historical trends and future results.

The Company periodically reassesses the components of our non-GAAP adjustments for changes in how we evaluate our performance, changes in how we make financial and operational decisions, and considers the use of these measures by our competitors and peers to ensure the adjustments are still relevant and meaningful.

Readers are encouraged to review the reconciliations of the adjusted financial measures used in management's discussion and analysis of the financial condition of the Company to their most directly comparable GAAP financial measures provided within the Company's consolidated financial statements.

FORWARD LOOKING INFORMATION AND CAUTIONARY STATEMENTS

This quarterly report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those regarding the Company's expectations as to the effect of changes to accounting policies, the amount of capital expenditures for the remainder of the fiscal year, the source of funding for capital expenditure requirements, the sufficiency of currently available funds for meeting the Company's needs, the impact of fluctuations in foreign currency exchange rates, and expectations regarding gross margin fluctuations, increasing research and development expenses, increasing selling, general and administrative expenses and income tax rates. These statements involve risks and uncertainties that may affect the actual results of operations. The following important factors, among others, have affected and, in the future, could affect the Company's actual results: integration of newly acquired businesses, the introduction and acceptance of new products, general national and international economic, political, regulatory, and other conditions, increased competition, the reliance on internal manufacturing and related operations, the impact of currency exchange rate fluctuations, the recruitment and retention of qualified personnel, the impact of governmental regulation, maintenance of intellectual property rights, credit risk and fluctuation in the market value of the Company's investment portfolio, and unseen delays and expenses related to facility construction and improvements. For additional information concerning such factors, see the Company's Annual Report on Form 10-K for fiscal 2021 as filed with the Securities and Exchange Commission and Part II. Item 1A below.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2021, the Company held an investment in the common stock of CCXI. The investment was included in short-term available-for-sale investments at its fair value of $53.6 million. As of December 31, 2021, the potential loss in fair value due to a 10% decrease in the market value of CCXI was $5.4 million.

The Company operates internationally, and thus is subject to potentially adverse movements in foreign currency exchange rates. For the quarter ended December 31, 2021, approximately 36% of consolidated net sales were made in foreign currencies, including 13% in euros, 5% in British pound sterling, 8% in Chinese yuan and the remaining 10% in other currencies. The Company is exposed to market risk mainly from foreign exchange rate fluctuations of the euro, British pound sterling, the Chinese yuan, and the Canadian dollar, as compared to the U.S. dollar as the financial position and operating results of the Company's foreign operations are translated into U.S. dollars for consolidation.

Month-end average exchange rates between the British pound sterling, euro, Chinese yuan and Canadian dollar, which have not been weighted for actual sales volume in the applicable months in the periods, to the U.S. dollar were as follows:

	Quarter Ended December 31,		*Six Months Ended December 31,*	
	2021	*2020*	*2021*	*2020*
Euro	$ 1.14	$ 1.19	$ 1.16	$ 1.19
British pound sterling	1.35	1.32	1.36	1.32
Chinese yuan	0.16	0.15	0.16	0.15
Canadian dollar	0.79	0.76	0.79	0.76

The Company's exposure to foreign exchange rate fluctuations also arises from trade receivables, trade payables and intercompany payables denominated in one currency in the financial statements, but receivable or payable in another currency. The effects of a hypothetical simultaneous 10% appreciation in the U.S. dollar from December 31, 2021 levels against the euro, British pound sterling, Chinese yuan and Canadian dollar are as follows (in thousands):

Decrease in translation of earnings of foreign subsidiaries (annualized)	$ 5,525
Decrease in translation of net assets of foreign subsidiaries	61,002
Additional transaction losses	3,002

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Company maintains disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). The Company's management has evaluated, with the participation of its Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered in this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2021, our disclosure controls and procedures were effective.

(b) Changes in internal controls over financial reporting.

There were no changes in the Company's internal control over financial reporting during the second quarter of fiscal 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As of February 7, 2022, the Company is not a party to any legal proceedings that, individually or in the aggregate, are reasonably expected to have a material adverse effect on the Company's business, results of operations, financial condition or cash flows.

ITEM 1A. RISK FACTORS

During the quarter and six months ended December 31, 2021, there have been no material changes from the risk factors found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended June 30, 2021.

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

The Company's repurchase plan approved by the Board for the period prior to February 2, 2022 granted management the discretion to mitigate the dilutive effect of stock option exercises for fiscal 2018, which then increases in each period subsequent to June 30, 2018 for additional dilutive impacts of stock option exercised in those future periods. As of February 2, 2022, the Company replaced the prior share repurchase plan with a new share repurchase plan that authorizes the Company to purchase up to $400 million in stock. The Company repurchased 89,238 shares in fiscal 2022 under the previous plan. No shares have yet been repurchased under the new share repurchase plan.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Cash Paid (thousands)
November 1-30, 2021	900	468.90	422
December 1-31, 2021	88,338	462.67	40,872

ITEM 3. DEFAULT ON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX
TO
FORM 10-Q

BIO-TECHNE CORPORATION

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of the Company--incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q dated February 9, 2015*
3.2	Third Amended and Restated Bylaws of the Company--incorporated by reference to Exhibit 3.1 of the Company’s Form 8-K dated February 1, 2018*
4.1	Description of Capital Stock -- incorporated by reference to Exhibit 4.1 of the Company's Form 10-K dated August 25, 2021*
10.1**	Management Incentive Plan--incorporated by reference to Exhibit 10.13 of the Company's Form 10-K for the year ended June 30, 2013*
10.2**	Bio-Techne 2020 Equity Incentive Plan - incorporated by reference to Exhibit 10.1 of the Company's Form 8-K dated November 3, 2020*
10.3**	Form of Time Vesting Restricted Stock Award Agreement - incorporated by reference to Exhibit 10.3 of the Company's Form 10-K dated August 25, 2021*
10.4**	Form of Performance Vesting Restricted Stock Unit Award Agreement - incorporated by reference to Exhibit 10.4 of the Company's Form 10-K dated August 25, 2021*
10.5**	Form of Time Vesting Restricted Stock Unit Award Agreement - incorporated by reference to Exhibit 10.5 of the Company's Form 10-K dated August 25, 2021*
10.6**	Form of Performance Vesting Restricted Stock Unit Award Agreement - incorporated by reference to Exhibit 10.6 of the Company's Form 10-K dated August 25, 2021*
10.7**	Form of the Time Vesting Performance Unit Award Agreement - incorporated by reference to Exhibit 10.7 of the Company's Form 10-K dated August 25, 2021*
10.8**	Form of Performance Vesting Performance Unit Award Agreement - incorporated by reference to Exhibit 10.8 of the Company's Form 10-K dated August 25, 2021*
10.9**	Form of Time Vesting Incentive Stock Option Agreement - incorporated by reference to Exhibit 10.9 of the Company's Form 10-K dated August 25, 2021*

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Exhibit Number	Description
10.10**	Form of Performance Vesting Incentive Stock Option Agreement - incorporated by reference to Exhibit 10.10 of the Company's Form 10-K dated August 25, 2021*
10.11**	Form of Employee Non-Qualified Stock Option Agreement - incorporated by reference to Exhibit 10.11 of the Company's Form 10-K dated August 25, 2021*
10.12**	Form of Director Non-Qualified Stock Option Agreement for Second Amendment and Restated 2010 Equity Incentive Plan - incorporated by reference to Exhibit 10.2 of the Company's Form 8-K dated October 26, 2017*
10.13**	Employment Agreement by and between the Company and Charles Kummeth - incorporated by reference to Exhibit 10.11 of the Company's Form-K dated September 7, 2017*
10.14**	Form of Employment Agreement by and between the Company and Executive Officers of the Company other than the CEO --incorporated by reference to Exhibit 10.12 of the Company's Form 10-K dated September 7, 2017*
10.15**	Form of Amendment No. 1 to Executive Employment Agreement – incorporated by reference to Exhibit 10.15 of the Company's Form 10-Q dated May 11, 2020*
10.16	Credit Agreement by and among the Company, the Guarantors party thereto, the Lenders party thereto, and BMO Harris Bank N.A., as Administrative Agent, dated August 1, 2018--incorporated by reference to Exhibit 10.1 of the Company's Form 8-K dated August 2, 2018*
10.17**	Form of Indemnification Agreement entered into with each director and executive officer of the Company - incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q dated February 8, 2018*
10.18**	Employment Agreement by and between the Company and Mr. William Geist dated December 20, 2021
21	Subsidiaries of the Company - incorporated by reference to Exhibit 21 of the Company's Form 10-K dated August 25, 2021*
31.1	Certificate of Chief Executive Officer pursuant to section 302 of the Sarbanes Oxley Act of 2002
31.2	Certificate of Chief Financial Officer pursuant to section 302 of the Sarbanes Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to section 906 of the Sarbanes Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to section 906 of the Sarbanes Oxley Act of 2002
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter and six months ended December 31, 2021, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Earnings and Comprehensive Income, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to the Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Incorporated by reference; SEC File No. 000-17272

** Management contract or compensatory plan or arrangement

SIGNATURES

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

BIO-TECHNE CORPORATION
(Company)

Date: February 7, 2022

/s/ Charles R. Kummeth
Charles R. Kummeth
Principal Executive Officer

Date: February 7, 2022

/s/ James Hippel
James Hippel
Principal Financial Officer

Exhibit 10.18

EXECUTIVE EMPLOYMENT AGREEMENT

This Executive Employment Agreement (the "Agreement") is made and entered into between Bio-Techne Corporation, a Minnesota corporation ("Bio-Techne"), and William Geist ("Employee") (each may be referred to individually as a "Party" and collectively as the "Parties").

RECITALS

Whereas, Bio-Techne wishes to employ Employee under the terms and conditions set forth in this Agreement, and Employee wishes to accept such employment under the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, Bio-Techne and Employee agree as follows:

ARTICLE 1.
TERM OF EMPLOYMENT: DUTIES AND SUPERVISION

1.1) Parties. The Parties to this Agreement are Employee and Bio-Techne. As used herein, Bio-Techne refers to Bio-Techne Corporation and its subsidiaries, including but not limited to Research & Diagnostics Systems, Inc. ("R&D"), unless provided otherwise. All of the rights and obligations created by this Agreement may be performed by or enforced by or against Bio- Techne or R&D or any other appropriate Bio-Techne subsidiary.

1.2) Employment and Term of Employment. Bio-Techne hereby employs Employee and Employee hereby accepts employment as President, Protein Sciences on the terms and conditions set forth in this Agreement. Employee's employment hereunder will commence on January 3, 2022, and will terminate when terminated by either Party pursuant to Section 4 hereof.

1.3) Duties and Supervision.

A. During the term of his or her employment, Employee agrees to devote his or her full business and professional time, energy, diligence and best efforts to the business and affairs of Bio-Techne, and to perform such services and duties Employee may from time to time be assigned by Bio-Techne, and specifically its Chief Executive Officer.

B. Employee agrees to be subject to Bio-Techne's control, rules, regulations, policies and programs. Employee further agrees to carry on all correspondence, publicity and advertising in Bio-Techne's name and not enter into any contract on behalf of Bio-Techne except as expressly authorized by Bio-Techne.

C. Employee is expected to relocate to the Minneapolis, Minnesota area within eleven months following the first day of employment. Employee will receive a one-time relocation allowance of $100,000 to cover relocation costs, such payment to be made upon Employee's request prior to relocation.

ARTICLE 2.
COMPENSATION AND BENEFITS

2.1) Base Salary. Bio-Techne will pay Employee as base compensation for services to be rendered hereunder an annual base salary as established by Bio-Techne from time to time, to be paid in accordance with the usual payroll practices of Bio-Techne. The initial annual base salary will be $500,000. The base annual salary amount will be reviewed and adjusted by Bio- Techne's Board of Directors or its designated committee (the "Board") from time to time (but no less than annually) in its sole discretion. The annual base salary will be inclusive of all applicable income, Social Security, and other taxes and charges that are required by law to be withheld by Bio-Techne or that are requested to be withheld by Employee.

2.2) Management Incentive Plan. Employee shall be eligible to receive an annual cash bonus commensurate with his or her position and level in accordance with Bio-Techne's Management Incentive Plan or its equivalent (the "Management Incentive Plan"). The Management Incentive Plan contemplates an annual cash bonus based on a percentage of base salary and the achievement of annual performance targets, both of which are established and approved by the Board from time to time. The initial annual cash bonus percentage is 85% at target, and any bonus payment shall be pro-rated for fiscal year 2022. After receipt of Bio-Techne's final audit report of the applicable fiscal year, the Board will determine and certify in writing the degree to which the annual performance targets have been achieved and calculate the portion of Employee's annual cash bonus (if any) that will be paid. If earned, the annual cash bonus will be paid as soon as administratively practicable thereafter, but in no event later than would be permitted under the short-term deferral period defined by Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A").

2.3) Long-term Equity Awards. Employee will be eligible to participate in and receive periodic equity-based compensation awards commensurate with his or her position and level pursuant to any Bio-Techne equity-based compensation plan or program made available generally to executive officers; provided that the amount, timing, and other terms of any future awards shall be determined by the Board, in its sole discretion. On an annualized basis, Employee will receive equity grants valued at approximately $1,800,000 (based on a Black Scholes calculation as of the date of grant), with half that value in the form of time-vested stock options, which will have a seven-year term and a four-year vesting schedule, and the remaining half in the form of performance-based equity split equally between performance-based stock options and performance-based restricted stock units. The performance-based equity vests based on third year performance measures (end of fiscal year 2024) established by the Compensation Committee of the Board and specified in more detail in the grant agreements. For fiscal year 2022, the equity grant will be pro-rated. Employee will also receive a one-time grant of restricted stock units valued at approximately $1,000,000, which will have a three-year vesting schedule. All equity grants will be issued at the closing price of Bio-Techne's stock as traded on the NASDAQ on the first trading day of the month following Employee's first day of employment.

2.4) Miscellaneous Benefits. Bio-Techne will provide Employee the following additional benefits:

A. Reimbursement in accordance with Bio-Techne's standard reimbursement policies in effect from time to time for ordinary, necessary and reasonable out-of-pocket business expenses incurred by Employee in performing his duties for Bio-Techne so long as properly substantiated.

B. Paid vacation of four (4) weeks per calendar year, to be taken at such times as selected by Employee and as approved by the Chief Executive Officer or his designee. Carryover, forfeiture or payout of unused vacation time from period to period or upon termination of employment shall be in accordance with Bio-Techne's policies that may be in effect from time to time.

2.5) Other Employee Compensation and Benefits. In addition to the compensation and benefits provided to Employee in Sections 2.1 through 2.4 hereof, Employee will be entitled to participate in other employee compensation and benefit plans from time to time established by Bio-Techne and made available generally to all employees of the hiring entity to the extent that Employee's age, tenure and title make him or her eligible to receive those benefits. Employee will participate in such compensation and benefit plans on an appropriate and comparable basis determined by the Board by reference to all other employees eligible for participation. With regard to all insured benefits to be provided to Employee, benefits shall be subject to due application by Employee. Bio-Techne has no obligation to pay insured benefits directly and such benefits are payable to Employee only by the insurers in accordance with their policies. Nothing in this Agreement is intended to or shall in any way restrict Bio-Techne's right to amend, modify or terminate any of its benefits or benefit plans during the term of Employee's employment. Employee shall not be reimbursed for unused personal days or sick days upon his or her termination from employment regardless of the reason, whether voluntary or involuntary.

2.6) Recoupment. The incentive compensation payable to Employee pursuant to Sections 2.2 and 2.3 hereof shall be subject to reduction, cancellation, forfeiture or recoupment as and to the extent required by the applicable provisions of any law (including without limitation Section 10D of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder), government regulation or stock exchange listing requirement, or clawback policy or provision implemented by Bio-Techne pursuant to such law, regulation or listing requirement.

ARTICLE 3.
INVENTIONS, PROPRIETARY INFORMATION AND UNFAIR COMPETITION

3.1) For the purpose of this Agreement, "Confidential Information" means any information not generally known and proprietary to Bio-Techne and includes, without limitation, the following: all information and data developed or acquired by Employee in the course of employment with Bio-Techne; data or conclusions or opinions formed by Employee in the course of employment; policies and procedures; manuals; trade secrets; methods, procedures, or techniques pertaining to the business of Bio-Techne or any customer of Bio-Techne; specifications for products or services; systems; price lists; marketing plans; sales or service analyses; financial information; customer names or other information; vendor names or other information; employee names or other information; research and development data; diagrams; drawings; media; notes, memoranda, notebooks, and all other records or documents that are handled, seen, or used by Employee in the course of employment. Confidential Information may be contained in the Bio- Techne's product designs, tolerances, tooling, marketing plans or proposals, customer lists, the particular needs requirements of customers, and the identity of customers, and potential customers. Information shall be treated as Confidential Information irrespective of its source and all information that is identified as being "confidential" or "trade secret" shall be presumed to be Confidential Information. Notwithstanding the foregoing, Confidential Information does not include any information that is (i) in the public domain or enters the public domain through no violation of obligations Employee owes to Bio-Techne; (ii) disclosed to Employee other than as a result of Employee's capacity as an employee of Bio-Techne by a third-party not subject to maintain the information in confidence; or (iii) already known by Employee other than as a result of Employee's past relationship with Bio-Techne (or its predecessors) and is evidenced by written documentation existing prior to such disclosure. Specific technical and business information shall not be deemed to be within the preceding exceptions merely because it is embraced by more general technical or business information within such exceptions, nor shall a combination of features be deemed to be within such exceptions merely because the individual features are within such exceptions.

3.2) For purposes of this Agreement, the term “Invention” means ideas, discoveries and improvements whether or not shown or described in writing or reduced to practice and whether patentable or not, relating to any of Bio-Techne’s present or future manufacturing, sales, research or other business activities, or investigations or reasonably foreseeable business interest of Bio- Techne during this employment.

3.3) During employment with Bio-Techne and following its termination for any reason, Employee shall hold in strictest confidence and will never, without prior written authorization of Bio-Techne or its legal counsel or as may otherwise be required by law or any legal process, any statutory obligation or order of any court or statutory tribunal of competent jurisdiction, or as is necessary in connection with any adversarial proceeding against Bio-Techne (in which case Employee will use his or her reasonable best efforts in cooperating with Bio-Techne in obtaining a protective order against disclosure by a court of competent jurisdiction), disclose, assign, transfer, convey, communicate or use any of such Confidential Information for his or her own or another’s benefit or permit the same to be used in competition with Bio-Techne.

3.4) Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit Employee’s rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity. Employee is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to Employee’s attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

3.5) Employee acknowledges and agrees that Employee was required, as a condition of employment, to sign an Employee Agreement With Respect To Inventions, Proprietary Information, and Unfair Competition (the "Unfair Competition Agreement") and that Employee did, in fact, sign such an Agreement. Employee further acknowledges and agrees that the restrictions below are the same as those contained in that Unfair Competition Agreement, and that this Section 3.5 is a restatement of those provisions to insure that they remain in full force and effect according to this Section 3.5 and that they did not impose any additional restrictions upon Employee. Notwithstanding the foregoing, Employee agrees that with the execution of this Agreement, Employee is being offered substantial benefits, including but not limited to, enhanced severance payments, to which Employee would not otherwise be entitled to receive in the absence of signing this Agreement. Therefore, Employee agrees that during employment with Bio-Techne, Employee shall not plan, organize or engage in any business competitive with any product or services marketed or planned for marketing by Bio-Techne or conspire with others to do so. For a period of two (2) years following termination of employment with Bio-Techne for any reason:

A. Employee shall not attempt to divert or divert any of Bio-Techne's business, or business which it has a reasonable expectation of obtaining, by soliciting, contacting or communicating with any customers or potential customers for Bio-Techne's products and services with whom Employee or other employees under Employee's supervision had contact during the one-year period immediately preceding termination of employment.

B. Employee shall not solicit anyone who is then an employee of Bio-Techne or who was an employee of Bio-Techne within the prior 12 months) to resign from Bio-Techne or to apply for or accept employment with any other business or enterprise.

C. Employee shall not, without prior written authorization of Bio-Techne or its legal counsel, (x) directly or indirectly render services, advice or counsel as an employee, representative, consultant or independent contractor for any third party if the rendering of such services, advice or counsel: (i) relates to a specific product, product line or service, or a product, product line or service under development which is, or if developed would be, competitive with any product, product line or service under development by Bio-Techne; or (ii) requires or is likely to result in the use or disclosure by Employee of Confidential Information or (y) hold a 5% or greater equity (including stock options whether or not exercisable), voting or profit participation interest in any business enterprise that either (i) has a specific product, product line or service, or a product, product line or service under development which is, or if developed would be, competitive with any product, product line or service under development by Bio-Techne or (ii) holds a 5% or greater equity, voting or profit participation interest in any enterprise that engages in such a competitive activity.

3.6) Employee may not remove any records, files, drawings, documents, models, equipment, and the like relating to Bio-Techne's business from Bio-Techne's premises without its written consent, unless such removal is in the furtherance of Bio-Techne's business or is in connection with Employee's carrying out his or her duties under this Agreement. Employee shall promptly and fully disclose to Bio-Techne and will hold in trust for Bio-Techne's sole right and benefit any Invention which Employee, during the period of employment, makes, conceives or reduces to practice or causes to be made, conceived or reduced to practice either alone or in conjunction with others that: (a) relates to any subject matter pertaining to Employee's employment; (b) relates to or is directly or indirectly connected with the business, products, projects or confidential information of Bio-Techne; or (c) involves the use of any time, material or facility of Bio-Techne. Employee hereby assigns to Bio-Techne all of Employee's right, title and interest in and to all such Inventions and, upon Bio-Techne's request, Employee shall execute, verify and deliver to Bio-Techne such documents including, without limitation, assignments and applications for Letters Patent, and shall perform such other acts, including, without limitation, appearing as a witness in any action brought in connection with this Agreement that is necessary to enable Bio-Techne to obtain the sole right, title and benefit to all such Inventions.

3.8) It is further agreed, and Employee is hereby notified that the above agreement to assign Inventions to Bio-Techne does not apply to an Invention for which no equipment, supplies, facility or trade secrets of Bio-Techne was used, which was developed entirely on Employee's own time, and (a) which does not relate directly to the business of Bio-Techne, or to Bio-Techne's actual or demonstrably anticipated research or development; or (b) which does not result from any work performed by Employee for Bio-Techne.

3.9) Employee expressly acknowledges and agrees that any violation of any term of this Section 3 of the Agreement would cause Bio-Techne irreparable harm and warrant the issuance of a temporary restraining order and/or injunction against Employee to effect specific performance thereof. If Bio-Techne institutes and prevails in any action against Employee, alone or in conjunction with any third party or parties, to enforce any term of this Agreement, Employee shall pay Bio-Techne its reasonable attorneys' fees incurred in instituting and maintaining such action and all costs and expenses incurred in connection therewith recognizing that Bio-Techne does not have an adequate remedy at law for damages. Employee hereby specifically waives any right to a jury trial that may apply to Bio-Techne's recovery of reasonable attorneys' fees and other costs and expenses. If any term of this Section 3 is deemed unenforceable, void, voidable or illegal, such unenforceable, void, voidable or illegal term shall be deemed severable from all other terms in effect and Bio-Techne and Employee expressly acknowledge that a court of competent jurisdiction may at Bio-Techne's request modify and thereafter enforce any of the terms, conditions and covenants contained in Section 3 of this Agreement.

3.10) The restrictions and obligations of the Employee outlined in Section 3 above will survive termination of this Agreement and termination of Employee's employment in accordance with the terms of this Section 3.

ARTICLE 4.
TERMINATION

4.1) Events of Termination. Notwithstanding any other provision of this Agreement to the contrary or appearing to be to the contrary, Employee's employment may be terminated as follows:

A. By mutual written agreement of the parties;

B. Upon Employee's death;

C. Upon Employee's inability to perform the essential functions of his position, with or without reasonable accommodation, for more than ninety (90) days, or such longer period as required by law, in any consecutive twelve (12) month period by reason of physical or mental disability or incapacity, as determined by the Bio-Techne Board in consultation with Employee and/or Employee's health care provider(s); provided that this paragraph does not relieve Bio-Techne of any duty to reasonably accommodate a qualifying disability under the Americans with Disabilities Act or the Minnesota Human Rights Act, any legal duty under the Family Medical Leave Act, or any of its other duties pursuant to applicable law, and provided further that nothing in this Section 4.1(C) shall limit the right of either Party to terminate Employee's employment under one of the other subsections of this Section 4.1;

D. D. By either Party upon 30 days' advance written notice to the other Party, including by Employee because of Retirement (as defined in Section 5.25). Bio-Techne may in its sole discretion continue to pay Employee his or her base salary and cost of benefits (but not incentive bonus) during the 30 day notice period in lieu of requiring Employee to continue to perform his or her duties and responsibilities during such notice period;

E. Upon the insolvency or bankruptcy of Bio-Techne;

F. In the event of a Change in Control, as set forth in Section 5.2, provided that the severance provisions of Section 5.2 of this Agreement are met;

G. Bio-Techne shall have the right to terminate Employee's employment immediately for "Cause." For purposes of this Agreement, "Cause" shall include, but not be limited to, the following:

i. Habitual neglect of, or the willful or material failure to perform the duties of employment hereunder, as determined in good faith by the Board;

ii. Embezzlement or any act of fraud;

iii. Commission of acts that can be charged as a felony, whether or not committed during the term hereof or in the course of employment hereunder;

iv. Dishonesty in dealing between Employee and Bio-Techne or between Employee and other employees of Bio-Techne;

v. Use or misuse of any controlled substance, illegal or narcotic drug without a prescription; or use of alcohol in a manner, regardless of time or place, which either adversely affects Employee's job performance or otherwise could reflect negatively on the public image of Bio-Techne;

vi. Habitual absenteeism; or

vii. Willfully acting in a manner materially adverse to the best interests of Bio-Techne.

4.2) Return of Property. At such time that Employee's employment with Bio-Techne ends (the "Termination Date") or at such earlier time as Bio-Techne may notify Employee, Employee will immediately cease doing business upon Bio-Techne's premises and will immediately deliver to Bio-Techne all of its property and all property to be held by Bio-Techne in his or her possession or control, including, but not limited to, all work in progress, data, equipment, originals and copies of documents and software, customer and supplier information and lists, financial information, and all other materials. In addition, if Employee has used any personal computer, server, or email system (including, but not limited to, computers, Blackberries, PDA's, cell phones, smart phones, iPhones, iPads, etc.) to receive, store, review, prepare or transmit any Bio- Techne information, including but not limited to Confidential Information, Employee agrees to provide Bio-Techne with a computer-useable copy of all such Confidential Information and then, unless the information is subject to a litigation hold, permanently delete and expunge such information from those systems. Employee also agrees to certify, within ten (10) days after the Termination Date, in writing to Bio-Techne compliance with the obligation herein.

ARTICLE 5.
TERMINATION BENEFITS

5.1) Payment Upon Termination. Upon termination of Employee's employment (i) by Bio-Techne under Section 4.1(D), (ii) under Section 4.1(E), (iii) under Section 4.1(F), or (iv) by Employee's resignation for Good Reason, as defined below, Employee will receive the following payments: (x) an amount equal to one (1) year of his or her then-current base annual salary (but not any cash or incentive bonus) and (y) continued payment by Bio-Techne of the employer portion of the premiums for the health and dental insurance coverage Employee was receiving under group health, dental and vision insurance plans as of the Termination Date for one (1) year (the payments in (x) and (y) hereinafter referred to as the "Termination Severance Payments"); provided, however, that Employee shall be entitled to the Termination Severance Payments set forth in this Section 5.1 only if he or she executes within 60 days of termination of employment, does not rescind, and fully complies with a release agreement in a form supplied by Bio-Techne, which will include, but not be limited to, a comprehensive release of claims against Bio-Techne and its directors, officers, employees and all related parties, in their official and individual capacities (the "Release"). Notwithstanding the foregoing, if Bio-Techne determines, in its sole discretion, that payment of the COBRA premiums under this Section 5.1 would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code or any statute or regulation of similar effect, then in lieu of paying the COBRA premiums, Bio-Techne may instead elect to pay Employee on the first day of each month, a fully taxable cash payment equal to the employer portion of the COBRA premiums for that month, subject to applicable tax withholdings (the "Special Severance Payment"), for each remaining month during which Employee is entitled to receive payment of COBRA premiums under this Section 5.1. Employee may, but will not be obligated to, use the Special Severance Payment toward the cost of COBRA premiums.

As used in this Agreement, “Good Reason” means a good faith determination by Employee that any one or more of the following events have occurred; provided, however, that such event shall not constitute “Good Reason” if (x) Employee has expressly consented to such event in writing, (y) Employee fails to provide written notice to Bio-Techne within thirty (30) calendar days of the occurrence of such event, specifically describing such event, and Bio-Techne fails to remedy such event within thirty (30) calendar days of receipt of such notice, or (z) Employee fails to provide written notice of his decision to terminate within sixty (60) calendar days of the occurrence of such event:

A. A change in Employee's reporting responsibilities, titles or offices, or any removal of Employee from any of such positions, which has the effect of diminishing Employee's responsibility or authority;

B. A material reduction by Bio-Techne in Employee's total compensation including but not limited to Employee’s salary, annual bonus opportunity and annual long-term incentive opportunity;

C. A requirement imposed by Bio-Techne on Employee that results in Employee being based at a location that is outside a fifty (50) mile radius of Bio-Techne; or

D. The existence of physical working conditions or requirements that a reasonable person in Employee's position would find to be intolerable; provided, however, that Bio-Techne has received written notice of such “intolerable” conditions and Bio-Techne has failed within thirty (30) calendar days after receipt of such notice to cure or otherwise appropriately address such “intolerable” conditions.

Termination for “Good Reason” shall not include Employee's termination as a result of death, disability, retirement or a termination for any reason other than the events specified in clauses (A) through (D) in this Section 5.1.

5.2) Payment Upon Termination for Change in Control. If there is a Change in Control, as defined below, and if Employee either resigns for Good Reason or Employee's employment is terminated by Bio-Techne or its successor without Cause, in each case upon consummation of such Change in Control or within one (1) year thereafter, then Employee will receive the following:

A. payment equal to one (1) year of his or her then-current base annual salary; plus

B. payment equal to the pro-rated value of the greater of: (a) the target bonus for the fiscal year in which the termination occurs; or (b) the target bonus for the fiscal year in which the Change in Control occurs, if different; plus

C. The automatic acceleration of any vesting requirements of the equity grants awarded to Employee by Bio-Techne during the term of his or her employment; plus

D. continued payment by Bio-Techne of the employer portion of the premiums for the health and dental insurance coverage Employee was receiving under group health, dental and vision insurance plans as of the Termination Date for one (1) year. Notwithstanding the foregoing, if Bio-Techne determines, in its sole discretion, that payment of the COBRA premiums under this Section 5.1 would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code or any statute or regulation of similar effect, payment of the COBRA benefits will be made as a Special Severance Payment as provided in Section 5.1 above.

The payments and benefits described in Section 5.2.A through D above are hereinafter referred to as the "CIC Severance Payment". However, Employee shall be entitled to the CIC Severance Payment set forth in this Section 5.2 only if he or she executes within 60 days of resignation or termination of employment, does not rescind, and fully complies with the Release.

"Change in Control" shall mean the occurrence, in a single transaction or in a series of related transactions, of any one or more of the events in subsections (A) through (C) below. For purposes of this definition, a person, entity or group shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person, entity or group directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

A. Any person, entity or group becomes the Owner, directly or indirectly, of securities of Bio-Techne representing more than fifty percent (50%) of the combined voting power of Bio-Techne's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of Bio-Techne by an investor, any affiliate thereof or any other person, entity or group from Bio-Techne in a transaction or series of related transactions the primary purpose of which is to obtain financing for Bio-Techne through the issuance of equity securities or (B) solely because the level of Ownership held by any person, entity or group (the "Subject Person") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by Bio-Techne reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by Bio-Techne, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

B. There is consummated a merger, consolidation or similar transaction involving (directly or indirectly) Bio-Techne and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of Bio-Techne immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of Bio-Techne immediately prior to such transaction; or

C. There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the total gross value of the consolidated assets of Bio-Techne and its subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of total gross value of the consolidated assets of Bio-Techne and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of Bio-Techne in substantially the same proportions as their Ownership of the outstanding voting securities of Bio-Techne immediately prior to such sale, lease, license or other disposition (for purposes of this Section 5.1(C), “gross value” means the value of the assets of Bio- Techne or the value of the assets being disposed of, as the case may be, determined without regard to any liabilities associated with such assets).

For the avoidance of doubt, the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of Bio- Techne. To the extent required, the determination of whether a Change in Control has occurred shall be made in accordance with Code Section 409A and the regulations, notices and other guidance of general applicability issued thereunder.

5.25) Change in Control Following Retirement. If there is a Change in Control following the termination of Employee’s employment by Employee as a result of Retirement, the vesting requirements of any unvested portion of any equity grants to Employee that have not expired, terminated, or been forfeited by their terms shall be automatically accelerated upon consummation of such Change in Control. For purposes of this Agreement, “Retirement” means termination of employment by Employee for any reason on or after Employee reached the age of 55 and has completed at least 5 years of continuous service with Bio-Techne or any affiliate; provided, however, that Employee shall be credited with continuous service only for periods during which Employee regularly works 20 or more hours per week. The terms of this Section 5.25 will survive the termination of this Agreement.

5.3) Timing of Cash Severance Payment. Any cash payments pursuant to Section 5.1 or 5.2 will be paid to Employee monthly over the course of a one-year period beginning after expiration of any applicable rescission periods set forth in the Release and in no event later than 60 days following termination of employment; provided, however, that notwithstanding anything in this Agreement to the contrary, if any of the payments described in Section 5.1 or 5.2 are subject to the requirements of Code Section 409A and Bio-Techne determines that Employee is a “specified employee” as defined in Code Section 409A as of the date of Employee’s termination of employment, such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee’s termination of employment and on such date any amounts that would have been paid during the first six months following the termination but for operation of this proviso will be paid in one lump sum with the remaining payments made monthly over the remainder of the specified one-year period. In addition, all payments made to Employee pursuant to Section 5.1 or 5.2 will be reduced by amounts (A) required to be withheld in accordance with federal, state and local laws and regulations in effect at the time of payment, or (B) owed to Bio-Techne by Employee for any amounts advanced, loaned or misappropriated. Such offset will be made in the manner permitted by and will be subject to the limitations of all applicable laws, including but not limited to Code Section 409A, and the regulations, notices and other guidance of general applicability issued thereunder.

5.4) No Other Payments. Except as provided in Section 5.1, 5.2, and 5.25, Employee will not be entitled to any compensation or benefits other than that which was due to him or her as of the date of termination, regardless of any claim by Employee for compensation, salary, bonus, severance benefits or other payments.

ARTICLE 6. ARBITRATION

6.1) Arbitration. Any dispute arising out of or relating to (i) this Agreement or the alleged breach of it, or the making of this Agreement, including claims of fraud in the inducement, or (ii) Employee's application or candidacy for employment, employment and/or termination of employment with Bio-Techne including, but not limited to, any and all disputes, claims or controversies relating to discrimination, harassment, retaliation, wrongful discharge, and any and all other claims of any type under any federal or state constitution or any federal, state, or local statutory or common law shall be discussed between the disputing Parties in a good faith effort to arrive at a mutual settlement of any such controversy. If, notwithstanding, such dispute cannot be resolved, such dispute shall be settled by binding arbitration. Any request for arbitration must be filed with the American Arbitration Association within ninety (90) days of the events giving rise to the claim. Bio-Techne encourages Employee to consult an attorney regarding the reasonableness of this ninety (90) day filing provision. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be a retired state or federal judge or an attorney who has practiced securities or business litigation for at least 10 years. If the Parties cannot agree on an arbitrator within 20 days, any Party may request that the chief judge of the District Court for Hennepin County, Minnesota, select an arbitrator. Arbitration will be conducted pursuant to the provisions of this Agreement, and the commercial arbitration rules of the American Arbitration Association, unless such rules are inconsistent with the provisions of this Agreement, but without submission of the dispute to such Association. Limited civil discovery shall be permitted for the production of documents and taking of depositions. Unresolved discovery disputes may be brought to the attention of the arbitrator who may dispose of such dispute. The arbitrator shall have the authority to award any remedy or relief that a court of this state could order or grant; provided, however, that punitive or exemplary damages shall not be awarded. The arbitrator may award to the prevailing Party, if any, as determined by the arbitrator, all of its costs and fees, including the arbitrator's fees, administrative fees, travel expenses, out-of-pocket expenses and reasonable attorneys' fees. Unless otherwise agreed by the Parties, the place of any arbitration proceedings shall be Hennepin County, Minnesota. This agreement to arbitrate does not include worker's compensation claims, claims for unemployment compensation, or any injunctive or other relief to which the Bio-Techne may be entitled in accordance with the Section 3 above.

ARTICLE 7.
MISCELLANEOUS PROVISIONS

7.1) Modifications. This Agreement supersedes all prior agreements and understandings between the Parties relating to the employment of Employee by Bio-Techne and it may not be changed or terminated orally. No modification, termination, or attempted waiver of any of the provisions of this Agreement will be valid unless in writing signed by the Party against whom the same is sought to be enforced.

7.2) Binding Effect. The breach by Bio-Techne of any other agreement or instrument between Bio-Techne and Employee will not excuse or waive Employee's performance under, or compliance with, this Agreement.

7.3) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota, without regard to conflicts of law principles that would require the application of any other law.

7.4) Successors and Assigns. This Agreement is personal to Employee and Employee may not assign or transfer any part of his rights or duties hereunder, or any compensation due to him hereunder, to any other person. This Agreement may be assigned by Bio-Techne and Employee expressly consents to the assignment of any and all obligations of Employee under this Agreement. This Agreement is binding on any successors or assigns of Bio-Techne.

7.5) Captions. The captions set forth in this Agreement are for convenience only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and conditions hereof.

7.6) No Conflicting Obligations. Employee represents and warrants to Bio-Techne that he or she is not under, or bound to be under in the future, any obligation to any person, firm, or corporation that is or would be inconsistent or in conflict with this Agreement or would prevent, limit, or impair in any way the performance by Employee of Employee's obligations hereunder. If Employee possesses any information that he or she knows or should know is considered by any third party, such as a former employer of Employee's to be confidential, trade secret, or otherwise proprietary, Employee shall not disclose such information to Bio-Techne or use such information to benefit Bio-Techne in any way.

7.7) Waivers. The failure of any Party to require the performance or satisfaction of any term or obligation of this Agreement, or the waiver by any Party of any breach of this Agreement, will not prevent subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

7.8) Severability. In the event that any provision hereof is held invalid or unenforceable by a court of competent jurisdiction, Bio-Techne and Employee agree that that part should modified by the court to make it enforceable to the maximum extent possible. If the part cannot be modified, then that part may be severed and the other parts of this Agreement shall remain enforceable.

7.9) Code Section 409A.

A. Notwithstanding any other provision of this Agreement to the contrary, the Parties to this Agreement intend that this Agreement will satisfy the applicable requirements, if any, of Code Section 409A in a manner that will preclude the imposition of additional taxes and interest imposed under Code Section 409A. The Parties agree that this Agreement will be read or amended (as determined by Bio-Techne in its sole discretion) to the extent necessary to comply with Code Section 409A, as amended from time to time, and the notices and other guidance of general applicability issued thereunder. For purposes of Section 409A, each payment made under this Agreement will be treated as a separate payment. In no event may Employee, directly or indirectly, designate the calendar year of payment.

B. All reimbursements provided under this Agreement will be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Employee's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

C. Further, if any of the payments described in this Agreement are subject to the requirements of Code Section 409A and Bio-Techne determines that Employee is a "specified employee" as defined in Code Section 409A as of the date of Employee's termination of employment (which will have the same meaning as "separation from service" as defined in Code Section 409A), all or a portion of such payments will not be paid or commence earlier than the first day of the seventh month following the date of Employee's termination of employment, but only to the extent such delay is required for compliance with Code Section 409A.

7.10) Notices. All notices given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given, delivered and received (A) upon personal delivery to the Party to be notified; (B) when sent by facsimile if sent during normal business hours of the recipient, and if not sent during normal business hours then on the next business day; (C) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (D) one (1) business day after the business day of deposit with a nationally recognized overnight courier, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses set forth below, or to such facsimile numbers, or addresses as subsequently modified by written notice given in accordance with this Section:

(a) If to Bio-Techne: Bio-Techne Corporation
Attention: Chair, Board of Directors
614 McKinley Place Northeast
Minneapolis, MN 55413

(b) If to the Employee: at Employee's home address as it then appears on the records of Bio-Techne, it being the duty of Employee to keep Bio-Techne informed of his or her current home address at all times

7.11) Construction. The Parties agree that the terms and provisions of this Agreement embody their mutual intent, each Party has had the opportunity to negotiate its provisions and contribute to its drafting, and therefore, it is not to be construed more liberally in favor of, or more strictly against, any Party hereto.

7.12) Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. Electronically transmitted (e.g., by facsimile or pdf) signed copies of this Agreement shall be deemed to be original signed versions of this Agreement.

7.13) Section 280G. Notwithstanding anything to the contrary contained in this Agreement, to the extent that any of the payments and benefits provided for under this Agreement or any other agreement or arrangement between the Employee and the Bio-Techne (collectively, the "Payments") constitute a "parachute payment" within the meaning of Section 280G of the Code and, but for this Section 7.14, would be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be payable either (i) in full or (ii) as to such lesser amount which would result in no portion of such Payments being subject to excise tax under Section 4999 of the Code; whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the Employee's receipt on an after-tax basis, of the greatest amount of economic benefits under this Agreement, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Unless the Employee and Bio-Techne otherwise agree in writing, any determination required under this Section 7.13 shall be made in writing by Bio-Techne's independent public accountants (the "Accountants"), whose reasonable determination shall be conclusive and binding upon Employee and Bio-Techne for all purposes. For purposes of making the calculations required by this Section 7.13, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Sections 280G and 4999 of the Code. Employee and Bio-Techne shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 7.13. The Accountants will provide its calculations, together with detailed supporting documentation, to the Company and Employee as soon as practicable following its engagement. If a reduction in Payments is required by this provision and none of the Payments constitute "non-qualified deferred compensation" subject to Code Section 409A, then the reduction will occur in the manner Employee elects in writing prior to the date of payment. If any Payment constitutes "non-qualified deferred compensation" subject to Code Section 409A or if Employee fails to elect an order, then the Payments to be reduced will be determined in a manner which has the least economic cost to Employee and, to the extent the economic cost is equivalent, will be reduced in the inverse order of when payment would have been made to Employee, until the reduction is achieved.

THE PARTIES HAVE executed this Agreement in the manner appropriate to each as of the dates set forth below.

BIO-TECHNE CORPORATION

By ______________________	12/20, 2021
Its Chief Executive Officer	Date
______________________	December, 20, 2021
William Geist	Date

Exhibit 31.1

CERTIFICATION

I, Charles R. Kummeth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bio-Techne Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2022

/s/ Charles R. Kummeth
Charles R. Kummeth
Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, James Hippel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bio-Techne Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 7, 2022

/s/ James Hippel
James Hippel
Principal Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Bio-Techne Corporation (the "Company") On Form 10-Q for the quarter ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles R. Kummeth, Principle Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles R. Kummeth
Charles R. Kummeth
Principal Executive Officer
February 7, 2022

Exhibit 32.2

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

In connection with the Quarterly Report of Bio-Techne Corporation (the "Company") On Form 10-Q for the quarter ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Hippel, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James Hippel
James Hippel
Principal Financial Officer
February 7, 2022