UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: October 1, 2022
OR

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

Commission File Number: 001-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts	**04-2882273**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
125 Summer Street Boston, Massachusetts	**02110**
(Address of principal executive offices)	(Zip Code)

(781) 848-7100
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, $.01 par value per share	HAE	New York Stock Exchange

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 Rule 12b-2 of the Exchange Act.) Yes ☐No ☒

The number of shares of $0.01 par value common stock outstanding as of November 4, 2022: 50,608,362

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ITEM 1. FINANCIAL STATEMENTS

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net revenues	$ 297,485	$ 239,897	$ 558,943	$ 468,425
Cost of goods sold	139,607	117,356	258,802	237,799
Gross profit	157,878	122,541	300,141	230,626
Operating expenses:				
Research and development	10,896	10,853	21,798	23,554
Selling, general and administrative	92,411	75,778	184,638	166,996
Amortization of intangible assets	8,221	11,400	16,588	23,779
Gains on divestiture	(382)	—	(382)	(9,603)
Total operating expenses	111,146	98,031	222,642	204,726
Operating income	46,732	24,510	77,499	25,900
Interest and other expense, net	(5,673)	(4,588)	(10,946)	(8,986)
Income before provision for income taxes	41,059	19,922	66,553	16,914
Provision for income taxes	7,862	5,066	13,479	6,512
Net income	**$ 33,197**	**$ 14,856**	**$ 53,074**	**$ 10,402**
Net income per share - basic	$ 0.65	$ 0.29	$ 1.04	$ 0.20
Net income per share - diluted	$ 0.64	$ 0.29	$ 1.03	$ 0.20
Weighted average shares outstanding				
Basic	50,953	51,039	51,089	50,989
Diluted	51,558	51,458	51,620	51,358
Comprehensive income	$ 25,659	$ 14,420	$ 38,773	$ 10,413

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited in thousands, except share data)

	October 1, 2022	April 2, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 241,200	$ 259,496
Accounts receivable, less allowance for credit losses of $2,495 at October 1, 2022 and $2,475 at April 2, 2022	171,532	159,376
Inventories, net	254,680	293,027
Prepaid expenses and other current assets	48,377	44,132
Total current assets	715,789	756,031
Property, plant and equipment, net	307,844	258,482
Intangible assets, less accumulated amortization of $395,822 at October 1, 2022 and $376,552 at April 2, 2022	292,595	310,261
Goodwill	464,987	467,287
Deferred tax asset	4,282	4,468
Other long-term assets	79,615	63,205
Total assets	**$ 1,865,112**	**$ 1,859,734**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and current maturities of long-term debt	$ 58,194	$ 214,148
Accounts payable	61,484	58,371
Accrued payroll and related costs	44,596	48,540
Other current liabilities	97,901	121,207
Total current liabilities	262,175	442,266
Long-term debt, net of current maturities	759,552	559,441
Deferred tax liability	35,974	28,727
Other long-term liabilities	78,402	79,876
Total stockholders' equity		
Common stock, $0.01 par value; Authorized — 150,000,000 shares; Issued and outstanding — 50,605,499 shares at October 1, 2022 and 51,124,240 shares at April 2, 2022	506	511
Additional paid-in capital	564,394	572,476
Retained earnings	204,364	202,391
Accumulated other comprehensive loss	(40,255)	(25,954)
Total stockholders' equity	729,009	749,424
Total liabilities and stockholders' equity	**$ 1,865,112**	**$ 1,859,734**

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited in thousands)

	Common Stock					
	Shares	**Par Value**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
Balance, April 2, 2022	**51,124**	**$ 511**	**$ 572,476**	**$ 202,391**	**$ (25,954)**	**$ 749,424**
Employee stock purchase plan	57	—	2,459	—	—	2,459
Exercise of stock options	3	1	126	—	—	127
Issuance of restricted stock, net of cancellations	131	1	(1)	—	—	—
Share-based compensation expense	—	—	5,299	—	—	5,299
Net income	—	—	—	19,877	—	19,877
Other comprehensive loss	—	—	—	—	(6,763)	(6,763)
Balance, July 2, 2022	**51,315**	**$ 513**	**$ 580,359**	**$ 222,268**	**$ (32,717)**	**$ 770,423**
Exercise of stock options	50	1	2,191	—	—	2,192
Shares repurchased	(786)	(8)	(23,891)	(51,101)	—	(75,000)
Issuance of restricted stock, net of cancellations	26	—	—	—	—	—
Share-based compensation expense	—	—	5,735	—	—	5,735
Net income	—	—	—	33,197	—	33,197
Other comprehensive loss	—	—	—		(7,538)	(7,538)
Balance, October 1, 2022	**50,605**	**$ 506**	**$ 564,394**	**$ 204,364**	**$ (40,255)**	**$ 729,009**

	Common Stock					
	Shares	**Par Value**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Total Stockholders' Equity**
Balance, April 3, 2021	**50,869**	**$ 509**	**$ 602,727**	**$ 157,981**	**$ (29,547)**	**$ 731,670**
Employee stock purchase plan	39	—	2,210	—	—	2,210
Exercise of stock options	14	—	500	—	—	500
Issuance of restricted stock, net of cancellations	91	1	(1)	—	—	—
Cumulative effect of change in accounting standards	—	—	(61,156)	1,035	—	(60,121)
Share-based compensation expense	—	—	6,828	—	—	6,828
Net loss	—	—	—	(4,454)	—	(4,454)
Other comprehensive income	—	—	—	—	447	447
Balance, July 3, 2021	**51,013**	**$ 510**	**$ 551,108**	**$ 154,562**	**$ (29,100)**	**$ 677,080**
Exercise of stock options	28	1	1,069	—	—	1,070
Issuance of restricted stock, net of cancellations	19	—	—	—	—	—
Share-based compensation expense	—	—	5,979	—	—	5,979
Net income	—	—	—	14,856	—	14,856
Other comprehensive loss	—	—	—	—	(436)	(436)
Balance, October 2, 2021	**51,060**	**$ 511**	**$ 558,156**	**$ 169,418**	**$ (29,536)**	**$ 698,549**

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

HAEMONETICS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Six Months Ended	
	October 1, 2022	October 2, 2021
Cash Flows from Operating Activities:		
Net income	$ 53,074	$ 10,402
Adjustments to reconcile net income to net cash provided by operating activities:		
Non-cash items:		
Depreciation and amortization	45,883	48,567
Impairment of assets	94	5,144
Share-based compensation expense	11,034	12,807
Amortization of deferred finance costs	313	1,813
(Benefit) provision for losses on inventory	(1,529)	114
Gains on divestiture	(382)	(9,603)
Contingent consideration expense	(504)	9,345
Other non-cash operating activities	(1,186)	7,054
Change in operating assets and liabilities:		
Change in accounts receivable	(17,043)	(14,574)
Change in inventories	35,990	(5,475)
Change in prepaid income taxes	2,145	2,477
Change in other assets and other liabilities	(7,724)	(842)
Change in accounts payable and accrued expenses	8,867	(25,449)
Net cash provided by operating activities	129,032	41,780
Cash Flows from Investing Activities:		
Capital expenditures	(81,424)	(34,731)
Acquisition	(2,850)	(2,500)
Proceeds from divestiture	850	—
Proceeds from sale of property, plant and equipment	7,537	860
Other investments	(13,395)	—
Net cash used in investing activities	(89,282)	(36,371)
Cash Flows from Financing Activities:		
Term loan borrowings	280,000	—
Term loan redemption	(280,000)	—
Proceeds from revolving facility	50,000	—
Repayment of term loan borrowings	(6,125)	(8,750)
Debt issuance costs	(1,118)	—
Share repurchases	(75,000)	—
Contingent consideration payments	(21,593)	—
Proceeds from employee stock purchase plan	2,459	2,210
Proceeds from exercise of stock options	2,319	1,569
Other	(23)	22
Net cash used in financing activities	(49,081)	(4,949)
Effect of exchange rates on cash and cash equivalents	(8,965)	(345)
Net Change in Cash and Cash Equivalents	(18,296)	115
Cash and Cash Equivalents at Beginning of Period	259,496	192,305
Cash and Cash Equivalents at End of Period	**$ 241,200**	**$ 192,420**
Supplemental Disclosures of Cash Flow Information:		
Non-Cash Investing and Financing Activities:		
Transfers from inventory to fixed assets for placement of Haemonetics equipment	$ 66,452	$ 10,139

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

1. BASIS OF PRESENTATION

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Haemonetics Corporation ("Haemonetics" or the "Company") presented herein have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All intercompany transactions have been eliminated. Operating results for the six months ended October 1, 2022 are not necessarily indicative of the results that may be expected for the full fiscal year ending April 1, 2023 or any other interim period. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Annual Report on Form 10-K for the fiscal year ended April 2, 2022.

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated as required. There were no material recognized or unrecognized subsequent events as of or for the six months ended October 1, 2022, except those listed below. In November 2022, the Company made a €20 million investment in Vivasure Medical LTD, bringing the Company's total investment to €30 million. The investment will also be classified as other long-term assets on the Company's Condensed Consolidated Balance Sheets.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Standards Implemented

In December 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Update No. 2019-12 — Income Taxes (Topic 740). The new guidance improves consistent application of and simplifies the accounting for income taxes by removing certain exceptions to the general principals in Topic 740. The Company adopted ASC Update No. 2019-12 effective April 4, 2021. The adoption did not have a material impact on the Company's financial position or results of operations.

In August 2020, the FASB issued ASC Update No. 2020-06 — Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40). The amendments simplify the complexity associated with applying U.S. GAAP for certain financial instruments with characteristics of liabilities and equity. Update No. 2020-06 is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company early adopted ASC Update No. 2020-06 effective April 4, 2021 using the modified retrospective method, which resulted in a decrease of $61.2 million to additional paid-in capital, a decrease to non-current deferred tax liabilities of $20.0 million, and an increase of $80.3 million to non-current convertible notes, net, on the condensed consolidated balance sheets. Additionally, retained earnings was adjusted to remove amortization expense recognized in prior periods related to the debt discount and the convertible notes no longer have a debt discount that will be amortized, net of taxes. The impact to retained earnings on the condensed consolidated balance sheets as of April 4, 2021 is an increase of $1.0 million.

In July 2021, the FASB issued ASC Update No. 2021-05 — Leases (Topic 842). The new guidance requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate as an operating lease at lease commencement if the lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria of ASC 842 and the lessor would have otherwise recognized a day-one loss. The Company prospectively adopted ASC Update No. 2021-05 effective in the second quarter of fiscal year 2022. The adoption did not have a material impact on the Company's financial position or results of operations.

3. RESTRUCTURING

On an ongoing basis, the Company reviews the global economy, the healthcare industry, and the markets in which it competes to identify opportunities for efficiencies, enhance commercial capabilities, align its resources and offer its customers better solutions. In order to realize these opportunities, the Company undertakes restructuring-type activities to transform its business.

In July 2019, the Board of Directors of the Company approved the Operational Excellence Program (the “2020 Program”) and delegated authority to the Company’s management to determine the detail of the initiatives that will comprise the program. During fiscal 2022, the Company revised the program to improve product and service quality, reduce cost principally in its manufacturing and supply chain operations and ensure sustainability while helping to offset impacts from a previously announced customer loss, rising inflationary pressures and effects of the COVID-19 pandemic. The Company now expects to incur aggregate charges between $95 million and $105 million by the end of fiscal 2025 under the program. The majority of charges will result in cash outlays, including severance and other employee costs, and will be incurred as the specific actions required to execute these initiatives are identified and approved. During the three and six months ended October 1, 2022, the Company incurred $3.1 million and $6.6 million, respectively, of restructuring and restructuring related costs under this program. During the three and six months ended October 2, 2021, the Company incurred $4.6 million and $14.5 million, respectively, of restructuring and restructuring related costs under this program. Total cumulative charges under this program are $62.3 million.

The following table summarizes the activity for restructuring reserves related to the 2020 Program and prior programs for the six months ended October 1, 2022, substantially all of which relates to employee severance and other employee costs:

(In thousands)	2020 Program	Prior Programs	Total
Balance at April 2, 2022	$ 2,460	$ 345	$ 2,805
Costs incurred, net of reversals	59	62	121
Payments	(1,038)	(101)	(1,139)
Balance at October 1, 2022	$ 1,481	$ 306	$ 1,787

The following presents the restructuring costs by line item within our accompanying unaudited Condensed Consolidated Statements of Income and Comprehensive Income:

	Three Months Ended		Six Months Ended	
(In thousands)	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Cost of goods sold	$ 29	$ 210	$ (177)	$ 2,463
Research and development	—	3	—	108
Selling, general and administrative expenses	136	482	298	1,544
	$ 165	$ 695	$ 121	$ 4,115

As of October 1, 2022, the Company had a restructuring liability of $1.8 million, of which $1.5 million is payable within the next twelve months.

In addition to the restructuring costs included in the table above, the Company also incurred costs that do not constitute restructuring under ASC 420, *Exit and Disposal Cost Obligations,* and which the Company instead refers to as restructuring related costs. These costs consist primarily of expenditures directly related to the restructuring actions and include program management costs associated with the implementation of outsourcing initiatives and recent accounting standards.

The tables below present restructuring and restructuring related costs by reportable segment:

Restructuring costs	**Three Months Ended**		**Six Months Ended**	
(In thousands)	**October 1, 2022**	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
Plasma	$ —	$ 411	$ (211)	$ 2,699
Blood Center	—	—	—	3
Hospital	—	(53)	—	(91)
Corporate	165	337	332	1,504
Total	$ 165	$ 695	$ 121	$ 4,115

Restructuring related costs	**Three Months Ended**		**Six Months Ended**	
(In thousands)	**October 1, 2022**	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
Plasma	$ 108	$ 1,403	$ 748	$ 3,141
Blood Center	16	40	18	530
Hospital	111	32	200	165
Corporate	2,794	2,343	5,585	6,617
Total	$ 3,029	$ 3,818	$ 6,551	$ 10,453
Total restructuring and restructuring related costs	**$ 3,194**	**$ 4,513**	**$ 6,672**	**$ 14,568**

4. INCOME TAXES

The Company conducts business globally and reports its results of operations in a number of foreign jurisdictions in addition to the United States. The Company's reported tax rate is impacted by the jurisdictional mix of earnings in any given period as the foreign jurisdictions in which it operates have tax rates that differ from the U.S. statutory tax rate.

For the three and six months ended October 1, 2022, the Company reported income tax expense of $7.9 million and $13.5 million, respectively, representing effective tax rates of 19.1% and 20.3%, respectively. The effective tax rate for the six months ended October 1, 2022 includes a discrete tax benefit of $0.5 million related to tax rate changes enacted in the quarter and $0.3 million of discrete tax expense relating to stock compensation shortfalls. The effective tax rate for the three months ended October 1, 2022, the effective tax rate includes a discrete tax benefit of $0.5 million related to tax rate changes enacted in the quarter and $0.3 million of discrete tax benefit relating to stock compensation windfalls.

For the three and six months ended October 2, 2021, the Company reported income tax expense of $5.1 million and $6.5 million, respectively, representing effective tax rates of 25.4% and 38.5%, respectively. The effective tax rates for the three and six months ended October 2, 2021 include discrete tax expense relating to stock compensation shortfalls of $0.1 million and $0.9 million, respectively.

5. EARNINGS PER SHARE

The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations.

(In thousands, except per share amounts)	Three Months Ended October 1, 2022	Three Months Ended October 2, 2021	Six Months Ended October 1, 2022	Six Months Ended October 2, 2021
Basic EPS				
Net income	$ 33,197	$ 14,856	$ 53,074	$ 10,402
Weighted average shares	50,953	51,039	51,089	50,989
Basic income per share	**$ 0.65**	**$ 0.29**	**$ 1.04**	**$ 0.20**
Diluted EPS				
Net income	$ 33,197	$ 14,856	$ 53,074	$ 10,402
Basic weighted average shares	50,953	51,039	51,089	50,989
Net effect of common stock equivalents	605	419	531	369
Diluted weighted average shares	51,558	51,458	51,620	51,358
Diluted income per share	**$ 0.64**	**$ 0.29**	**$ 1.03**	**$ 0.20**

Basic earnings per share is calculated using the Company’s weighted-average outstanding common stock. Diluted earnings per share is calculated using its weighted-average outstanding common stock including the dilutive effect of stock awards as determined under the treasury stock method and the convertible senior notes as determined under the net share settlement method. From the time of the issuance of the convertible senior notes, the average market price of the Company's common shares has been less than the initial conversion price, and consequently no shares have been included in diluted earnings per share for the conversion value of the convertible senior notes. For the three and six months ended October 1, 2022, weighted average shares outstanding, assuming dilution, excludes the impact of 0.7 million and 0.8 million anti-dilutive shares, respectively. For the three and six months ended October 2, 2021, weighted average shares outstanding, assuming dilution, excludes the impact of 0.9 million anti-dilutive shares.

Share Repurchase Program

In August 2022, the Company's Board of Directors authorized the repurchase of up to $300 million of Haemonetics common stock over the next three years. Under the share repurchase program, the Company is authorized to repurchase, from time to time, outstanding shares of common stock in accordance with applicable laws on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, and in privately negotiated transactions. The actual timing, number and value of shares repurchased will be determined by the Company at its discretion and will depend on a number of factors, including market conditions, applicable legal requirements and compliance with the terms of loan covenants. The share repurchase program may be suspended, modified or discontinued at any time, and the Company has no obligation to repurchase any amount of its common stock under the program.

Subsequent to the Company’s announcement of the share repurchase program, in August 2022, the Company entered into an accelerated share repurchase agreement (“ASR”) with Citibank N.A. (“Citibank”) to repurchase $75.0 million of the Company's common stock. Pursuant to the terms of the ASR, in August 2022, the Company paid Citibank $75.0 million in cash and received an initial delivery of 0.8 million shares of the Company's common stock based on a closing market price on the New York Stock Exchange on August 16, 2022 of $76.32. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. The ASR was completed in November 2022 and approximately 0.2 million additional shares were delivered upon settlement.

As of October 1, 2022, the total remaining authorization for repurchases of the Company's common stock under the share repurchase program was $225 million.

6. REVENUE

The Company's revenue recognition policy is to recognize revenues from product sales, software and services in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; this occurs with the transfer of control of the Company's goods or services. The Company considers revenue to be earned when all of the following criteria are met: it has a contract with a customer that creates enforceable rights and obligations; promised products or services are identified; the transaction price, or the consideration it expects to receive for transferring goods or providing services, is determinable and it has transferred control of the promised items to the customer. A promise in a contract to transfer a distinct good or service to the customer is identified as a performance obligation. A contract's transaction price is allocated to each performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Some of the Company's contracts have multiple performance obligations. For contracts with multiple performance obligations, the Company allocates the contract's transaction price to each performance obligation based on the estimated standalone selling prices of the good or service in the contract. For goods or services for which observable standalone selling prices are not available, the Company uses an expected cost plus a margin approach to estimate the standalone selling price of each performance obligation.

As of October 1, 2022, the Company had $23.0 million of its transaction price allocated to remaining performance obligations related to executed contracts with an original duration of one year or more. The Company expects to recognize approximately 74% of this amount as revenue within the next twelve months and the remaining balance thereafter.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Condensed Consolidated Balance Sheets. The difference in timing between billing and revenue recognition primarily occurs in software licensing arrangements, resulting in contract assets and contract liabilities.

As of October 1, 2022 and April 2, 2022, the Company had contract assets of $7.6 million and $5.5 million, respectively. Contract assets are classified as other current assets and other long-term assets on the Condensed Consolidated Balance Sheets.

As of October 1, 2022 and April 2, 2022, the Company had contract liabilities of $24.4 million and $26.8 million, respectively. During the three and six months ended October 1, 2022, the Company recognized $6.8 million and $18.5 million of revenue, respectively, that was included in the above April 2, 2022 contract liability balance.

7. INVENTORIES

Inventories are stated at the lower of cost or net realizable value and include the cost of material, labor and manufacturing overhead. Cost is determined with the first-in, first-out method.

(In thousands)	October 1, 2022	April 2, 2022
Raw materials	$ 83,602	$ 88,886
Work-in-process	21,853	17,187
Finished goods	149,225	186,954
Total inventories	**$ 254,680**	**$ 293,027**

8. LEASES

Lessor Activity

Assets on the Company's balance sheet classified as Haemonetics equipment primarily consist of medical devices installed at customer sites but owned by Haemonetics. These devices are leased to customers under contractual arrangements that typically include an operating or sales-type lease as well as the purchase and consumption of a certain level of disposable products. Sales-type leases are not significant. Contract terms vary by customer and may include options to terminate the contract or options to extend the contract. Where devices are provided under operating lease arrangements, a substantial majority of the entire lease revenue is variable and subject to subsequent non-lease component (disposable products) sales. The allocation of revenue between the lease and non-lease components is based on stand-alone selling prices. Operating lease revenue represents approximately 3 percent of the Company's total net sales.

9. NOTES PAYABLE AND LONG-TERM DEBT

Convertible Senior Notes

In March 2021, the Company issued $500.0 million aggregate principal amount of 0% convertible senior notes due 2026 (the "2026 Notes"). The 2026 Notes are governed by the terms of the Indenture between the Company and U.S. Bank National Association, as trustee (the "Indenture"). The total net proceeds from the sale of the 2026 Notes, after deducting the initial purchasers' discounts and debt issuance costs, were approximately $486.7 million. The 2026 Notes will mature on March 1, 2026, unless earlier converted, redeemed or repurchased.

During the second quarter of fiscal 2023, the conditions allowing holders of the 2026 Notes to convert have not been met. The 2026 Notes were therefore not convertible as of October 1, 2022 and were classified as long-term debt on the Company's Condensed Consolidated Balance Sheets.

On April 4, 2021, the Company adopted ASC Update No. 2020-06 using the modified retrospective method, which resulted in a decrease of $61.2 million to additional paid-in capital, a decrease to non-current deferred tax liabilities of $20.0 million, and an increase of $80.3 million to non-current convertible notes, net, on the Condensed Consolidated Balance Sheets. Additionally, retained earnings was adjusted to remove amortization expense recognized in prior periods related to the debt discount and the convertible notes no longer have a debt discount that will be amortized, net of taxes. The impact to retained earnings on the Condensed Consolidated Balance Sheets as of April 4, 2021 is an increase of $1.0 million.

As of October 1, 2022, the $500.0 million principal balance was netted down by $9.2 million of remaining debt issuance costs, resulting in a net convertible note payable of $490.8 million. Interest expense related to the 2026 Notes was $0.7 million and $1.3 million, for the three and six months ended October 1, 2022, respectively, which is entirely attributable to the amortization of the debt issuance costs. The debt issuance costs are amortized at an effective interest rate of 0.5%.

Credit Facilities

On June 15, 2018, the Company entered into a credit agreement with certain lenders that provided for a $350.0 million term loan and a $350.0 million revolving loan (together with the term loan, as amended from time to time, the "2018 Credit Facilities") that were each scheduled to mature on June 15, 2023 with applicable interest rates during the period established using LIBOR plus 1.13% - 1.75%, depending on the Company's leverage ratio.

On July 26, 2022, the Company entered into an amended and restated credit agreement with certain lenders to refinance the 2018 Credit Facilities and extend their maturity date through June 2025. The amended and restated credit agreement provides for a $280.0 million senior unsecured term loan, the proceeds of which have been used to settle the balance of the term loan under the 2018 Credit Facilities, and a $420.0 million senior unsecured revolving credit facility (together, the "Revised Credit Facilities"). Loans under the Revised Credit Facilities bear interest at an annual rate equal to the Adjusted Term SOFR Rate (as specified in the amended and restated credit agreement), which is subject to a floor of 0%, plus an applicable rate ranging from 1.125% to 1.750% based on the Company's consolidated net leverage ratio (as specified in the amended and restated credit agreement) at the applicable measurement date. Adjusted Term SOFR Rate loans are also subject to a credit spread adjustment of 0.10% per annum. The revolving credit facility carries an unused fee that ranges from 0.125% to 0.250% annually based on the Company's consolidated net leverage ratio at the applicable measurement date. Under the Revised Credit Facilities, the Company is required to maintain certain leverage and interest coverage ratios specified in the amended and restated credit agreement as well as other customary non-financial affirmative and negative covenants. The Revised Credit Facilities mature on June 15, 2025. The principal amount of the term loan under the Revised Credit Facilities is repayable quarterly through the maturity date at a rate of 2.5% for the first year and 5% thereafter, with the unpaid balance due at maturity.

The Company applied modification accounting for the credit facility refinancing. For the term loan under the Revised Credit facilities, for the three and six months ended October 1, 2022, the Company recognized interest expense of $0.5 million for third party fees incurred and capitalized $0.2 million of lender fees related to the term loan. For the three and six months ended October 1, 2022, the Company capitalized $1.1 million of lender fees and third-party costs incurred in the refinancing related to the revolving credit facility under the Revised Credit Facilities.

At October 1, 2022, $278.3 million was outstanding under the term loan with an effective interest rate of 4.2%. The Company has scheduled principal payments of $8.8 million required during the 12 months following October 1, 2022. There was $50.0 million outstanding under the revolving credit facility at October 1, 2022. The Company also has $19.6 million of uncommitted operating lines of credit to fund its global operations under which there were no outstanding borrowings as of October 1, 2022.

The Company was in compliance with the leverage and interest coverage ratios specified in the Revised Credit Facilities as well as all other bank covenants as of October 1, 2022.

10. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The Company manufactures, markets and sells its products globally. During the three and six months ended October 1, 2022, 28.8% and 29.6%, respectively, of the Company’s sales were generated outside the U.S. in local currencies. The Company also incurs certain manufacturing, marketing and selling costs in international markets in local currency.

Accordingly, earnings and cash flows are exposed to market risk from changes in foreign currency exchange rates relative to the U.S. Dollar, the Company’s reporting currency. The Company has a program in place that is designed to mitigate the exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize, for a period of time, the impact on its financial results from changes in foreign exchange rates. The Company utilizes foreign currency forward contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily the Japanese Yen and the Euro, and to a lesser extent the Swiss Franc, Chinese Yuan and the Mexican Peso. This does not eliminate the impact of the volatility of foreign exchange rates. However, because the Company generally enters into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation.

Designated Foreign Currency Hedge Contracts

All of the Company’s designated foreign currency hedge contracts as of October 1, 2022 and April 2, 2022 were cash flow hedges under ASC 815, *Derivatives and Hedging* (“ASC 815”). The Company records the effective portion of any change in the fair value of designated foreign currency hedge contracts in other comprehensive income until the related third-party transaction occurs. Once the related third-party transaction occurs, the Company reclassifies the effective portion of any related gain or loss on the designated foreign currency hedge contracts to earnings. In the event the hedged forecasted transaction does not occur, or it becomes probable that it will not occur, the Company will reclassify the amount of any gain or loss on the related cash flow hedge to earnings at that time. The Company had designated foreign currency hedge contracts outstanding in the contract amount of $30.9 million as of October 1, 2022 and $67.3 million as of April 2, 2022. At October 1, 2022, a gain of $2.4 million, net of tax, will be reclassified to earnings within the next twelve months. Substantially all currency cash flow hedges outstanding as of October 1, 2022 mature within twelve months.

Non-Designated Foreign Currency Contracts

The Company manages its exposure to changes in foreign currency on a consolidated basis to take advantage of offsetting transactions and balances. It uses foreign currency forward contracts as a part of its strategy to manage exposure related to foreign currency denominated monetary assets and liabilities. These foreign currency forward contracts are entered into for periods consistent with currency transaction exposures, generally one month. They are not designated as cash flow or fair value hedges under ASC 815. These forward contracts are marked-to-market with changes in fair value recorded to earnings. The Company had non-designated foreign currency hedge contracts under ASC 815 outstanding in the contract amount of $45.2 million as of October 1, 2022 and $39.5 million as of April 2, 2022.

Interest Rate Swaps

Part of the Company's interest rate risk management strategy includes the use of interest rate swaps to mitigate its exposure to changes in variable interest rates. The Company's objective in using interest rate swaps is to add stability to interest expense and to manage and reduce the risk inherent in interest rate fluctuations.

On June 15, 2018, the Company entered into the 2018 Credit Facilities, which provided for a $350.0 million term loan and a $350.0 million revolving credit facility. Under the terms of the 2018 Credit Facilities, interest was established using LIBOR plus the applicable rate ranging from 1.13% to 1.75% based on the Company's leverage ratio. In August 2018, the Company entered into two interest rate swap agreements to pay an average fixed rate of 2.80% plus the applicable rate on a total notional value of $241.9 million of debt, or 70% of the notional value of the unsecured term loan. The 2018 interest rate swaps mature on June 15, 2023. As a result of the refinancing in August 2022, the 2018 interest rate swaps were amended in September 2022 to align with the Term Secured Overnight Financing Rate ("SOFR") rate rather than LIBOR (the "Amended Swaps"). The Company concluded that the Amended Swaps were still effective such that hedge accounting was continued on these swaps.

On July 26, 2022, the Company entered into an amended and restated credit agreement to refinance the 2018 Credit Facilities and extend their maturity date through June 2025. The Revised Credit Facilities include a $280.0 million senior unsecured term loan and a $420.0 million senior unsecured revolving credit facility. Loans under the Revised Credit Facilities bear interest at an annual rate equal to the 1-month USD Term SOFR plus 0.10% and an applicable rate ranging from 1.125% to 1.750% based on the Company's consolidated net leverage ratio. In September 2022, the Company entered into four additional interest rate swaps, which when combined with the Amended Swaps, result in an average blended fixed interest rate of 3.57% plus the applicable rate on 70% of the notional value of the unsecured term loan until mid-June 2023 and 4.12% plus the applicable rate thereafter on 80% of the notional until the maturity date in June 2025. The Company has concluded that each of these four additional interest rate swaps are effective and qualify for hedge accounting treatment.

The Company held the following interest rate swaps as of October 1, 2022:

Hedged Item	Original Notional Amount	Notional Amount as of October 1, 2022	Designation Date	Effective Date	Termination Date	Fixed Interest Rate	Estimated Fair Value Assets (Liabilities)
(In thousands)							
1-month USD Term SOFR	$ 140,719	$ 85,500	9/23/2022	9/30/2022	6/15/2023	2.67%	$ 502
1-month USD Term SOFR	101,219	61,500	9/23/2022	9/30/2022	6/15/2023	2.76%	348
1-month USD Term SOFR	23,888	23,888	9/23/2022	9/30/2022	6/15/2023	4.44%	(78)
1-month USD Term SOFR	23,888	23,888	9/23/2022	9/30/2022	6/15/2023	4.46%	(82)
1-month USD Term SOFR	109,900	—	9/23/2022	6/15/2023	6/15/2025	4.08%	(237)
1-month USD Term SOFR	109,900	—	9/23/2022	6/15/2023	6/15/2025	4.15%	(315)
Total	$ 509,514	$ 194,776					$ 138

For the six months ended October 1, 2022, a gain of $3.2 million, net of tax, was recorded in accumulated other comprehensive loss to recognize the effective portion of the fair value of the Swaps that qualify as cash flow hedges.

Trade Receivables

In the ordinary course of business, the Company grants trade credit to its customers on normal credit terms. In an effort to reduce its credit risk, the Company (i) establishes credit limits for all customers, (ii) performs ongoing credit evaluations of customers' financial condition, (iii) monitors the payment history and aging of customers' receivables, and (iv) monitors open orders against an individual customer's outstanding receivable balance.

The Company's allowance for credit losses is maintained for trade accounts receivable based on the expected collectability, the historical collection experience, the length of time an account is outstanding, the financial position of the customer and information provided by credit rating services. To date, the Company has not experienced significant customer payment defaults, or identified other significant collectability concerns.

The following is a roll forward of the allowance for credit losses:

(In thousands)	Three Months Ended		Six Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Beginning balance	**$ 2,495**	**$ 2,236**	**$ 2,475**	**$ 2,226**
Credit loss	59	504	204	532
Write-offs	(59)	(39)	(184)	(57)
Ending balance	**$ 2,495**	**$ 2,701**	**$ 2,495**	**$ 2,701**

Fair Value of Derivative Instruments

The following table presents the effect of the Company's derivative instruments designated as cash flow hedges and those not designated as hedging instruments under ASC 815 in its unaudited Condensed Consolidated Statements of Income and Comprehensive Income for the six months ended October 1, 2022:

(In thousands)	Amount of Gain Recognized in Accumulated Other Comprehensive Loss	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Earnings	Location in Condensed Consolidated Statements of Income and Comprehensive Income	Amount of Gain Excluded from Effectiveness Testing	Location in Condensed Consolidated Statements of Income and Comprehensive Income
Designated foreign currency hedge contracts, net of tax	$ 2,388	$ 2,923	Net revenues, COGS and SG&A	$ 282	Interest and other expense, net
Non-designated foreign currency hedge contracts	$ —	$ —		$ 2,463	Interest and other expense, net
Designated interest rate swaps, net of tax	$ 2,190	$ (1,030)	Interest and other expense, net	$ —	

The Company did not have fair value hedges or net investment hedges outstanding as of October 1, 2022 or April 2, 2022. As of October 1, 2022, no material deferred taxes were recognized for designated foreign currency hedges.

ASC 815 requires all derivative instruments to be recognized at their fair values as either assets or liabilities on the balance sheet. The Company determines the fair value of its derivative instruments using the framework prescribed by ASC 820, *Fair Value Measurements and Disclosures*, by considering the estimated amount it would receive or pay to sell or transfer these instruments at the reporting date and by taking into account current interest rates, currency exchange rates, current interest rate curves, interest rate volatilities, the creditworthiness of the counterparty for assets, and its creditworthiness for liabilities. In certain instances, the Company may utilize financial models to measure fair value. Generally, it uses inputs that 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; other observable inputs for the asset or liability; and inputs derived principally from, or corroborated by, observable market data by correlation or other means. As of October 1, 2022, the Company has classified its derivative assets and liabilities within Level 2 of the fair value hierarchy prescribed by ASC 815, as discussed below, because these observable inputs are available for substantially the full term of its derivative instruments.

The following tables present the fair value of the Company's derivative instruments as they appear in its Condensed Consolidated Balance Sheets as of October 1, 2022 and April 2, 2022:

(In thousands)	Location in Condensed Consolidated Balance Sheets	As of October 1, 2022	As of April 2, 2022
Derivative Assets:			
Designated foreign currency hedge contracts	Other current assets	$ 4,228	$ 3,133
Non-designated foreign currency hedge contracts	Other current assets	85	99
Designated interest rate swaps	Other current assets	1,114	—
		$ 5,427	**$ 3,232**
Derivative Liabilities:			
Designated foreign currency hedge contracts	Other current liabilities	$ 296	$ 56
Non-designated foreign currency hedge contracts	Other current liabilities	271	25
Designated interest rate swaps	Other current liabilities	160	1,813
Designated interest rate swaps	Other long-term liabilities	815	—
		$ 1,542	**$ 1,894**

Other Fair Value Measurements

Fair value is defined as the exit price that would be received from the sale of an asset or paid to transfer a liability, using assumptions that market participants would use in pricing an asset or liability. The fair value guidance establishes the following three-level hierarchy used for measuring fair value:

- Level 1 — Inputs to the valuation methodology are quoted market prices for identical assets or liabilities.
- Level 2 — Inputs to the valuation methodology are other observable inputs, including quoted market prices for similar assets or liabilities and market-corroborated inputs.
- Level 3 — Inputs to the valuation methodology are unobservable inputs based on management's best estimate of inputs market participants would use in pricing the asset or liability at the measurement date, including assumptions about risk.

The Company's money market funds carried at fair value are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Fair Value Measured on a Recurring Basis

Financial assets and financial liabilities measured at fair value on a recurring basis consist of the following as of October 1, 2022 and April 2, 2022.

	As of October 1, 2022			
(In thousands)	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 63,268	$ —	$ —	$ 63,268
Designated foreign currency hedge contracts	—	4,228	—	4,228
Non-designated foreign currency hedge contracts	—	85	—	85
Designated interest rate swaps	—	1,114	—	1,114
	$ 63,268	**$ 5,427**	**$ —**	**$ 68,695**
Liabilities				
Designated foreign currency hedge contracts	$ —	$ 296	$ —	$ 296
Non-designated foreign currency hedge contracts	—	271	—	271
Designated interest rate swaps	—	975	—	975
Contingent consideration	—	—	779	779
	$ —	**$ 1,542**	**$ 779**	**$ 2,321**

	As of April 2, 2022			
	Level 1	Level 2	Level 3	Total
Assets				
Money market funds	$ 97,425	$ —	$ —	$ 97,425
Designated foreign currency hedge contracts	—	3,133	—	3,133
Non-designated foreign currency hedge contracts	—	99	—	99
	$ 97,425	**$ 3,232**	**$ —**	**$ 100,657**
Liabilities				
Designated foreign currency hedge contracts	$ —	$ 56	$ —	$ 56
Non-designated foreign currency hedge contracts	—	25	—	25
Designated interest rate swaps	—	1,813	—	1,813
Contingent consideration	—	—	33,675	33,675
	$ —	**$ 1,894**	**$ 33,675**	**$ 35,569**

Foreign currency hedge contracts - The fair value of foreign currency hedge contracts was measured using significant other observable inputs and valued by reference to over-the-counter quoted market prices for similar instruments. The Company does not believe that the fair value of these derivative instruments differs significantly from the amount that could be realized upon settlement or maturity, or that the changes in fair value will have a significant effect on its results of operations, financial condition or cash flows.

Interest rate swaps - The fair values of interest rate swaps are measured using the present value of expected future cash flows using market-based observable inputs, including credit risk and interest rate yield curves. The Company does not believe that the fair values of these derivative instruments differ significantly from the amounts that could be realized upon settlement or maturity, or that the changes in fair value will have a significant effect on its results of operations, financial condition or cash flows.

Contingent consideration - The fair value of contingent consideration liabilities is based on significant unobservable inputs, including management estimates and assumptions, and is measured based on the probability-weighted present value of the payments expected to be made. Accordingly, the fair value of contingent consideration has been classified as level 3 within the fair value hierarchy. The recurring level 3 fair value measurements of contingent consideration liabilities include the following significant unobservable inputs:

(In thousands)	Fair Value at October 1, 2022	Valuation Technique	Unobservable Input	Range
Revenue-based payments	$ 779	Discounted cash flow	Discount rate	8.5%
			Projected year of payment	2022 - 2023

The fair value of contingent consideration associated with acquisitions was $0.8 million at October 1, 2022 and was included in other liabilities. A reconciliation of the change in the fair value of contingent consideration is included in the following table:

(In thousands)		
Balance at April 2, 2022	$	33,675
Change in fair value		(504)
Payments		(32,293)
Currency translation		(99)
Balance at October 1, 2022	**$**	**779**

Other Fair Value Disclosures

The Term Loan, which is carried at amortized cost, accounts receivable and accounts payable approximate fair value. The fair value of the 2026 Notes as of October 1, 2022 was $399.2 million, which was determined by using the market price on the last trading day of the reporting period.

11. COMMITMENTS AND CONTINGENCIES

The Company is a party to various legal proceedings and claims arising out of the ordinary course of its business. The Company believes that, except for those matters described below, there are no other proceedings or claims pending against it the ultimate resolution of which could have a material adverse effect on its financial condition or results of operations. At each reporting period, management evaluates whether or not a potential loss amount or a potential range of loss is probable and reasonably estimable under ASC 450, *Contingencies,* for all matters. Legal costs are expensed as incurred.

During the third quarter of fiscal 2021, the Company received a subpoena from the U.S. Attorney's Office for the District of Massachusetts. The subpoena requested certain documents regarding the Company's apheresis and autotransfusion devices and disposables, including documents relating to product complaints and adverse event reporting, regulatory clearances and product design changes, among other matters. The Company has fully cooperated with this inquiry. On August 16, 2022, the U.S. Department of Justice ("DOJ") filed a motion on behalf of the United States and 31 states reflecting their decision to not intervene in the underlying *qui tam* action captioned *United States ex rel. Berthelot et al. v. Haemonetics Corp.,* 1:20-cv-11062-ADB, pending in the U.S. District Court for the District of Massachusetts, indicating that the DOJ had completed its investigative activity based on then available information. The *qui tam* case was unsealed by order dated August 18, 2022.

In the fourth quarter of fiscal 2021, a putative class action complaint was filed against the Company in the Circuit Court of Cook County, Illinois by Mary Crumpton, on behalf of herself and similarly situated individuals. See *Mary Crumpton v. Haemonetics Corporation, Case No. 1:21-cv-1402*. In her complaint, the plaintiff asserts that between June 2017 and August 2018 she donated plasma at a center operated by one of the Company's customers, that the center required her to scan her finger print in a scanner that stored her finger print to identify her prior to plasma donation, and that the Company's eQue donor management software sent her biometric information to a Company-owned server to be collected and stored in a manner that violated her rights under the Illinois Biometric Information Privacy Act ("BIPA"). The plaintiff seeks statutory damages, attorneys' fees, and injunctive and equitable relief. In March 2021, the Company moved to dismiss the complaint for lack of personal jurisdiction and concurrently filed a motion to dismiss for failure to state a claim and a motion to stay. In late March 2022, the court denied the Company's motion to dismiss for lack of personal jurisdiction but did not address the merits of the Company's other positions. The Company believes the allegations in this lawsuit are without merit and will defend vigorously against them. The case is still in an early stage and the Company cannot reasonably estimate a range of potential loss and expense at this time.

12. SEGMENT AND ENTERPRISE-WIDE INFORMATION

The Company determines its reportable segments by first identifying its operating segments, and then by assessing whether any components of these segments constitute a business for which discrete financial information is available and where segment management regularly reviews the operating results of that component. The Company's reporting structure aligns with its operating structure of three global business units and the information that is regularly reviewed by the Company's chief operating decision maker.

The Company's reportable segments are as follows:

- Plasma
- Blood Center
- Hospital

Management measures and evaluates the operating segments based on operating income. Management excludes certain corporate expenses from segment operating income. In addition, certain amounts that management considers to be non-recurring or non-operational are excluded from segment operating income because management evaluates the operating results of the segments excluding such items. These items include integration and transaction costs, deal amortization, restructuring and restructuring related costs, impairments, accelerated device depreciation and related costs, costs related to compliance with the European Union Medical Device Regulation ("MDR") and In Vitro Diagnostic Regulation ("IVDR"), unusual or infrequent and material litigation-related charges and gains and losses on dispositions and sale of assets. Although these amounts are excluded from segment operating income, as applicable, they are included in the reconciliations that follow. Management measures and evaluates the Company's net revenues and operating income using internally derived standard currency exchange rates that remain constant from year to year; therefore, segment information is presented on this basis.

Selected information by reportable segment is presented below:

	Three Months Ended		Six Months Ended	
(In thousands)	**October 1, 2022**	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
Net revenues				
Plasma	$ 128,888	$ 82,004	$ 231,930	$ 153,807
Blood Center	75,652	75,259	142,225	146,995
Hospital	92,562	75,902	181,746	153,509
Net revenues by business unit	297,102	233,165	555,901	454,311
Service [1]	5,409	4,951	10,546	10,219
Effect of exchange rates	(5,026)	1,781	(7,504)	3,895
Net revenues	**$ 297,485**	**$ 239,897**	**$ 558,943**	**$ 468,425**

[1] Reflects revenue for service, maintenance and parts

(In thousands)	Three Months Ended October 1, 2022	Three Months Ended October 2, 2021	Six Months Ended October 1, 2022	Six Months Ended October 2, 2021
Segment operating income				
Plasma	$ 71,607	$ 42,213	$ 126,733	$ 77,559
Blood Center	37,328	34,600	67,705	68,482
Hospital	38,483	31,229	73,205	62,826
Segment operating income	147,418	108,042	267,643	208,867
Corporate expenses [1]	(86,769)	(68,186)	(168,353)	(136,917)
Effect of exchange rates	(51)	3,934	6,194	9,746
Integration and transaction costs	(46)	(625)	712	(17,358)
Deal amortization	(8,221)	(11,400)	(16,588)	(23,779)
Restructuring and restructuring related costs	(3,194)	(4,513)	(6,672)	(14,568)
Impairment of assets and PCS2 related charges	(83)	(250)	267	(3,893)
MDR and IVDR costs	(2,506)	(2,347)	(5,692)	(4,718)
Litigation-related charges	(198)	(145)	(394)	(1,083)
Gains on divestiture	382	—	382	9,603
Operating income	**$ 46,732**	**$ 24,510**	**$ 77,499**	**$ 25,900**

[1] Reflects shared service expenses including quality and regulatory, customer and field service, research and development, manufacturing and supply chain, as well as other corporate support functions.

Management reviews revenue based on the reportable segments noted above. Although these reportable segments are primarily product-based, they differ from the Company’s product line revenues for Plasma products and services and Blood Center products and services. Specifically, the Blood Center reportable segment includes plasma products utilized for collection in blood centers primarily for transfusion purposes. Additionally, product line revenues also include service revenues which are excluded from the reportable segments.

Net revenues by product line are as follows:

(In thousands)	Three Months Ended October 1, 2022	Three Months Ended October 2, 2021	Six Months Ended October 1, 2022	Six Months Ended October 2, 2021
Plasma products and services	$ 143,161	$ 102,075	$ 261,513	$ 192,584
Blood Center products and services	61,895	59,931	114,813	117,678
Hospital products and services	92,429	77,891	182,617	158,163
Net revenues	**$ 297,485**	**$ 239,897**	**$ 558,943**	**$ 468,425**

Net revenues generated in the Company’s principle operating regions on a reported basis are as follows:

(In thousands)	Three Months Ended October 1, 2022	Three Months Ended October 2, 2021	Six Months Ended October 1, 2022	Six Months Ended October 2, 2021
United States	$ 211,724	$ 152,106	$ 393,720	$ 293,134
Japan	15,129	18,812	29,007	36,033
Europe	41,850	41,180	82,307	84,515
Asia	27,861	26,771	52,285	52,723
Other	921	1,028	1,624	2,020
Net revenues	**$ 297,485**	**$ 239,897**	**$ 558,943**	**$ 468,425**

13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of Accumulated Other Comprehensive Loss are as follows:

(In thousands)	Foreign Currency	Defined Benefit Plans	Net Unrealized Gain/(Loss) on Derivatives	Total
Balance as of April 2, 2022	**$ (27,919)**	**$ 1,619**	**$ 346**	**$ (25,954)**
Other comprehensive income (loss) before reclassifications[1]	(16,986)	—	4,578	(12,408)
Amounts reclassified from accumulated other comprehensive income[1]	—	—	(1,893)	(1,893)
Net current period other comprehensive income (loss)	(16,986)	—	2,685	(14,301)
Balance as of October 1, 2022	**$ (44,905)**	**$ 1,619**	**$ 3,031**	**$ (40,255)**

[1] Presented net of income taxes, the amounts of which are insignificant.

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

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both our interim condensed consolidated financial statements and notes thereto which appear elsewhere in this Quarterly Report on Form 10-Q and our annual consolidated financial statements, notes thereto and the MD&A contained in our Annual Report on Form 10-K for the fiscal year ended April 2, 2022. The following discussion may contain forward-looking statements and should be read in conjunction with the "Cautionary Statement Regarding Forward-Looking Information" in this discussion.

Introduction

Haemonetics Corporation is a global healthcare company dedicated to providing a suite of innovative medical products and solutions for customers to help them improve patient care and reduce the cost of healthcare. Our technology addresses important medical markets: blood and plasma component collection, the surgical suite and hospital transfusion services. When used in this report, the terms "we," "us," "our," "Haemonetics" and the "Company" mean Haemonetics Corporation.

We view our operations and manage our business in three principal reporting segments: Plasma, Blood Center and Hospital. For that purpose, "Plasma" includes plasma collection devices and disposables, plasma donor management software, and anticoagulant and saline sold to plasma customers. "Blood Center" includes blood collection and processing devices and disposables for red cells, platelets and whole blood. "Hospital", which is comprised of Hemostasis Management, Cell Salvage, Transfusion Management and Vascular Closure products, includes devices and methodologies for measuring coagulation characteristics of blood, surgical blood salvage systems, specialized blood cell processing systems and disposables, blood transfusion management software and vascular closure devices.

We believe that Plasma and Hospital have growth potential, while Blood Center competes in challenging markets that require us to manage the business differently, including reducing costs, shrinking the scope of the current product line, and evaluating opportunities to exit unfavorable customer contracts.

Recent Developments

Share Repurchase Program

In August 2022, our Board of Directors authorized the repurchase of up to $300 million of Haemonetics common stock from time to time, based on market conditions, over the next three years. Subsequent to our announcement of the share repurchase program, in August 2022, the Company entered into an accelerated share repurchase agreement ("ASR") with Citibank N.A. ("Citibank") to repurchase $75.0 million of the Company's common stock. Pursuant to the terms of the ASR, we paid Citibank $75.0 million in cash and received an initial delivery of 0.8 million shares of the Company's common stock based on a closing market price on the New York Stock Exchange on August 16, 2022 of $76.32. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. The ASR was completed in November 2022 and approximately 0.2 million additional shares were delivered upon settlement.

As of October 1, 2022, the total remaining authorization for repurchase of the Company's common stock was $225 million.

Debt Issuance and Repayment

On July 26, 2022, we entered into an amended and restated credit agreement with certain lenders to refinance the credit facilities under our 2018 credit agreement (as amended from time to time) and extend the applicable maturity date through June 2025. The amended and restated credit agreement provides for a $280 million senior unsecured term loan, the proceeds of which have been used to retire the balance of the term loan under our 2018 credit agreement, and a $420 million senior unsecured revolving credit facility. In September 2022, we amended two prior interest rate swap agreements and entered into certain supplemental interest rate swap agreements to effectively convert between 70% to 80% of borrowings under our Revised Credit Facilities from a variable Term Secured Overnight Financing Rate ("SOFR") rate to a fixed rate of interest through June 2025. In September 2022, we amended two prior interest rate swap agreements and entered into certain supplemental interest rate swap agreements to effectively convert between 70% to 80% of borrowings under our Revised Credit Facilities from a variable Term SOFR rate to a fixed rate of interest through June 2025.

Operational Excellence Program

During fiscal 2022, our Board of Directors approved the revised Operational Excellence Program (the "2020 Program"). The revised program is designed to improve product and service quality, reduce cost principally in our manufacturing and supply chain operations and ensure sustainability while helping to offset impacts from a previously announced customer loss, rising inflationary pressures and effects of the COVID-19 pandemic. We now expect to incur aggregate charges between $95 million and $105 million by the end of fiscal 2025 and to achieve total gross savings of $115 million to $125 million on an annualized basis once the program is completed. The majority of charges will result in cash outlays, including severance and other employee costs, and will be incurred as the specific actions required to execute these initiatives are identified and approved. During the three and six months ended October 1, 2022, the Company incurred $3.1 million and $6.6 million, respectively, of restructuring and restructuring related costs under this program. Total cumulative charges under this program are $62.3 million as of October 1, 2022.

Financial Summary

	Three Months Ended			Six Months Ended		
(In thousands, except per share data)	**October 1, 2022**	**October 2, 2021**	**% Increase**	**October 1, 2022**	**October 2, 2021**	**% Increase**
Net revenues	$ 297,485	$ 239,897	*24.0 %*	$ 558,943	$ 468,425	*19.3 %*
Gross profit	$ 157,878	$ 122,541	*28.8 %*	$ 300,141	$ 230,626	*30.1 %*
% of net revenues	*53.1 %*	*51.1 %*		*53.7 %*	*49.2 %*	
Operating expenses	$ 111,146	$ 98,031	*13.4 %*	$ 222,642	$ 204,726	*8.8 %*
Operating income	$ 46,732	$ 24,510	*90.7 %*	$ 77,499	$ 25,900	*199.2 %*
% of net revenues	*15.7 %*	*10.2 %*		*13.9 %*	*5.5 %*	
Interest and other expense, net	$ (5,673)	$ (4,588)	*23.6 %*	$ (10,946)	$ (8,986)	*21.8 %*
Income before provision for income taxes	$ 41,059	$ 19,922	*106.1 %*	$ 66,553	$ 16,914	*293.5 %*
Provision for income taxes	$ 7,862	$ 5,066	*55.2 %*	$ 13,479	$ 6,512	*107.0 %*
% of pre-tax income	*19.1 %*	*25.4 %*		*20.3 %*	*38.5 %*	
Net income	$ 33,197	$ 14,856	*123.5 %*	$ 53,074	$ 10,402	*410.2 %*
% of net revenues	*11.2 %*	*6.2 %*		*9.5 %*	*2.2 %*	
Net income per share - basic	$ 0.65	$ 0.29	*124.1 %*	$ 1.04	$ 0.20	*420.0 %*
Net income per share - diluted	$ 0.64	$ 0.29	*120.7 %*	$ 1.03	$ 0.20	*415.0 %*

Net revenues increased 24.0% and 19.3% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, net revenues increased 27.0% and 21.9% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Revenue increases in our Plasma and Hospital businesses, primarily related to volume and price, drove the overall increase in revenue during the three and six months ended October 1, 2022.

Operating income increased during the three and six months ended October 1, 2022 as compared with the same period of fiscal 2022, primarily due to increased revenues in Plasma and Hospital, savings from the 2020 Program and decreased spending on acquisitions in the current year periods, partially offset by lower revenues in Blood Center, increased freight costs in our global supply chain, increased sales and marketing expense and higher performance-based compensation.

Management's Use of Non-GAAP Measures

Management uses non-GAAP financial measures, in addition to financial measures in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), to monitor the financial performance of the business, make informed business decisions, establish budgets and forecast future results. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with U.S. GAAP. Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency conversion rate. We have provided this non-GAAP financial measure because we believe it provides meaningful information regarding our results on a consistent and comparable basis for the periods presented.

RESULTS OF OPERATIONS

Net Revenues by Geography

	Three Months Ended				
(In thousands)	October 1, 2022	October 2, 2021	Reported growth	Currency impact	Constant currency growth [1]
United States	$ 211,724	$ 152,106	39.2 %	— %	39.2 %
International	85,761	87,791	(2.3)%	(7.9)%	5.6 %
Net revenues	$ 297,485	$ 239,897	24.0 %	(3.0)%	27.0 %

[1] Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "*Management's Use of Non-GAAP Measures.*"

	Six Months Ended				
(In thousands)	October 1, 2022	October 2, 2021	Reported growth	Currency impact	Constant currency growth [1]
United States	$ 393,720	$ 293,134	34.3 %	— %	34.3 %
International	165,223	175,291	(5.7)%	(6.5)%	0.8 %
Net revenues	$ 558,943	$ 468,425	19.3 %	(2.6)%	21.9 %

[1] Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "*Management's Use of Non-GAAP Measures.*"

Our principal operations are in the U.S, Europe, Japan and other parts of Asia. Our products are marketed in approximately 90 countries around the world through a combination of our direct sales force, independent distributors and agents. During the three and six months ended October 1, 2022 our revenue generated outside the U.S. was 28.8% and 29.6% of total net revenues, respectively, as compared with 36.6% and 37.4% during the three and six months ended October 2, 2021, respectively. International sales are generally conducted in local currencies, primarily Japanese Yen, Euro, Chinese Yuan and Australian Dollars. Our results of operations are impacted by changes in foreign exchange rates, particularly in the value of the Yen, Euro and Australian Dollar relative to the U.S. Dollar. We have placed foreign currency hedges to mitigate our exposure to foreign currency fluctuations.

Please see the section entitled "Foreign Exchange" in this discussion for a more complete explanation of how foreign currency affects our business and our strategy for managing this exposure.

Net Revenues by Business Unit

(In thousands)		Three Months Ended			
	October 1, 2022	October 2, 2021	Reported growth	Currency impact	Constant currency growth [(1)]
Plasma	$ 127,893	$ 81,940	56.1 %	(1.1)%	57.2 %
Blood Center	73,683	76,742	(4.0)%	(4.5)%	0.5 %
Hospital [(2)]	90,856	76,307	19.1 %	(2.8)%	21.9 %
Service	5,053	4,908	3.0 %	(6.3)%	9.3 %
Net revenues	$ 297,485	$ 239,897	24.0 %	(3.0)%	27.0 %

[(1)] Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "*Management's Use of Non-GAAP Measures.*"
[(2)] Hospital revenue includes Hemostasis Management revenue of $34.3 million and $31.5 million during the three months ended October 1, 2022 and October 2, 2021, respectively. Hemostasis Management revenue increased 8.9% in the second quarter of fiscal 2023, as compared with the same period of fiscal 2022. Without the effect of foreign exchange, Hemostasis Management revenue increased 11.2% in the second quarter of fiscal 2023, as compared with the same period of fiscal 2022. Vascular Closure revenue increased 42.1% in the second quarter of fiscal 2023 as compared with the same period of fiscal 2022.

(In thousands)		Six Months Ended			
	October 1, 2022	October 2, 2021	Reported growth	Currency impact	Constant currency growth [(1)]
Plasma	$ 230,274	$ 153,784	49.7 %	(1.1)%	50.8 %
Blood Center	139,377	149,687	(6.9)%	(3.7)%	(3.2)%
Hospital [(2)]	179,349	154,801	15.9 %	(2.5)%	18.4 %
Service	9,943	10,153	(2.1)%	(5.3)%	3.2 %
Net revenues	$ 558,943	$ 468,425	19.3 %	(2.6)%	21.9 %

[(1)] Constant currency growth, a non-GAAP financial measure, measures the change in revenue between the current and prior year periods using a constant currency. See "*Management's Use of Non-GAAP Measures.*"
[(2)] Hospital revenue includes Hemostasis Management revenue of $67.8 million and $63.7 million during the six months ended October 1, 2022 and October 2, 2021, respectively. Hemostasis Management revenue increased 6.5% in the first six months of fiscal 2023, as compared with the same period of fiscal 2022. Without the effect of foreign exchange, Hemostasis Management revenue increased 8.5% in the first six months of fiscal 2023, as compared with the same period of fiscal 2022. Vascular Closure revenue increased 38.9% in the first six months of fiscal 2023 as compared with the same period of fiscal 2022.

Plasma

Plasma revenue increased 56.1% and 49.7% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, Plasma revenue increased 57.2% and 50.8% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The increases during the three and six months ended October 1, 2022, as compared with the same period of fiscal 2021 were driven by volume and price.

During the third quarter of fiscal 2022, we amended our supply agreement with CSL Plasma, Ltd. ("CSL"), which CSL had previously notified us of its intent not to renew and was initially set to expire in June 2022, to allow CSL to continue to use our PCS2 plasma collection system devices and purchase disposable plasmapheresis kits through December 2023. The extension provides CSL the ability to utilize our devices and disposables in their collection centers on a non-exclusive basis and includes an $88.0 million minimum purchase commitment in fiscal 2023.

Blood Center

Blood Center revenue decreased 4.0% and 6.9% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, Blood Center revenue increased 0.5% and decreased 3.2% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The decreases during the three and six months ended October 1, 2022 as compared with the same periods of fiscal 2022 was primarily driven by a decline in the volume of apheresis disposables.

Hospital

Hospital revenue increased 19.1% and 15.9% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, Hospital revenue increased 21.9% and 18.4% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The increase during the three and six months ended October 1, 2022 was primarily attributable to Vascular Closure revenue, as well as increases in Transfusion Management revenue and TEG disposables revenue.

Gross Profit

	Three Months Ended			Six Months Ended		
(In thousands)	October 1, 2022	October 2, 2021	% Increase	October 1, 2022	October 2, 2021	% Increase
Gross profit	$ 157,878	$ 122,541	28.8 %	$ 300,141	$ 230,626	30.1 %
% of net revenues	*53.1 %*	*51.1 %*		*53.7 %*	*49.2 %*	

Gross profit increased 28.8% for both the three and six months ended October 1, 2022 as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, gross profit increased 34.7% and 34.6% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The increase during the three and six months ended October 1, 2022 was primarily driven by volume and mix and productivity savings from the 2020 Program, partially offset by inflationary pressures in our global manufacturing and supply chain and increased depreciation expense.

Operating Expenses

	Three Months Ended			Six Months Ended		
(In thousands)	October 1, 2022	October 2, 2021	% Increase/ (Decrease)	October 1, 2022	October 2, 2021	% Increase/ (Decrease)
Research and development	$ 10,896	$ 10,853	*0.4 %*	$ 21,798	$ 23,554	*(7.5)%*
% of net revenues	*3.7 %*	*4.5 %*		*3.9 %*	*5.0 %*	
Selling, general and administrative	$ 92,411	$ 75,778	*21.9 %*	$ 184,638	$ 166,996	*10.6 %*
% of net revenues	*31.1 %*	*31.6 %*		*33.0 %*	*35.7 %*	
Amortization of intangible assets	$ 8,221	$ 11,400	*(27.9)%*	$ 16,588	$ 23,779	*(30.2)%*
% of net revenues	*2.8 %*	*4.8 %*		*3.0 %*	*5.1 %*	
Gains on divestiture	$ (382)	$ —	*n/m*	$ (382)	$ (9,603)	*(96.0)%*
% of net revenues	*(0.1)%*	*— %*		*(0.1)%*	*(2.1)%*	
Total operating expenses	$ 111,146	$ 98,031	*13.4 %*	$ 222,642	$ 204,726	*8.8 %*
% of net revenues	*37.4 %*	*40.9 %*		*39.8 %*	*43.7 %*	

Research and Development

Research and development expenses increased 0.4% and decreased 7.5% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, research and development expenses increased 0.8% and decreased 6.9% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. This increase for the three months ended October 1, 2022, was due to continued growth investments. The decrease in the six months ended October 1, 2022, was primarily due to the timing of investments across quarters and cost savings related to the 2020 Program.

Selling, General and Administrative

Selling, general and administrative expenses increased 21.9% and 10.6% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. Without the effect of foreign exchange, selling, general, and administrative expenses increased 24.4% and 12.4% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The increase during the three and six months ended October 1, 2022 was primarily driven by inflationary pressures and higher freight costs in our global supply chain, higher investments in sales and marketing and higher performance-based compensation, partially offset by cost savings related to the 2020 Program and decreased acquisition related costs in the current year.

Amortization of Intangible Assets

We recognized amortization expense of $8.2 million and $16.6 million during the three and six months ended October 1, 2022, respectively, and $11.4 million and $23.8 million during the three and six months ended October 2, 2021, respectively. The decrease is primarily the result of intangible assets that became fully amortized during fiscal 2022.

Gains on Divestiture

We recognized gains on divestiture of $0.4 million during the three and six months ended October 1, 2022 and $9.6 million during the six months ended October 2, 2021.

Interest and Other Expense, Net

Interest and other expenses increased 23.6% and 21.8% during the three and six months ended October 1, 2022, respectively, as compared with the same period of fiscal 2022. Without the effects of foreign exchange, interest and other expenses increased 20.7% and 19.5% during the three and six months ended October 1, 2022, respectively, as compared with the same periods of fiscal 2022. The increase was primarily driven by higher foreign currency impact due to market and rate volatility and higher interest rates which impacted the interest incurred on our term loan.

Income Taxes

We conduct business globally and report our results of operations in a number of foreign jurisdictions in addition to the United States. Our reported tax rate is impacted by the jurisdictional mix of earnings in any given period as the foreign jurisdictions in which we operate have tax rates that differ from the U.S. statutory tax rate.

For the three and six months ended October 1, 2022, we reported income tax expense of $7.9 million and $13.5 million, respectively, representing effective tax rates of 19.1% and 20.3%, respectively. The effective tax rate for the six months ended October 1, 2022, include a discrete tax benefit of $0.5 million related to tax rate changes enacted during the quarter and $0.3 million of discrete tax expense relating to stock compensation shortfalls. The effective tax rate for the three months ended October 1, 2022, include a discrete tax benefit of $0.5 million related to tax rate changes enacted during the quarter and $0.3 million of discrete tax benefit relating to stock compensation windfalls.

For the three and six months ended October 2, 2021, we reported income tax expense of $5.1 million and $6.5 million, respectively, representing effective tax rates of 25.4% and 38.5%, respectively. The effective tax rate for the three and six months ended October 2, 2021 includes discrete tax expense relating to stock compensation shortfalls of $0.1 million and $0.9 million, respectively.

Liquidity and Capital Resources

The following table contains certain key performance indicators we believe depict our liquidity and cash flow position:

(Dollars in thousands)		October 1, 2022		April 2, 2022
Cash & cash equivalents	$	241,200	$	259,496
Working capital	$	453,614	$	313,765
Current ratio		2.7		1.7
Net debt[(1)]	$	(576,546)	$	(514,093)
Days sales outstanding (DSO)		52		54
Inventory turnover		1.8		1.4

[(1)]Net debt position is the sum of cash and cash equivalents less total debt.

Our primary sources of liquidity are cash and cash equivalents, internally generated cash flow from operations and our revolving credit facility. We believe these sources are sufficient to fund our cash requirements over at least the next twelve months. Our expected cash outlays relate primarily to acquisitions, investments, capital expenditures, including enhancements to our North American manufacturing facilities, share repurchases, cash payments under our revised credit agreement and restructuring initiatives.

In March 2021, the Company issued $500.0 million aggregate principal amount of 0% convertible senior notes due 2026, or the 2026 Notes. The 2026 Notes are governed by the terms of the Indenture between the Company and U.S. Bank National Association, as trustee. The total net proceeds from the sale of the 2026 Notes, after deducting the initial purchasers' discounts and debt issuance costs, were approximately $486.7 million. The 2026 Notes will mature on March 1, 2026, unless earlier converted, redeemed or repurchased. The 2026 Notes have an effective interest rate of 0.5% as of October 1, 2022.

As of October 1, 2022, we had $241.2 million in cash and cash equivalents, the majority of which is held in the U.S. or in countries from which it can be repatriated to the U.S. On July 26, 2022, we entered into an amended and restated credit agreement with certain lenders to refinance our prior credit agreement entered into on June 15, 2018, which consisted of a $350.0 million term loan and a $350.0 million revolving loan (together, as amended from time to time, the "2018 Credit Facilities"), and extend the maturity date through June 2025. The amended and restated credit agreement provides for a $280 million senior unsecured term loan, the proceeds of which have been used to retire the balance of the term loan under the 2018 Credit Facilities, and a $420 million senior unsecured revolving credit facility (together, the "Revised Credit Facilities"). Loans under the Revised Credit Facilities bear interest at an annual rate equal to the Adjusted Term SOFR Rate (as specified in the amended and restated credit agreement), which is subject to a floor of 0%, plus an applicable rate ranging from 1.125% to 1.750% based on the Company's consolidated net leverage ratio (as specified in the amended and restated credit agreement) at the applicable measurement date. Adjusted Term SOFR Rate loans are also subject to a credit spread adjustment of 0.10% per annum. The revolving credit facility carries an unused fee that ranges from 0.125% to 0.250% annually based on the Company's consolidated net leverage ratio at the applicable measurement date. Under the Revised Credit Facilities, the Company is required to maintain certain leverage and interest coverage ratios specified in the amended and restated credit agreement as well as other customary non-financial affirmative and negative covenants. The Revised Credit Facilities mature on June 15, 2025. The principal amount of the term loan under the Revised Credit Facilities is repayable quarterly through the maturity date at a rate of 2.5% for the first year and 5% thereafter, with the unpaid balance due at maturity. As of October 1, 2022, $278.3 million was outstanding under the term loan with an effective interest rate of 4.2%. There was $50.0 million outstanding under the revolving credit facility at October 1, 2022, which the Company repaid in full in October 2022. We also had $19.6 million of uncommitted operating lines of credit to fund our global operations under which there were no outstanding borrowings as of October 1, 2022. Additionally, the Company was in compliance with the leverage and interest coverage ratios specified in the amended and restated credit agreement as well as all other bank covenants as of October 1, 2022.

The Company has scheduled principal payments of $8.8 million required during the remainder of fiscal 2023.

During fiscal 2022, our Board of Directors approved a revised 2020 Program. We now estimate that we will incur aggregate charges between $95 million and $105 million in connection with the 2020 Program. These charges, the majority of which will result in cash outlays, including severance and other employee costs, will be incurred as the specific actions required to execute these initiatives are identified and approved and are expected to be substantially completed by the end of fiscal 2025. During the three and six months ended October 1, 2022, we incurred $3.1 million and $6.6 million, respectively, of restructuring and restructuring related costs under this program.

Cash Flows

(In thousands)	Six Months Ended October 1, 2022	Six Months Ended October 2, 2021
Net cash provided by (used in):		
Operating activities	$ 129,032	$ 41,780
Investing activities	(89,282)	(36,371)
Financing activities	(49,081)	(4,949)
Effect of exchange rate changes on cash and cash equivalents[1]	(8,965)	(345)
Net change in cash and cash equivalents	$ (18,296)	$ 115

[1]The balance sheet is affected by spot exchange rates used to translate local currency amounts into U.S. Dollars. In accordance with U.S. GAAP, we have removed the effect of foreign currency throughout our cash flow statement, except for its effect on our cash and cash equivalents.

Net cash provided by operating activities increased by $87.3 million during the six months ended October 1, 2022, as compared with the six months ended October 2, 2021. The increase in cash provided by operating activities was primarily the result of an increase in net income, a decrease in inventories driven by NexSys PCS device placements and higher other net working capital, including higher performance-based compensation.

Net cash used in investing activities increased by $52.9 million during the six months ended October 1, 2022, as compared with the six months ended October 2, 2021. The increase in cash used in investing activities was primarily the result of an increase in capital expenditures, driven by NexSys PCS device placements, and other investments made in the current year period, which was partially offset by increased sales of property, plant and equipment.

Net cash used in financing activities increased by $44.1 million during the six months ended October 1, 2022, as compared with the six months ended October 2, 2021, primarily due to share repurchases and acquisition-related contingent consideration payments made in the current year, partially offset by the $50.0 million draw down on the revolving credit facility.

Concentration of Credit Risk

Concentrations of credit risk with respect to trade accounts receivable are generally limited due to our large number of customers and their diversity across many geographic areas. Certain markets and industries, however, can expose us to concentrations of credit risk. For example, in the Plasma business unit, sales are concentrated with several large customers. As a result, accounts receivable extended to any one of these biopharmaceutical customers can be significant at any point in time. In addition, a portion of our trade accounts receivable outside the U.S. include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays and local economic conditions. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies.

We have not incurred significant losses on receivables. We continually evaluate all receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

Inflation

We experienced rising inflationary pressures in our global supply chain that had an impact on our results of operations during the three and six months ended October 1, 2022. We continue to monitor inflationary pressures generally and raw materials indices that may affect our procurement and production costs. Increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials. We expect the inflationary pressures we have experienced in our global supply chain to continue throughout fiscal 2023. Historically, we have been able to limit the impact of the effects of inflation by improving our manufacturing and purchasing efficiencies, by increasing employee productivity and by adjusting the selling prices of products, but we may not be able to fully mitigate these increases in our operational costs in the future.

Foreign Exchange

During the three and six months ended October 1, 2022, 28.8% and 29.6%, respectively, of our sales were generated outside the U.S., generally in foreign currencies, yet our reporting currency is the U.S. Dollar. We also incur certain manufacturing, marketing and selling costs in international markets in local currency. Our primary foreign currency exposures relate to sales denominated in Euro, Japanese Yen, Chinese Yuan and Australian Dollars. We also have foreign currency exposure related to manufacturing and other operational costs denominated in Swiss Francs, Canadian Dollars, Mexican Pesos and Malaysian Ringgit. The Yen, Euro, Yuan and Australian Dollar sales exposure is partially mitigated by costs and expenses for foreign operations and sourcing products denominated in foreign currencies.

Since our foreign currency denominated Yen, Euro, Yuan and Australian Dollar sales exceed the foreign currency denominated costs, whenever the U.S. Dollar strengthens relative to the Yen, Euro, Yuan or Australian Dollar, there is an adverse effect on our results of operations and, conversely, whenever the U.S. Dollar weakens relative to the Yen, Euro, Yuan or Australian Dollar, there is a positive effect on our results of operations. For Swiss Francs, Canadian Dollars Mexican Pesos and Malaysian Ringgit our primary cash flows relate to product costs or costs and expenses of local operations. Whenever the U.S. Dollar strengthens relative to these foreign currencies, there is a positive effect on our results of operations. Conversely, whenever the U.S. Dollar weakens relative to these currencies, there is an adverse effect on our results of operations.

We have a program in place that is designed to mitigate our exposure to changes in foreign currency exchange rates. That program includes the use of derivative financial instruments to minimize, for a period of time, the unforeseen impact on our financial results from changes in foreign exchange rates. We utilize forward foreign currency contracts to hedge the anticipated cash flows from transactions denominated in foreign currencies, primarily Japanese Yen and Euro, and to a lesser extent Swiss Francs, Chinese Yuan and Mexican Pesos. This does not eliminate the volatility of foreign exchange rates, but because we generally enter into forward contracts one year out, rates are fixed for a one-year period, thereby facilitating financial planning and resource allocation. These contracts are designated as cash flow hedges. The final impact of currency fluctuations on the results of operations is dependent on the local currency amounts hedged and the actual local currency results.

Recent Accounting Pronouncements

There are currently no recent accounting pronouncements that we expect to have a material impact on our financial position and results of operations.

Cautionary Statement Regarding Forward-Looking Information

Certain statements that we make from time to time, including statements contained in this Quarterly Report on Form 10-Q and incorporated by reference into this report, constitute "forward looking-statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements do not relate strictly to historical or current facts and reflect management's assumptions, views, plans, objectives and projections about the future. Forward-looking statements may be identified by the use of words such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "predicts," "foresees," "potential" and other words of similar meaning in conjunction with, among other things: discussions of future operations; expected operating results and financial performance; impacts of the COVID-19 pandemic; the Company's strategy for growth; product development, commercialization and anticipated performance and benefits; regulatory approvals; impacts of acquisitions or dispositions; market position and expenditures.

Because forward-looking statements are based on current beliefs, expectations and assumptions regarding future events, they are subject to uncertainties, risks and changes that are difficult to predict and many of which are outside of the Company's control. Investors should realize that if underlying assumptions prove inaccurate, or known or unknown risks or uncertainties materialize, the Company's actual results and financial condition could vary materially from expectations and projections expressed or implied in its forward-looking statements. Investors are therefore cautioned not to rely on these forward-looking statements.

The following are some important factors that could cause our actual results to differ from our expectations in any forward-looking statements. For further discussion of these and other factors, see Item 1A. Risk Factors in our most recent Annual Report on Form 10-K.

- The effect of the ongoing COVID-19 pandemic, or outbreaks of communicable diseases, on our business, financial conditions and results of operations, including the time it will take for vaccines to be broadly distributed and administered worldwide, and the effectiveness of such vaccines in slowing or stopping the spread of COVID-19 and its variants and mitigating the economic effects of the pandemic, including inflationary pressures and higher freight costs in our global supply chain;

- Failure to achieve our long-term strategic and financial-improvement goals;
- Demand for and market acceptance risks for new and existing products, including material reductions in purchasing from or loss of a significant customer;
- Our ability to develop, manufacture and market new products and technologies successfully and in a timely manner and the ability of our competitors and other third parties to develop products or technologies that render our products or technologies noncompetitive or obsolete;
- Product quality or safety concerns, leading to product recalls, withdrawals, regulatory action by the FDA (or similar non-U.S. regulatory agencies), reputational damage, declining sales or litigation;
- Our ability to retain and attract key personnel;
- Security breaches of our information technology systems or our products, which could impair our ability to conduct business or compromise sensitive information of the Company or its customers, suppliers and other business partners, or of customers' patients;
- Pricing pressures resulting from trends toward healthcare cost containment, including the continued consolidation among healthcare providers and other market participants;
- The continuity, availability and pricing of plastic and other raw materials, finished goods and components used in the manufacturing of our products (including those purchased from sole-source suppliers) and the related continuity of our manufacturing, sterilization, supply and distribution;
- Our ability to obtain the anticipated benefits of restructuring programs that we have or may undertake, including the Operational Excellence Program;
- The potential that the expected strategic benefits and opportunities from completed or planned acquisitions, divestitures or other strategic investments by the Company may not be realized or may take longer to realize than expected;
- The impact of enhanced requirements to obtain regulatory approval in the U.S. and around the world and the associated timing and cost of product approval;
- Our ability to comply with established and developing U.S. and foreign legal and regulatory requirements, including FCPA, EU MDR/EU IVDR and similar laws in other jurisdictions, as well as U.S. and foreign export and import restrictions and tariffs;
- Our ability to meet our debt obligations and raise additional capital when desired on terms reasonably acceptable to us;
- The potential impact of our convertible senior notes and related capped call transactions;
- Geopolitical and economic conditions in China, Russia and other foreign jurisdictions where we do business;
- Our ability to execute and realize anticipated benefits from our investments in emerging economies;
- The potential effect of foreign currency fluctuations and interest rate fluctuations on our net sales, expenses, and resulting margins;
- The impact of changes in U.S. and international tax laws;
- Our ability to protect intellectual property and the outcome of patent litigation;
- Costs and risks associated with product liability and other litigation claims we may be subject to now or in the future; and

- Market conditions impacting our stock price and/or our share repurchase program, and the possibility that such share repurchase program may be delayed, suspended or discontinued.

Investors should understand that it is not possible to predict or identify all such factors and should not consider the risks described above and in Item 1A. Risk Factors in our Annual Report on Form 10-K to be a complete statement of all potential risks and uncertainties. The Company does not undertake to publicly update any forward-looking statement that may be made from time to time, whether as a result of new information or future events or developments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure relative to market risk is due to foreign exchange risk and interest rate risk.

Foreign Exchange Risk

See the section above entitled Foreign Exchange for a discussion of how foreign currency affects our business. It is our policy to minimize, for a period of time, the unforeseen impact on our financial results of fluctuations in foreign exchange rates by using derivative financial instruments known as forward contracts to hedge anticipated cash flows from forecasted foreign currency denominated sales and costs. We do not use the financial instruments for speculative or trading activities.

We estimate the change in the fair value of all forward contracts assuming both a 10% strengthening and weakening of the U.S. Dollar relative to all other major currencies. As of October 1, 2022, in the event of a 10% strengthening of the U.S. Dollar, the change in fair value of all forward contracts would result in a $3.1 million increase in the fair value of the forward contracts; whereas a 10% weakening of the U.S. Dollar would result in a $3.4 million decrease of the fair value of the forward contracts.

Interest Rate Risk

Our exposure to changes in interest rates is associated with borrowings under our credit facilities, all of which is variable rate debt. Total outstanding debt under our Revised Credit Facilities as of October 1, 2022 was $278.3 million with an interest rate of 4.2% based on prevailing Term SOFR rates. An increase of 100 basis points in Term SOFR rates would result in additional annual interest expense of $0.8 million. In September 2022, we modified our two existing interest rate swaps to align to Term SOFR rather than LIBOR and entered into four additional interest rate swaps to effectively convert $194.8 million of borrowings under our Revised Credit Facilities from a variable rate to a fixed rate. These interest rate swaps are intended to mitigate the exposure to fluctuations in interest rates and qualify for hedge accounting treatment as cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We conducted an evaluation, as of October 1, 2022, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively) regarding the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15 of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of October 1, 2022.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended October 1, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this Item may be found in Note 11, *Commitments and Contingencies* to the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors

There are no material changes from the Risk Factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended April 2, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table provides information on the Company's share repurchases during the second quarter of fiscal 2023:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in millions)($)[1]
July 3, 2022 – July 30, 2022				
July 31, 2022 - August 27, 2022	786,164	[2]	786,164	
August 28, 2022 – October 1, 2022				
Total	786,164			**$225.0**

[1] In August 2022, the Company's Board of Directors authorized the repurchase of up to $300.0 million of the Company's common stock from time to time, based on market conditions, over the next three years. Under the Company's share repurchase program, shares may be repurchased in accordance with applicable laws both on the open market, including under trading plans established pursuant to Rule 10b5-1 under the Exchange Act, and in privately negotiated transactions.

[2] Following the Company's announcement of the share repurchase program, in August 2022, the Company entered into an ASR with Citibank to repurchase $75.0 million of the Company's common stock. Pursuant to the terms of the ASR, in August 2022, the Company paid Citibank $75.0 million in cash and received an initial delivery of 0.8 million shares of the Company's common stock based on a closing market price on the New York Stock Exchange on August 16, 2022 of $76.32. This initial delivery of shares represented approximately 80% of the notional amount of the ASR. The ASR was completed in November 2022 and approximately 0.2 million additional shares were delivered upon settlement.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

3.1	Restated Articles of Organization of the Company, reflecting Articles of Amendment dated August 23, 1993, August 21, 2006, July 26, 2018 and July 25, 2019 (filed as Exhibit 3.1 to the Company’s Form 8-K dated July 29, 2019 and incorporated herein by reference).
3.2	By-Laws of the Company, as amended through June 29, 2020 (filed as Exhibit 3.1 to the Company’s Form 8-K dated June 30, 2020 and incorporated herein by reference).
10.1	Amended and Restated Credit Agreement, dated as of July 26, 2022, by and among the Company, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to the Company’s Form 8-K dated August 1, 2022 and incorporated herein by reference).
10.2*	Amendment No. 2 to Shelter Plan Service Agreement dated June 10, 2014, by and between Cardiva Medical, Inc. and Offshore International, Incorporated, dated as of August 3, 2022 (1).
31.1*	Certification pursuant to Section 302 of Sarbanes-Oxley Act of 2002, of Christopher A. Simon, President and Chief Executive Officer of the Company.
31.2*	Certification pursuant to Section 302 of Sarbanes-Oxley of 2002, of James C. D'Arecca, Executive Vice President, Chief Financial Officer of the Company.
32.1**	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Christopher A. Simon, President and Chief Executive Officer of the Company.
32.2**	Certification Pursuant to 18 United States Code Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of James C. D'Arecca, Executive Vice President, Chief Financial Officer of the Company.
101*	The following materials from Haemonetics Corporation on Form 10-Q for the quarter ended July 2, 2022 formatted in inline Extensible Business Reporting Language (XBRL) includes: (i) Condensed Consolidated Statements of Income and Comprehensive Income, (ii) Condensed Consolidated Balance Sheets, (iii) Condensed Consolidated Statement of Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

*	Document filed with this report.
**	Document furnished with this report.
(1)	Certain portions of this exhibit are considered confidential and have been omitted as permitted under SEC rules and regulations.

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.

HAEMONETICS CORPORATION

November 8, 2022	By:	/s/ Christopher A. Simon
		Christopher A. Simon, President and Chief Executive Officer (Principal Executive Officer)
November 8, 2022	By:	/s/ James C. D'Arecca
		James C. D'Arecca, Executive Vice President, Chief Financial Officer (Principal Financial Officer)

CERTAIN INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS (I) NOT MATERIAL, AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. OMISSIONS ARE MARKED [***].

Exhibit 10.2

AMENDMENT II
TO
SHELTER PLAN SERVICE AGREEMENT DATED JUNE 10, 2014

THIS AMENDMENT II entered into by and between CARDIVA MEDICAL, INC., a Delaware corporation ("CLIENT"), and OFFSHORE INTERNATIONAL, INCORPORATED, an Arizona corporation DBA TETAKAWI, ("TETAKAWI").

<u>RECITALS</u>

I. TETAKAWI and CLIENT are parties to certain Shelter Plan Service Agreement dated June 10, 2014, and its Amendment I dated November 4, 2019 (collectively the "**Agreement**").

II. Under the Agreement, CLIENT currently conducts its manufacturing operations in Building 37 located in TETAKAWI'S Roca Fuerte Industrial Park (the "**Park**") in Guaymas, Sonora, Mexico.

III. CLIENT has requested and TETAKAWI has agreed to provide additional space in the Park by way of the construction of one (1) new building in the Park, per the terms of this Amendment II. TETAKAWI is willing to perform such duties related to the construction of such building, subject to CLIENT'S commitments and obligations under the Agreement, as modified by this Amendment II.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

<u>AGREEMENT</u>

1. <u>Expansion of Building</u>.

TETAKAWI has agreed to construct and CLIENT has agreed to occupy an expansion of Building 37 to be built adjoining its current building, located in Tract 10, Lot 2 (such expansion, "**Building 38**"), which expansion shall be connected with and have the same address as Building 37. TETAKAWI's standard site and floor plan and specifications for Building 38 (the "**Standard Building Plans**") are attached as Exhibit A-1 to this Amendment II.

A. <u>Construction</u>.

(i) In consideration of CLIENT'S promises in this Amendment II, TETAKAWI agrees that it will construct or cause the construction of Building 38, which will be used by CLIENT in carrying out its operations under the Agreement, as amended by this Amendment II. TETAKAWI anticipates that Building 38 will be substantially complete within seven (7) months after the commencement of construction (such seven (7) month date is referred to hereinafter as the "**Estimated Substantial Completion Date**"). TETAKAWI will use all reasonable efforts to achieve Substantial Completion (as defined below) of Building 38 on or before the Estimated Substantial Completion Date. Building 38 will be deemed substantially complete, and the Facilities Fee and Park Maintenance Fee (each as modified by this Amendment) will be payable to TETAKAWI, when all permits, licenses and consents required under applicable law for the construction, occupancy and use of Building 38 have been granted on a permanent basis and CLIENT is able to conduct its "building fit up" in the production area, including air line and other equipment installation in the Production Area ("**Substantial Completion**", and the date on which acceptance is given shall be the "**Substantial Completion Date**"). If Substantial Completion occurs more than 90 days after the Estimated Substantial Completion Date (the "**Grace Period**"), TETAKAWI will pay CLIENT $[***] for each week of delay after the end of the Grace Period for TETAKAWI to achieve Substantial Completion. CLIENT acknowledges and agrees that the Substantial Completion Date may occur sooner than seven (7) months after the commencement of construction and, that the Facilities Fee and Park Maintenance Fee (each as modified by this Amendment) will be payable upon Substantial Completion, even if the Substantial Completion is prior the Estimated Substantial Completion Date.

(ii) TETAKAWI will deliver to CLIENT the Standard Building Plans (the "**Building Plans**") within ten (10) business days after Effective Date. CLIENT will be entitled to review and make changes to the Building Plans within fifteen (15) business days after receipt. Any changes to the Building Plans, including any costs associated therewith, must be mutually acceptable to CLIENT and TETAKAWI, and the aforementioned completion dates shall be adjusted, if necessary.

(iii) CLIENT agrees to pay, at the time and in a manner reasonably agreed with TETAKAWI, the increased cost of any changes to the Building Plans that are incorporated into Building 38 at the request of CLIENT. CLIENT and TETAKAWI understand and agree that a change order requested by CLIENT to the Building Plans may affect the Substantial Completion Date. CLIENT and TETAKAWI therefore will mutually agree in advance to an extension to the Substantial Completion Date, as required, for any change to the Building Plans that affects such dates.

(iv) CLIENT acknowledges and agrees that TETAKAWI'S covenant to have Building 38 constructed is dependent on execution of this Amendment II, including Exhibit A-1 thereto, and CLIENT'S written approval (the "**Plans Approval**") of the construction of Building 38 pursuant to the Building Plans, as amended to incorporate any changes that are acceptable to the parties or specified by CLIENT in accordance with this Agreement. TETAKAWI will commence construction or cause it to be commenced within fifteen (15) business days after TETAKAWI'S receipt of the Plans Approval from CLIENT.

B. <u>Certain Covenants</u>.

(i) CLIENT acknowledges and agrees that, in consideration of CLIENT'S covenants in this Amendment II, TETAKAWI will hold Building 38 exclusively for CLIENT'S occupancy upon the completion of its construction, and, as a result thereof, will or may forego other opportunities to allocate Building 38 for use by third parties. CLIENT further acknowledges that TETAKAWI would not construct Building 38 or make it available to CLIENT if CLIENT had not requested it to do so, and if CLIENT had not agreed to use the Building 38 in accordance with the Agreement, as amended by this Amendment II. As such, on the Substantial Completion Date, the CLIENT agrees to begin the process of expanding its manufacturing operation into Building 38.

(ii) CLIENT agrees to install and maintain, at its own responsibility, cost and expense, the necessary environmental, health and safety measures, including fire suppression measures, in order for Building 38 to be at all times compliant with applicable Mexican environmental, health and safety laws and regulations.

C. Completion Procedure.

(i) TETAKAWI will provide CLIENT with a written notice (the "Completion Notice") of substantial completion of construction of Building 38 at least ten (10) business days prior to completion, which notice shall include a certification that Substantial Completion has occurred and identify any items that still need to be completed. Within five (5) business days after the date of CLIENT'S receipt of a Completion Notice, the parties will perform a "walk through" inspection of Building 38 for the purpose of confirming that Substantial Completion has occurred and identifying those finishing touches and other items (collectively the "Punch List Items") that remain to be completed. TETAKAWI will correct or will cause to be corrected the Punch List Items, if any, as soon as practicable after the "walk through" inspection.

(ii) If CLIENT fails to participate in a "walk through" inspection, CLIENT will be deemed to have accepted Building 38 as suitable for its use and in accordance with the Building Plans. If CLIENT begins use of Building 38 for whatever purpose, regardless of whether a walk-through inspection has been performed, Building 38 will be deemed to have been accepted by CLIENT as suitable for its use and in accordance with the Building Plans. CLIENT will be provided a minimum of two (2) weeks' prior notice of Building 38 availability for walk through and allowed one (1) working week to complete the walk through.

2. Extended Agreement Term.

Starting on the Substantial Completion Date of Building 38, CLIENT and TETAKAWI agree that the new term of the Agreement shall be extended for seven (7) years from the Substantial Completion Date ("Extended Term"). As such, TETAKAWI'S and CLIENT'S rights and obligations under the Agreement, as amended herein, regarding the Mexican Facility (as defined below) shall commence on the Substantial Completion Date and continue throughout the Extended Term.

3. Specific Amendments.

As of the Substantial Completion Date (as defined in this Amendment), the Agreement is hereby amended as follows:

A. Article V, Paragraph (A)(i) is amended by deleting "US$[***]" and replacing it with "US$[***]".
B. Article V, Paragraph (A)(ii) is amended by deleting "US$[***]" and replacing it with "US$[***]".
C. The term "Mexican Facility" as used throughout the Agreement shall be defined to include Building 37 and Building 38 as well as any other building occupied by CLIENT in the Park.
D. Article VII, Paragraph (A) is deleted in its entirety and replaced with the following:

> "A. The term of this Agreement commences on the Effective Date and ends on the seventh anniversary of the Substantial Completion Date (as defined in this Amendment), unless terminated or extended in accordance with this Agreement."

E. Article VII, Paragraph (C) is amended by deleting the first sentence thereof in its entirety and replacing it with the following:

"If CLIENT requests early termination of this Agreement for convenience, it shall continue to pay the Facilities Fees until the earlier of (a) the midpoint of the period between the effective date of termination and the expiration of the Extended Term or (b) or the date on which a substitute tenant of the Mexican Facility is found and commences to use the Mexican Facility on terms acceptable to TETAKAWI."

CLIENT acknowledges and agrees that there is a shortage of workers in the Guaymas/Empalme region. As such, CLIENT agrees to adhere to TETAKAWI'S recommendations for limiting/reducing worker turnover, in the understanding that TETAKAWI does not guarantee to CLIENT the recruitment and hiring of any workers needed by CLIENT for its expansion project into Building 38.

4. Fire Suppression System.

CLIENT and TETAKAWI agree that a third-party service provider will install in Building 38 the Fire Suppression System approved by CLIENT. Due to the fact that starting on the Substantial Completion Date CLIENT will be in full control of Building 38 and because CLIENT will own and will be completely responsible for all assets located inside Building 38, CLIENT shall, at its sole cost and expense, maintain in good order, condition, and repair the Fire Suppression System. Upon CLIENT's written request and at CLIENT'S sole responsibility, cost, and expense, TETAKAWI agrees to assist CLIENT in seeking and coordinating the necessary third-party service providers needed to maintain the Fire Suppression System in good order, condition, and repair.

CLIENT hereby expressly and specifically forever release and discharges TETAKAWI and its affiliates from, of and for, and hereby waives and surrenders, any and all claims, counterclaims, demands, suits, actions, causes of actions, liabilities, obligations, damages, injuries, of any nature or kind whatsoever, including claims for personal injury or property damage, plus any and all costs, fees and expenses, including reasonable attorney's fees, whether arising at law or in equity, under the common law, federal, state, local or other law (including Mexican law), in any manner relating to or arising from the Fire Suppression System installed or to be installed on Building 38, whether or not related to the operation, functionality, performance or reliability of the Fire Suppression System or the supply, volume, flow or pressure of water to the Fire Suppression System or otherwise (collectively "Claims").

CLIENT expressly agrees for itself, and on behalf of its successors, assigns and insurers, as the case may be, that as a condition of TETAKAWI agreeing to coordinate the installation of the Fire Suppression System as well as to assist CLIENT, upon CLIENT'S written request, in seeking and coordinating the necessary third-party service providers needed to maintain the Fire Suppression System in good order, condition, and repair, CLIENT warrants, covenants and represents that it will commence no Claims against TETAKAWI or its affiliates which shall, in any way or manner whatsoever relate to the Fire Suppression System, its operation, functionality, performance or reliability, or the amount, quantity, quality, supply, pressure, volume or flow of the water provided to or intended for use by the Fire Suppression System. It is the express intention of CLIENT that this paragraph shall constitute and serve as a full, comprehensive and final general release of TETAKAWI and its affiliates from all such Claims, which are as of this date inherently unknown and unliquidated.

5. Defined Terms.

All words and phrases defined in the Agreement and not otherwise defined in this Amendment II shall have the meanings ascribed to such words and phrases in the Agreement.

6. Miscellaneous.

A. Force Majeure.

No party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Amendment, due to a complete failure in performing any term of this Amendment (except for any obligations to make payments to the other party hereunder), when and to the extent such party's (the "Impacted Party") failure is caused by or results from the following force majeure events "Force Majeure Event(s)": (a) acts of God; (b) flood, fire, earthquake, epidemics or explosion; (c) war, invasion, hostilities, terrorist threats or acts, riot or other civil unrest; (d) government order, law, or action; (e) embargoes or blockades in effect on or after the date of the Agreement; (f) national or regional emergency; (g) strikes; (h) shortage of adequate power; and (i) other similar events beyond the reasonable control of the Impacted Party. The Impacted Party shall give written notice within 15 days of the Force Majeure Event to the other party, stating the specific reasons preventing its performance and the period the occurrence is expected to continue. The Impacted Party shall use commercially reasonable best efforts to attempt to mitigate or diminish the effects of the Force Majeure Event on the other party or parties to this Amendment. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. If the Impacted Party is TETAKAWI, the CLIENT must continue to pay all invoices during the period between the occurrence of the Force Majeure Event and the removal of the cause, provided TETAKAWI continues to perform, either in whole or in part, its services pursuant to this Amendment and the amounts of such invoices shall be reduced to reflect any reduction in, or limitation to, the services rendered by TETAKAWI hereunder. In the event that the Impacted Party's failure remains uncured for a period of 60 consecutive days following written notice given by it under this Section, either party may thereafter terminate the Agreement upon thirty 30 days' written notice, which termination will be deemed a termination for cause by the terminating party. Such notice shall specify in detail the events constituting Force Majeure and must be accompanied by a detailed calculation of and contain a payment for all amounts due and payable under the Agreement to the other party through and including the effective time of the termination. The non-terminating party, if it does not agree with the calculation and believes the amount of payment submitted by the terminating party to be less than amounts actually due to it under the Agreement, shall so notify the terminating party of its disagreement in writing but may retain the tendered payment as a partial payment toward the amount due from the terminating party. For the avoidance of doubt, if CLIENT elects to terminate the Agreement due to a Force Majeure Event, CLIENT will have to make all payments due to TETAKAWI up until the moment of effective termination of the Agreement, including Severance Payments, without any discounts, deductions or any other compensation that might apply.

B. HVAC and electrical system in Building 38.

The Mexican Facility will have HVAC system and the electrical system described in Exhibit A-1. CLIENT represents and warrants that its manufacturing operations and other non-manufacturing activities inside the Mexican Facility after Substantial Completion are suitable to and will not stress the HVAC and electrical systems currently in place at the Mexican Facility. To the extent CLIENT intends to increase its manufacturing operations and other non-manufacturing activities inside the Mexican Facility after Substantial Completion and such increases i) would stress or exceed the capacity of the HVAC system (e.g., increased thermal load, increased air extraction, etc.) at the Mexican Facility, ii) would stress or exceed the capacity of the electrical system at the Mexican Facility, or both, CLIENT agrees to notify and meet with TETAKAWI prior to increasing its manufacturing operations and other non-manufacturing activities to determine whether any replacements, modifications or adaptations may be required to the HVAC system and electrical system at the Mexican Facility. CLIENT agrees to pay for the technical studies required for purposes of determining whether any replacements, modification or adaptations of the HVAC system or electrical system, or both, are required. TETAKAWI and CLIENT agree to select the HVAC contractor and electrical system contractor that will perform the required technical study from a list of up to three contractors per subject matter (i.e., three HVAC contractors and three electrical system contractors) that will be provided by TETAKAWI to CLIENT. If the technical study determines that such replacements, modifications or adaptations are required, CLIENT agrees to pay for such replacements, modifications or adaptations reasonably necessary to handle CLIENT'S manufacturing operations and other activities at the Mexican Facility.

C. The terms and conditions of the Agreement shall continue in full force and effect, except to the extent amended herein. In the event of a conflict between the Agreement and this Amendment II, this Amendment II shall control. This Amendment II may be executed simultaneously in two or more counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.

7. Entire Agreement.

Except as expressly provided hereby, all of the terms and provisions of the Agreement are and shall remain in full force and effect and are hereby ratified and confirmed by the parties. The amendments contained herein shall not be construed as a waiver or amendment of any other provision of the Agreement or for any purpose except as expressly set forth herein. On and after the Effective Date, each reference in the Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import will mean and be a reference to the Agreement as amended by this Amendment.

[SIGNATURES FOLLOW ON NEXT PAGE]

The parties execute this Amendment II in multiple original counterparts on the dates set forth beneath their respective signatures, with the intent that it becomes effective as per the latest date of signature below ("Effective Date").

OFFSHORE INTERNATIONAL, INC.,
an Arizona corporation

By:	/s/ Elsa Sfurza
Printed Name:	Elsa Sfurza
Its:	EVP & CFO
Date:	August 3, 2022

CARDIVA MEDICAL, INC.,
a Delaware corporation

By:	/s/ James C. D'Arecca
Printed Name:	James C. D'Arecca
Its:	CFO
Date:	August 2, 2022

EXHIBIT 31.1

CERTIFICATION

I, Christopher A. Simon, certify that:

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

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

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

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

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

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

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

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

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

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

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

November 8, 2022

/s/ Christopher A. Simon

Christopher A. Simon, President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, James C. D'Arecca, certify that:

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

November 8, 2022

/s/ James C. D'Arecca

James C. D'Arecca, Executive Vice President, Chief Financial Officer

(Principal Financial Officer)

EXHIBIT 32.1

Certification Pursuant To
18 USC. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended October 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher A. Simon, President and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2022

/s/ Christopher A. Simon
Christopher A. Simon,
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification Pursuant To
18 USC. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes/Oxley Act of 2002

In connection with the Quarterly Report of Haemonetics Corporation (the "Company") on Form 10-Q for the period ended October 1, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James C. D'Arecca, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that this Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 8, 2022

/s/ James C. D'Arecca
James C. D'Arecca,
Executive Vice President, Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Haemonetics and will be retained by Haemonetics and furnished to the Securities and Exchange Commission or its staff upon request.