
**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 September 30, 2021

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

For the transition period from _____ to _____

Commission File Number 000-30833

BRUKER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3110160
(I.R.S. Employer
Identification No.)

40 Manning Road, Billerica, MA 01821
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (978) 663-3660

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

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Common Stock	BRKR	Nasdaq Global Select Market

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

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

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

Large accelerated filer ☒

Non-accelerated filer ☐

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 ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at November 2 , 2021
Common Stock, \$0.01 par value per share	151,655,227 shares

BRUKER CORPORATION
Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2021

Index

	<u>Page</u>
Part I	
<u>FINANCIAL INFORMATION</u>	3
Item 1: <u>Unaudited Condensed Consolidated Financial Statements</u>	3
<u>Unaudited Condensed Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020</u>	3
<u>Unaudited Condensed Consolidated Statements of Income and Comprehensive Income for the three and nine months ended September 30, 2021 and 2020</u>	4
<u>Unaudited Condensed Consolidated Statements of Redeemable Noncontrolling Interest and Shareholders' Equity for the three and nine months ended September 30, 2021 and 2020</u>	5
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020</u>	7
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	8
Item 2: <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3: <u>Quantitative and Qualitative Disclosures About Market Risk</u>	38
Item 4: <u>Controls and Procedures</u>	40
Part II	
<u>OTHER INFORMATION</u>	40
Item 1: <u>Legal Proceedings</u>	40
Item 1A: <u>Risk Factors</u>	41
Item 2: <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
Item 6: <u>Exhibits</u>	44
<u>Signatures</u>	45

PART I FINANCIAL INFORMATION
ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BRUKER CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share data)

	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 573.0	\$ 681.8
Short-term investments	96.8	50.0
Accounts receivable, net	372.1	335.3
Inventories	732.8	692.3
Assets held for sale	4.5	—
Other current assets	210.1	165.6
Total current assets	1,989.3	1,925.0
Property, plant and equipment, net	389.4	395.5
Goodwill	324.2	320.4
Intangible assets, net	217.7	229.1
Assets held for sale	0.4	—
Other long-term assets	206.7	179.0
Total assets	<u>\$ 3,127.7</u>	<u>\$ 3,049.0</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 109.5	\$ 2.2
Accounts payable	141.1	134.6
Customer advances	178.3	189.2
Other current liabilities	492.3	465.9
Total current liabilities	921.2	791.9
Long-term debt	717.5	842.3
Other long-term liabilities	399.1	440.5
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interest	0.3	—
Shareholders' equity:		
Preferred stock, \$0.01 par value 5,000,000 shares authorized, none issued or outstanding	—	—
Common stock, \$0.01 par value 260,000,000 shares authorized, 174,835,498 and 174,045,610 shares issued and 151,690,664 and 151,987,081 shares outstanding at September 30, 2021 and December 31, 2020, respectively	1.7	1.7
Treasury stock, at cost, 23,144,834 and 22,058,529 shares at September 30, 2021 and December 31, 2020, respectively	(738.1)	(667.0)
Accumulated other comprehensive income (loss)	(10.7)	3.7
Other shareholders' equity	1,822.7	1,622.8
Total shareholders' equity attributable to Bruker Corporation	1,075.6	961.2
Noncontrolling interest in consolidated subsidiaries	14.0	13.1
Total shareholders' equity	1,089.6	974.3
Total liabilities, redeemable noncontrolling interest and shareholders' equity	<u>\$ 3,127.7</u>	<u>\$ 3,049.0</u>

The accompanying notes are an integral part of these financial statements

BRUKER CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Product revenue	\$ 508.3	\$ 419.6	\$1,441.2	\$1,111.6
Service revenue	99.0	90.0	287.8	244.3
Other revenue	1.6	1.8	5.4	4.1
Total revenue	608.9	511.4	1,734.4	1,360.0
Cost of product revenue	243.5	210.3	700.4	584.1
Cost of service revenue	56.5	52.6	165.3	148.4
Cost of other revenue	0.2	0.2	0.7	0.7
Total cost of revenue	300.2	263.1	866.4	733.2
Gross profit	308.7	248.3	868.0	626.8
Operating expenses:				
Selling, general and administrative	141.3	114.6	407.9	338.2
Research and development	52.1	48.3	162.7	140.9
Other charges, net	2.1	4.2	9.5	12.2
Total operating expenses	195.5	167.1	580.1	491.3
Operating income	113.2	81.2	287.9	135.5
Interest and other income (expense), net	(4.4)	(5.9)	(13.8)	(15.4)
Income before income taxes and noncontrolling interest in consolidated subsidiaries	108.8	75.3	274.1	120.1
Income tax provision	20.7	20.0	69.5	30.0
Consolidated net income	88.1	55.3	204.6	90.1
Net income attributable to noncontrolling interests in consolidated subsidiaries	1.0	1.0	3.2	1.2
Net income attributable to Bruker Corporation	<u>\$ 87.1</u>	<u>\$ 54.3</u>	<u>\$ 201.4</u>	<u>\$ 88.9</u>
Net income per common share attributable to Bruker Corporation shareholders:				
Basic	<u>\$ 0.58</u>	<u>\$ 0.35</u>	<u>\$ 1.33</u>	<u>\$ 0.58</u>
Diluted	<u>\$ 0.57</u>	<u>\$ 0.35</u>	<u>\$ 1.32</u>	<u>\$ 0.57</u>
Weighted average common shares outstanding:				
Basic	151.4	153.2	151.5	153.7
Diluted	152.8	154.3	153.0	154.8
Comprehensive income	\$ 73.1	\$ 64.0	\$ 188.1	\$ 110.1
Less: Comprehensive income attributable to noncontrolling interests	0.7	1.4	0.9	1.5
Less: Comprehensive loss attributable to redeemable noncontrolling interest	—	—	—	(0.5)
Comprehensive income attributable to Bruker Corporation	<u>\$ 72.4</u>	<u>\$ 62.6</u>	<u>\$ 187.2</u>	<u>\$ 109.1</u>

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

BRUKER CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING INTEREST AND
SHAREHOLDERS' EQUITY
(in millions, except per share data)

	Redeemable Noncontrolling Interest	Common Shares	Common Stock Amount	Treasury Shares	Treasury Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity Attributable to Bruker Corporation	Noncontrolling Interests in Consolidated Subsidiaries	Total Shareholders' Equity
Balance at December 31, 2020	\$ —	151,987,081	\$ 1.7	22,058,529	\$ (667.0)	\$ 216.3	\$ 1,406.5	\$ 3.7	\$ 961.2	\$ 13.1	\$ 974.3
Stock options exercised		65,312	—			1.2			1.2		1.2
Restricted stock units vested		21,821	—			(0.1)			(0.1)		(0.1)
Stock based compensation						3.4			3.4		3.4
Shares purchased		(530,729)		530,729	(32.8)				(32.8)		(32.8)
Dividends declared to common stockholders (\$0.04 per share)							(6.1)		(6.1)		(6.1)
Consolidated net income							56.7		56.7	1.1	57.8
Other comprehensive income (loss)								(15.8)	(15.8)	(0.2)	(16.0)
Balance at March 31, 2021	\$ —	151,543,485	\$ 1.7	22,589,258	\$ (699.8)	\$ 220.8	\$ 1,457.1	\$ (12.1)	\$ 967.7	\$ 14.0	\$ 981.7
Stock options exercised		64,783	—			1.0			1.0		1.0
Restricted stock units vested		1,780	—			—			—		—
Stock based compensation						3.6			3.6		3.6
Shares purchased		(555,576)		555,576	(38.3)				(38.3)		(38.3)
Dividends declared to common stockholders (\$0.04 per share)							(6.0)		(6.0)		(6.0)
Formation of Acuity Spatial Genomics Inc.	0.3								—		—
Consolidated net income	—						57.6		57.6	1.1	58.7
Other comprehensive income (loss)								16.4	16.4	(1.7)	14.7
Balance at June 30, 2021	\$ 0.3	151,054,472	\$ 1.7	23,144,834	\$ (738.1)	\$ 225.4	\$ 1,508.7	\$ 4.3	\$ 1,002.0	\$ 13.4	\$ 1,015.4
Stock options exercised		385,597	—			8.3			8.3		8.3
Restricted stock units vested		250,595	—			(4.5)			(4.5)		(4.5)
Stock based compensation						3.8			3.8		3.8
Dividends declared to common stockholders (\$0.04 per share)							(6.1)		(6.1)		(6.1)
Consolidated net income	—						87.1		87.1	1.0	88.1
Other comprehensive income (loss)								(15.0)	(15.0)	(0.4)	(15.4)
Balance at September 30, 2021	\$ 0.3	151,690,664	\$ 1.7	23,144,834	\$ (738.1)	\$ 233.0	\$ 1,589.7	\$ (10.7)	\$ 1,075.6	\$ 14.0	\$ 1,089.6

The accompanying notes are an integral part of these financial statements

BRUKER CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF REDEEMABLE NONCONTROLLING INTEREST AND
SHAREHOLDERS' EQUITY
(in millions, except per share data)

	Redeemable Noncontrolling Interest	Common Shares	Common Stock Amount	Treasury Shares	Treasury Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity Attributable to Bruker Corporation	Noncontrolling Interests in Consolidated Subsidiaries	Total Shareholders' Equity
Balance at December 31, 2019	\$ 21.1	154,155,798	\$ 1.7	19,346,577	\$ (543.8)	\$ 199.7	\$ 1,274.7	\$ (25.5)	\$ 906.8	\$ 10.3	\$ 917.1
Stock options exercised		30,182	—			0.7			0.7		0.7
Restricted stock units vested		40,516	—			(0.1)			(0.1)		(0.1)
Stock based compensation						3.0			3.0		3.0
Cash dividends paid to common stockholders (\$0.04 per share)	—						(6.2)		(6.2)	(1.2)	(7.4)
Acquired remaining 20% interest in Hain LifeScience GmbH	(20.6)						(1.3)		(1.3)		(1.3)
Consolidated net income	—						10.5		10.5	0.1	10.6
Other comprehensive income (loss)	(0.5)							2.2	2.2	(0.2)	2.0
Balance at March 31, 2020	\$ —	154,226,496	\$ 1.7	19,346,577	\$ (543.8)	\$ 203.3	\$ 1,277.7	\$ (23.3)	\$ 915.6	\$ 9.0	\$ 924.6
Stock options exercised		61,968	—			1.3			1.3		1.3
Restricted stock units vested		3,510	—			(0.1)			(0.1)		(0.1)
Stock based compensation						2.8			2.8		2.8
Shares Repurchased		(1,214,282)		1,214,282	(50.0)				(50.0)		(50.0)
Cash dividends paid to common stockholders (\$0.04 per share)							(6.1)		(6.1)		(6.1)
Consolidated net income							24.1		24.1	0.1	24.2
Other comprehensive income								9.8	9.8	0.1	9.9
Balance at June 30, 2020	\$ —	153,077,692	\$ 1.7	20,560,859	\$ (593.8)	\$ 207.3	\$ 1,295.7	\$ (13.5)	\$ 897.4	\$ 9.2	\$ 906.6
Stock options exercised		25,461	—			0.5			0.5		0.5
Restricted stock units vested		208,652	—			(1.2)			(1.2)		(1.2)
Stock based compensation						4.1			4.1		4.1
Shares Repurchased		(127,278)		127,278	(5.0)				(5.0)		(5.0)
Cash dividends paid to common stockholders (\$0.04 per share)							(6.3)		(6.3)		(6.3)
Consolidated net income							54.3		54.3	1.0	55.3
Other comprehensive income								8.3	8.3	0.4	8.7
Balance at September 30, 2020	\$ —	153,184,527	\$ 1.7	20,688,137	\$ (598.8)	\$ 210.7	\$ 1,343.7	\$ (5.2)	\$ 952.1	\$ 10.6	\$ 962.7

The accompanying notes are an integral part of these financial statements

BRUKER CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Consolidated net income	\$ 204.6	\$ 90.1
Adjustments to reconcile consolidated net income to cash flows from operating activities:		
Depreciation and amortization	66.1	58.7
Stock-based compensation expense	11.9	10.9
Deferred income taxes	(6.5)	0.5
Other non-cash expenses, net	24.8	25.5
Changes in operating assets and liabilities, net of acquisitions and divestitures:		
Accounts receivable	(47.7)	36.9
Inventories	(81.3)	(109.7)
Accounts payable and accrued expenses	45.9	(15.3)
Income taxes payable, net	(33.4)	(9.1)
Deferred revenue	19.4	20.1
Customer advances	(9.5)	32.4
Other changes in operating assets and liabilities, net	(50.5)	(11.8)
Net cash provided by operating activities	<u>143.8</u>	<u>129.2</u>
Cash flows from investing activities:		
Purchases of short-term investments	(48.0)	(100.0)
Maturity of short-term investments	0.7	56.1
Purchases of investments held to maturity	(0.5)	—
Cash paid for acquisitions, net of cash acquired	(45.0)	(58.8)
Purchases of property, plant and equipment	(63.6)	(68.4)
Proceeds from sales of property, plant and equipment	4.0	0.1
Net proceeds from cross currency swap agreements	8.6	7.1
Net cash used in investing activities	<u>(143.8)</u>	<u>(163.9)</u>
Cash flows from financing activities:		
Repayments of revolving lines of credit	—	(305.1)
Proceeds from revolving lines of credit	—	297.5
Repayment of other debt	(2.2)	(0.4)
Proceeds from other debt	0.4	—
Payment of deferred financing costs	—	(0.1)
Proceeds from issuance of common stock, net	5.9	1.1
Payment of contingent consideration	(0.4)	(6.2)
Payment of dividends to common stockholders	(18.2)	(18.5)
Purchases of common stock	(71.1)	(54.4)
Cash payments to noncontrolling interest	—	(1.2)
Net cash used in financing activities	<u>(85.6)</u>	<u>(87.3)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(23.4)</u>	<u>10.7</u>
Net change in cash, cash equivalents and restricted cash	<u>(109.0)</u>	<u>(111.3)</u>
Cash, cash equivalents and restricted cash at beginning of period	685.5	681.9
Cash, cash equivalents and restricted cash at end of period	<u>\$ 576.5</u>	<u>\$ 570.6</u>
Supplemental disclosure of cash flow information:		
Restricted cash period beginning balance	<u>\$ 3.7</u>	<u>\$ 3.6</u>
Restricted cash period ending balance	<u>\$ 3.5</u>	<u>\$ 3.5</u>

The accompanying notes are an integral part of these financial statements

BRUKER CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021

1. Description of Business

Bruker Corporation, together with its consolidated subsidiaries (Bruker or the Company), develops, manufactures and distributes high-performance scientific instruments and analytical and diagnostic solutions that enable its customers to explore life and materials at microscopic, molecular and cellular levels. Many of the Company's products are used to detect, measure and visualize structural characteristics of chemical, biological and industrial material samples. The Company's products address the rapidly evolving needs of a diverse array of customers in life science research, pharmaceuticals, biotechnology, applied markets, cell biology, clinical research, microbiology, in vitro diagnostics, nanotechnology and materials science research.

The Company has four operating segments, *Bruker BioSpin Group*, *Bruker CALID Group*, *Bruker Scientific Instruments (BSI) Nano Group* and *Bruker Energy & Supercon Technologies (BEST)*. The Company has three reportable segments, *BSI Life Science segment*, *BSI NANO segment* and *BEST*.

For financial reporting purposes, the Bruker BioSpin Group and Bruker CALID Group operating segments are aggregated into the reportable BSI Life Science segment because each has similar economic characteristics, production processes, service offerings, types and classes of customers, methods of distribution and regulatory environments.

Bruker BioSpin — The Bruker BioSpin Group designs, manufactures and distributes enabling life science tools based on magnetic resonance technology. Bruker BioSpin Group's revenues are generated by academic and government research customers, pharmaceutical and biotechnology companies and nonprofit laboratories, as well as chemical, food and beverage, clinical and other industrial companies.

Bruker CALID (Chemicals, Applied Markets, Life Science, In Vitro Diagnostics, Detection) — The Bruker CALID Group designs, manufactures and distributes life science mass spectrometry and ion mobility spectrometry solutions, analytical and process analysis instruments and solutions based on infrared and Raman molecular spectroscopy technologies and radiological/nuclear detectors for Chemical, Biological, Radiological, Nuclear and Explosive (CBRNE) detection. Customers of the Bruker CALID Group include: academic institutions and medical schools; pharmaceutical, biotechnology and diagnostics companies; contract research organizations; nonprofit and for-profit forensics laboratories; agriculture, food and beverage safety laboratories; environmental and clinical microbiology laboratories; hospitals and government departments and agencies.

The BSI NANO segment designs, manufactures and distributes advanced X-ray instruments; atomic force microscopy instrumentation; advanced fluorescence optical microscopy instruments; analytical tools for electron microscopes and X-ray metrology; defect-detection equipment for semiconductor process control; handheld, portable and mobile X-ray fluorescence spectrometry instruments; spark optical emission spectroscopy systems; chip cytometry products and services for targeted spatial proteomics, multi-omic services, and products and services for spatial genomics research. Customers of the BSI NANO segment include academic institutions, governmental customers, nanotechnology companies, semiconductor companies, raw material manufacturers, industrial companies, biotechnology and pharmaceutical companies and other businesses involved in materials research and life science research analysis.

The BEST reportable segment develops and manufactures superconducting and non-superconducting materials and devices for use in healthcare, renewable energy, energy infrastructure and "big science" research. The segment focuses on metallic low temperature superconductors for use in magnetic resonance imaging, nuclear magnetic resonance, fusion energy research and other applications.

The unaudited condensed consolidated financial statements represent the consolidated accounts of the Company. All intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed consolidated financial statements as of September 30, 2021 and December 31, 2020, and for the three and nine months ended September 30, 2021 and 2020, have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, the financial information presented herein does not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair statement have been included. The results for interim periods are not necessarily indicative of the results expected for any other interim period or the full year.

[Table of Contents](#)

At September 30, 2021, the Company's significant accounting policies, which are detailed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, have not changed.

Risks & Uncertainties

The Company is subject to risks common to its industry including, but not limited to, global economic conditions, rapid technological change, government and academic funding levels, the impact of the COVID-19 coronavirus, changes in commodity prices, spending patterns of its customers, protection of its intellectual property, availability of key raw materials and components, compliance with existing and future regulation by government agencies and fluctuations in foreign currency exchange rates and interest rates.

The impact of the COVID-19 worldwide pandemic has been and will likely continue to be extensive in certain geographies and aspects of society. The pandemic has resulted in and will likely continue to result in significant disruptions to the global economy, global supply chains, as well as businesses and capital markets around the world.

Impacts to the Company's business included temporary closures in 2020 of many of the Company's government and university customers and suppliers, disruptions or restrictions on employees' and customers' ability to travel, and delays in product installations or shipments to and from affected countries. In an effort to halt the outbreak of COVID-19, a number of countries, including the United States, implemented and some continue to implement significant restrictions on travel, shelter in place or stay at home orders, and business closures. While some of these restrictions are loosening in certain jurisdictions, some markets have returned to restrictions in the face of increases in new COVID-19 cases or new strains of the virus. A number of states, including California, Massachusetts and New Jersey where the Company has significant operations have implemented re-opening policies as vaccines to protect against the virus continue to be administered. However, many of the Company's employees in these areas continue to work remotely, and many re-openings have been delayed or pulled back as the virus continues to spread and as new strains of the virus emerge. In addition, while some parts of the world are beginning to resume pre-pandemic business operations, certain Asia Pacific geographies where the Company operates are continuing to experience significant COVID-19 disruptions. Much of the commercial activity in sales and marketing, and customer demonstrations and applications training, is still either being conducted remotely or postponed. Even where customers have re-opened their sites, some still operate at productivity levels that are below pre-pandemic levels in an effort to accommodate safety protocols and as a result of pandemic-related supply chain disruptions. Any resurgence of the virus or the emergence of new strains of the virus, particularly any new strains which are more easily transmitted or which are resistant to existing vaccines, may require the Company or its customers to close or partially close operations once again. These travel restrictions, business closures and operating reductions at Bruker, customers, distributors, and/or suppliers have in the past adversely impacted and may continue to adversely impact the Company's operations worldwide, including the ability to manufacture, sell or distribute products, as well as cause temporary closures of foreign distributors, or the facilities of suppliers or customers. Global supply chains, including for semiconductor chips, components and raw materials such as copper, have been disrupted, causing shortages, which could impact the Company's ability to manufacture or supply its products. The Company could also experience increased compensation expenses associated with employee recruiting and employee retention to the extent employment opportunities continue to multiply post-pandemic, causing the search for and retention of talent to become more competitive. This disruption of the Company's employees, distributors, suppliers and customers has historically impacted and may continue to impact the Company's global sales and operating results.

Further, on September 9, 2021, President Biden directed the Department of Labor's Occupational Safety and Health Administration ("OSHA") to issue an Emergency Temporary Standard ("ETS") requiring that all employers with at least 100 employees ensure that their employees are fully vaccinated for COVID-19 by January 4, 2022 or obtain a negative COVID-19 test at least once a week. The OSHA ETS was issued on November 4, 2021. President Biden also issued an Executive Order requiring certain COVID-19 precautions for government contractors and their subcontractors, including mandatory employee vaccination (subject to medical and religious exemptions). It is not currently possible to predict with any certainty the exact impact on the Company of the OSHA ETS or the requirements for government contractors and their subcontractors. Any requirement to mandate COVID-19 vaccination of the Company's workforce or require the Company's unvaccinated employees to be tested weekly could result in employee attrition and difficulty securing future labor needs and may have an adverse effect on future profit margins. In addition, any requirement to impose obligations on the Company's suppliers under the Executive Order covering government contractors and their subcontractors could impact the price and continuity of supply of raw materials and the Company's results of operations and financial condition could be adversely affected.

The Company has experienced supply chain interruptions as a result of the COVID-19 pandemic. Various factors, including increased demand for certain components and production delays and other natural events and disasters, are contributing to shortages of certain components used in the Company's products and increased difficulties in the Company's ability to obtain a consistent supply of materials at stable pricing levels. Supply shortages and longer lead times for components used in the Company's products, including limited source components, can result in significant additional costs and inefficiencies in manufacturing. A shortage of key components may cause a significant disruption to the Company's production activities, which could have a substantial adverse effect on the Company's financial condition or results of operations. If the Company is unsuccessful in resolving any such component shortages in a timely manner, the Company could experience a significant adverse impact on the timing of its revenue, a possible loss of revenue, or an increase in manufacturing costs, any of which would have a material adverse impact on the Company's operating results.

[Table of Contents](#)

The Company is continuing to monitor and assess the effects of the COVID-19 pandemic on commercial operations in 2021. However, the Company cannot at this time accurately predict what effects these conditions will ultimately have on future operations due to uncertainties relating to the severity of the disease, the duration of the outbreak, including the impact of any resurgence of the virus or the continued emergence of new strains of the virus, the effectiveness and availability of vaccines, (including to protect against any new strains of the virus), the willingness of individuals to receive vaccines, and the length or severity of the travel restrictions, business closures, and other safety and precautionary measures imposed by the governments of impacted countries. The pandemic has also adversely affected the economies and financial markets of many countries, which has affected and likely will continue to affect demand for the Company's products and its operating results.

The preparation of the unaudited condensed consolidated financial statements requires the Company to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenues and expenses and related disclosure of contingent assets and liabilities. On an ongoing basis the Company evaluates estimates, judgments and methodologies. Changes in estimates are recorded in the period in which they become known. The Company bases estimates on historical experience and on various other assumptions that they believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenues and expenses. The full extent to which the COVID-19 pandemic will directly or indirectly impact future business, results of operations and financial condition, including sales, expenses, reserves and allowances, manufacturing, research and development costs and employee-related amounts, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19, new strains of the virus, the effectiveness and availability of COVID-19 vaccines or individuals' willingness to receive vaccines, and the actions taken to contain or treat the virus, as well as the economic impact on local, regional, national and international customers and markets. The Company has made estimates of the impact of COVID-19 within the financial statements and there may be changes to those estimates in future periods. Actual results may differ from management's estimates if these results differ from historical experience.

2. Recent Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Updates ("ASU") No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04"), which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. The guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include: contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, to clarify that certain optional expedients and exceptions under the reference rate reform guidance for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in the reference rate reform guidance, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. This temporary guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company may elect to apply this guidance for all contract modifications or eligible hedging relationships during that time period subject to certain criteria. The Company is still evaluating the impact of reference rate reform and whether this guidance will be adopted.

In December 2019, the FASB issued ASU 2019-12 - *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The guidance simplifies the accounting for income taxes by removing certain exceptions within the current guidance; including the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. The amendment also improves consistent application by clarifying and amending existing guidance related to aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step up in the tax basis of goodwill. This guidance is effective for annual and interim periods beginning after December 15, 2020 and early adoption was permitted. The Company adopted this ASU on January 1, 2021 and it did not have a material impact on the Company's consolidated financial statements.

[Table of Contents](#)

3. Revenue

The following table presents the Company's revenues by Group and End Customer Geography (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue by Group:				
Bruker BioSpin	\$ 186.5	\$ 152.1	\$ 494.4	\$ 398.1
Bruker CALID	194.2	171.3	579.9	444.5
Bruker Nano	174.9	147.1	504.6	392.7
BEST	57.0	43.8	166.0	134.8
Eliminations	(3.7)	(2.9)	(10.5)	(10.1)
Total revenue	<u>\$ 608.9</u>	<u>\$ 511.4</u>	<u>\$1,734.4</u>	<u>\$1,360.0</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue by End Customer Geography:				
United States	\$ 163.2	\$ 120.1	\$ 442.0	\$ 332.1
Germany	55.5	50.4	186.4	134.9
Rest of Europe	155.4	142.9	459.9	357.7
Asia Pacific	191.6	160.0	525.8	433.3
Other	43.2	38.0	120.3	102.0
Total revenue	<u>\$ 608.9</u>	<u>\$ 511.4</u>	<u>\$1,734.4</u>	<u>\$1,360.0</u>

Revenue for the Company recognized at a point in time versus over time is as follows (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue recognized at a point in time	\$ 530.8	\$ 442.2	\$1,503.0	\$1,174.0
Revenue recognized over time	78.1	69.2	231.4	186.0
Total revenue	<u>\$ 608.9</u>	<u>\$ 511.4</u>	<u>\$1,734.4</u>	<u>\$1,360.0</u>

Remaining Performance Obligations

Remaining performance obligations represent the aggregate transaction price allocated to a promise to transfer a good or service that is fully or partially unsatisfied at the end of the period. As of September 30, 2021, remaining performance obligations were approximately \$2,035.9 million. The Company expects to recognize revenue on approximately 68.4% of the remaining performance obligations over the next twelve months and the remaining performance obligations primarily within one to three years.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets) and deferred revenue, customer deposits and billings in excess of revenue recognized (contract liabilities) on the Company's unaudited condensed consolidated balance sheets.

Contract assets— Most of the Company's long-term contracts are billed as work progresses in accordance with the contract terms and conditions, either at periodic intervals or upon achievement of certain milestones. Billing often occurs subsequent to revenue recognition, resulting in contract assets. Contract assets are generally classified as other current assets in the unaudited condensed consolidated balance sheets. The balance of contract assets as of September 30, 2021 and December 31, 2020 was \$56.4 million and \$41.8 million, respectively.

Contract liabilities— The Company often receives cash payments from customers in advance of the Company's performance, resulting in contract liabilities. These contract liabilities are classified as either current or long-term in the unaudited condensed consolidated balance sheets based on the timing of when revenue recognition is expected. As of September 30, 2021 and December 31, 2020, the contract liabilities were \$400.6 million and \$399.4 million, respectively. The increase in the contract liability balance during the nine months ended September 30, 2021 is primarily the result of new performance obligations entered into during the period in addition to delays in instrument installations due to customer facility closures or reduced operations as a result of COVID-19. Approximately \$250.5 million of the contract liability balance on December 31, 2020 was recognized as revenue during the nine months ended September 30, 2021.

4. Acquisitions

The impact of all acquisitions and investments in other entities during the nine months ended September 30, 2021, individually and collectively, on revenues, net income and total assets was not material and accordingly, pro forma financial information reflecting all acquisitions has not been presented.

2021

SCI Instruments

On August 24, 2021, the Company acquired SCI Instruments (“SCI”), a privately held company, for a purchase price of \$28.0 million with the potential for additional consideration of up to \$4.0 million based on revenue and gross margin achievements in the calendar years 2022 and 2023. SCI is a manufacturer of advanced metrology systems and analysis software and serves major companies in the semiconductor, optoelectronics, data storage, display, MEMS, and optical coating industries. SCI will be integrated into the BSI Nano segment. The acquisition is being accounted for under the acquisition method. The components and fair value allocation of the consideration transferred in connection with the acquisition are as follows (dollars in millions):

Consideration Transferred:	
Cash paid	\$ 28.0
Fair value of contingent consideration	1.0
Working capital adjustment	(1.0)
Total consideration transferred	<u>\$ 28.0</u>
Allocation of Consideration Transferred:	
Inventories	\$ 1.0
Other current and non-current assets	1.0
Intangible assets:	
Technology	7.1
Customer relationships	6.4
Trade name	0.4
Backlog	1.2
Goodwill	12.6
Liabilities assumed	<u>(1.7)</u>
Total consideration allocated	<u>\$ 28.0</u>

The preliminary fair value allocation included contingent consideration in the amount of \$1.0 million, which represented the estimated fair value of future payments to the former shareholders of SCI based on achieving revenue and gross margin targets for the calendar years 2022 and 2023. The Company expects to complete the fair value allocation during the measurement period. The amortization period for the intangible assets acquired is ten years for the trade name and technology, and nine years for the customer relationships. The backlog intangible asset is expected to be fully amortized by December 31, 2021.

In addition to the SCI acquisition, in 2021 the Company completed acquisitions that complemented the Company’s existing product offerings. The following table reflects the consideration transferred and the respective reportable segment for the acquisitions (in millions):

<u>Name of Acquisition</u>	<u>Date Acquired</u>	<u>Segment</u>	<u>Total Consideration</u>	<u>Cash Consideration</u>
Creative Instruments	July 1, 2021	BSI Life Science	\$ 1.0	\$ 1.0
SVXR, Inc.	September 9, 2021	BSI Nano	14.0	11.9
			<u>\$ 15.0</u>	<u>\$ 12.9</u>

[Table of Contents](#)

In addition to the acquisitions noted above, in the nine months ended September 30, 2021, the Company made investments in businesses complementary to its own portfolio. The following table reflects the consideration transferred and the respective reporting segment for these investments (in millions):

<u>Name</u>	<u>Acquisition / Investment</u>	<u>Date Acquired</u>	<u>Segment</u>	<u>Consideration</u>	<u>Cash Consideration</u>
Glycopath Inc.	Investment	February 18, 2021	BSI Life Science	\$ 2.0	\$ 2.0
IonPath Inc.	Investment	March 18, 2021	BSI Life Science	2.0	2.0
Olaris, Inc.	Investment	September 23, 2021	BSI Life Science	0.5	0.5
				<u>\$ 4.5</u>	<u>\$ 4.5</u>

5. Inventories

Inventories consisted of the following (dollars in millions):

	<u>September 30, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 209.9	\$ 198.8
Work-in-process	272.5	245.7
Finished goods	155.9	152.1
Demonstration units	94.5	95.7
Inventories	<u>\$ 732.8</u>	<u>\$ 692.3</u>

Finished goods include in-transit systems that have been shipped to the Company's customers for which control has not passed to the customers. As of September 30, 2021, and December 31, 2020, the value of inventory-in-transit was \$53.9 million and \$67.8 million, respectively.

6. Goodwill and Intangible Assets

Goodwill

The following table sets forth the changes in the carrying amount of goodwill (dollars in millions):

	<u>Total</u>
Balance at December 31, 2020	\$ 320.4
Current period additions/adjustments	12.7
Foreign currency impact	(8.9)
Balance at September 30, 2021	<u>\$ 324.2</u>

Intangible Assets

The following is a summary of intangible assets, excluding goodwill (dollars in millions):

	<u>September 30, 2021</u>			<u>December 31, 2020</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Existing technology and related patents	\$ 308.4	\$ (202.1)	\$ 106.3	\$ 309.8	\$ (194.6)	\$ 115.2
Customer relationships	155.1	(54.6)	100.5	148.3	(45.4)	102.9
Trade names	15.1	(5.4)	9.7	15.2	(4.4)	10.8
Other	1.8	(0.6)	1.2	0.3	(0.1)	0.2
Intangible assets	<u>\$ 480.4</u>	<u>\$ (262.7)</u>	<u>\$ 217.7</u>	<u>\$ 473.6</u>	<u>\$ (244.5)</u>	<u>\$ 229.1</u>

[Table of Contents](#)

For the three months ended September 30, 2021 and 2020, the Company recorded amortization expense of \$9.3 million and \$9.0 million, respectively, related to intangible assets subject to amortization. For the nine months ended September 30, 2021 and 2020, the Company recorded amortization expense of \$27.3 million and \$26.7 million, respectively, related to intangible assets subject to amortization.

7. Debt

The Company's debt obligations consisted of the following (dollars in millions):

	September 30, 2021	December 31, 2020
US Dollar notes under the 2012 Note Purchase Agreement	\$ 205.0	\$ 205.0
CHF notes (in dollars) under the 2019 Note Purchase Agreement	318.1	335.5
US Dollar notes under the 2019 Term Loan	300.0	300.0
Unamortized debt issuance costs	(2.1)	(2.4)
Finance lease obligations and other loans	6.0	6.4
Total debt	827.0	844.5
Current portion of long-term debt	(109.5)	(2.2)
Total long-term debt, less current portion	<u>\$ 717.5</u>	<u>\$ 842.3</u>

The following is a summary of the maximum commitments and the net amounts available to the Company under its credit agreements and other lines of credit with various financial institutions located primarily in Germany and Switzerland that are unsecured and typically due upon demand with interest payable monthly, at September 30, 2021 (in millions):

	Weighted Average Interest Rate	Total Amount Committed by Lenders	Outstanding Borrowings	Outstanding Letters of Credit	Total Amount Available
2019 Credit Agreement	1.3%	\$ 600.0	\$ —	\$ 0.1	\$ 599.9
Bank guarantees and working capital line	varies	115.2	—	115.2	—
Total revolving lines of credit		<u>\$ 715.2</u>	<u>\$ —</u>	<u>\$ 115.3</u>	<u>\$ 599.9</u>

As of September 30, 2021, the Company was in compliance with the financial covenants of all debt agreements.

As of September 30, 2021, the Company had several cross-currency and interest rate swap agreements with a notional value of \$150.0 million of U.S. to Swiss Franc and a notional value of \$355.0 million of U.S. to Euro to hedge the variability in the movement of foreign currency exchange rates on portions of our Euro and Swiss Franc denominated net asset investments. These agreements qualify for hedge accounting and accordingly the changes in fair value of the derivative are recorded in other comprehensive income as part of foreign currency translation adjustments and remain in accumulated comprehensive income (loss) attributable to Bruker Corporation in shareholders' equity until the sale or substantial liquidation of the foreign operation. The difference between the interest rate received and paid under the interest rate and cross-currency swap agreements is recorded in interest and other income (expenses) in the consolidated statements of income and comprehensive income. As a result of entering into these agreements, the Company lowered net interest expense by \$1.4 million during each of the three months ended September 30, 2021 and 2020, and by \$4.1 million and \$5.8 million during the nine months ended September 30, 2021 and 2020, respectively. The Company presents the cross-currency swap periodic settlements in investing activities and the interest rate swap periodic settlements in operating activities in the statement of cash flows.

[Table of Contents](#)

8. Fair Value of Financial Instruments

The following tables set forth the Company's financial instruments measured at fair value on a recurring basis and present them within the fair value hierarchy using the lowest level of input that is significant to the fair value measurement (dollars in millions):

		Quoted Prices in Active Markets Available (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021	Total			
Assets:				
Time deposits and money market funds	\$ 12.4	\$ —	\$ 12.4	\$ —
Short-term investments	96.8	—	96.8	—
Interest rate and cross currency swap agreements	7.1	—	7.1	—
Fixed price commodity contracts	0.8	—	0.8	—
Debt securities available for sale	1.2	—	—	1.2
Total assets recorded at fair value	<u>\$ 118.3</u>	<u>\$ —</u>	<u>\$ 117.1</u>	<u>\$ 1.2</u>
Liabilities:				
Contingent consideration	\$ 5.6	\$ —	\$ —	\$ 5.6
Hybrid instrument liability	14.3	—	—	14.3
Interest rate and cross currency swap agreements	29.0	—	29.0	—
Embedded derivatives in purchase and delivery contracts	0.1	—	0.1	—
Forward currency contracts	0.7	—	0.7	—
Long-term fixed interest rate debt	535.1	—	535.1	—
Total liabilities recorded at fair value	<u>\$ 584.8</u>	<u>\$ —</u>	<u>\$ 564.9</u>	<u>\$ 19.9</u>
		Quoted Prices in Active Markets Available (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020	Total			
Assets:				
Time deposits and money market funds	\$ 183.2	\$ —	\$ 183.2	\$ —
Short-term investments	50.0	—	50.0	—
Interest rate and cross currency swap agreements	7.6	—	7.6	—
Forward currency contracts	2.1	—	2.1	—
Embedded derivatives in purchase and delivery contracts	0.1	—	0.1	—
Fixed price commodity contracts	3.1	—	3.1	—
Debt securities available for sale	1.2	—	—	1.2
Total assets recorded at fair value	<u>\$ 247.3</u>	<u>\$ —</u>	<u>\$ 246.1</u>	<u>\$ 1.2</u>
Liabilities:				
Contingent consideration	\$ 4.3	\$ —	\$ —	\$ 4.3
Hybrid instrument liability	13.9	—	—	13.9
Interest rate and cross currency swap agreements	61.5	—	61.5	—
Forward currency contracts	0.4	—	0.4	—
Long-term fixed interest rate debt	549.8	—	549.8	—
Total liabilities recorded at fair value	<u>\$ 629.9</u>	<u>\$ —</u>	<u>\$ 611.7</u>	<u>\$ 18.2</u>

The Company's financial instruments consist primarily of cash equivalents, short-term investments, restricted cash, derivative instruments consisting of forward foreign exchange contracts, cross-currency interest rate swap agreements, commodity contracts, derivatives embedded in certain purchase and sale contracts, derivatives embedded within noncontrolling interests, accounts receivable, accounts payable, contingent consideration and long-term debt. The carrying amounts of the Company's cash equivalents, short-term investments and restricted cash, accounts receivable, borrowings under a revolving credit agreement and accounts payable approximate fair value because of their short-term nature. Derivative assets and liabilities are measured at fair value on a recurring basis. The Company's long-term debt consists principally of a note purchase agreement entered into in 2012 and a revolving credit agreement, long term loan agreement and note purchase agreement entered into in 2019.

[Table of Contents](#)

The Company has evaluated the estimated fair value of financial instruments using available market information and management's estimates. The use of different market assumptions and/or estimation methodologies could have a significant effect on the estimated fair value amounts.

The Company measures certain assets and liabilities at fair value with changes in fair value recognized in earnings. Fair value treatment may be elected either upon initial recognition of an eligible asset or liability or, for an existing asset or liability, if an event triggers a new basis of accounting. The Company did not elect to remeasure any of its existing financial assets or liabilities and did not elect the fair value option for any financial assets or liabilities which originated during the nine months ended September 30, 2021 or 2020.

The fair value of the long-term fixed interest rate debt, which has been classified as Level 2 was based on market and observable sources with similar maturity dates. The carrying value of our variable rate debt approximates its fair value at September 30, 2021 and December 31, 2020.

On a quarterly basis, the Company reviews its short-term investments to determine if there have been any events that could create an impairment. None were noted for the nine months ended September 30, 2021 or 2020.

Contingent consideration recorded within other current liabilities represents the estimated fair value of future payments to the former shareholders as part of certain acquisitions. The contingent consideration is primarily based on the applicable acquired company achieving annual revenue and gross margin targets in certain years as specified in the relevant purchase and sale agreement. The Company initially values the contingent consideration on the acquisition date by using a Monte Carlo simulation or an income approach method. The Monte Carlo method models future revenue and costs of goods sold projections and discounts the average results to present value. The income approach method involves calculating the earnout payment based on the forecasted cash flows, adjusting the future earnout payment for the risk of reaching the projected financials, and then discounting the future payments to present value by the counterparty risk. The counterparty risk considers the risk of the buyer having the cash to make the earnout payments and is commensurate with a cost of debt over an appropriate term.

The following table sets forth the changes in contingent consideration liabilities (dollars in millions):

Balance at December 31, 2020	\$ 4.3
Current period additions	1.9
Current period adjustments	(0.1)
Current period settlements	(0.4)
Foreign currency effect	(0.1)
Balance at September 30, 2021	<u>\$ 5.6</u>

As part of the Mestrelab Research, S.L. ("Mestrelab") acquisition, the Company entered into an agreement with the noncontrolling interest holders that provides the Company with the right to purchase, and the noncontrolling interest holders with the right to sell, the remaining 49% of Mestrelab for cash at a contractually defined redemption value. These rights (an embedded derivative) are exercisable beginning in 2022 and can be accelerated, at a discounted redemption value, upon certain events related to post combination services. As the option is tied to continued employment, the Company classified the hybrid instrument (noncontrolling interest with an embedded derivative) as a long-term liability on the consolidated balance sheet. Subsequent to the acquisition, the carrying value of the hybrid instrument is remeasured to fair value with changes recorded to stock-based compensation expense in proportion to the requisite service period vested. The hybrid instrument is classified as Level 3 in the fair value hierarchy.

The following table sets forth the changes in hybrid instrument liability (dollars in millions):

Balance at December 31, 2020	\$13.9
Current period adjustments	1.1
Foreign currency effect	(0.7)
Balance at September 30, 2021	<u>\$14.3</u>

9. Derivative Instruments and Hedging Activities

Commodity Price Risk Management

At September 30, 2021 and December 31, 2020, the Company had fixed price commodity contracts with notional amounts aggregating \$4.5 million and \$8.8 million, respectively. As commodity contracts settle, gains (losses) as a result of changes in fair values are adjusted to the contracts with the customers through revenue.

Foreign Exchange Rate Risk Management

The Company had notional amounts outstanding under forward currency contracts and cross-currency interest rate swap agreements as of (dollars in millions):

	September 30, 2021		December 31, 2020	
	Notional Amount in U.S. Dollars	Fair Value	Notional Amount in U.S. Dollars	Fair Value
Forward currency contracts (1):				
Assets	\$ 10.4	\$ —	\$ 175.8	\$ 2.1
Liabilities	114.1	(0.7)	102.5	(0.4)
Cross-currency and interest rate swap agreements (2):				
Liabilities	505.0	(21.9)	505.0	(53.9)
Long-term debt				
Liabilities	318.1	(20.2)	335.5	(37.6)
Total	<u>\$ 947.6</u>	<u>\$ (42.8)</u>	<u>\$ 1,118.8</u>	<u>\$ (89.8)</u>

(1) Derivatives not designated as accounting hedges.

(2) Derivatives designated as accounting hedges.

In addition, the Company periodically enters into purchase and sales contracts denominated in currencies other than the functional currency of the parties to the transaction. The Company accounts for these transactions separately valuing the “embedded derivative” component of these contracts. The contracts, denominated in currencies other than the functional currency of the transacting parties, amounted to \$6.0 million for the delivery of products and \$7.0 million for the purchase of products at September 30, 2021 and \$7.5 million for the delivery of products and \$4.8 million for the purchase of products at December 31, 2020. The changes in the fair value of these embedded derivatives are recorded in interest and other income (expense), net in the consolidated statements of income and comprehensive income.

[Table of Contents](#)

The derivative instruments described above are recorded in the unaudited condensed consolidated balance sheets for the periods ended as follows (dollars in millions):

	September 30, 2021	December 31, 2020
Derivatives designated as hedging instruments		
Interest rate cross-currency swap agreements		
Other current assets	\$ 7.1	\$ 7.6
Other current liabilities	(8.5)	(4.3)
Other long-term liabilities	(20.5)	(57.2)
	(21.9)	(53.9)
Long-term debt		
Long-term debt	(20.2)	(37.6)
Total derivatives designated as hedging instruments	\$ (42.1)	\$ (91.5)
Derivatives not designated as hedging instruments		
Forward currency contracts		
Other current assets	\$ —	\$ 2.1
Other current liabilities	(0.7)	(0.4)
Embedded derivatives in purchase and delivery contracts		
Other current assets	—	0.1
Other current liabilities	(0.1)	—
Fixed price commodity contracts		
Other current assets	0.8	3.1
Total derivatives not designated as hedging instruments	—	4.9
Total derivatives	\$ (42.1)	\$ (86.6)

The following is a summary of the activity included in the unaudited condensed consolidated statements of income and comprehensive income related to the derivative instruments described above (in millions):

Financial Statement Classification		Location of gain (loss) recognized in income on derivative			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Derivatives not designated as hedging instruments					
Forward currency contracts	Interest and other income (expense), net	\$ (0.9)	\$ (0.2)	\$ (4.8)	\$ (0.4)
Embedded derivatives in purchase and delivery contracts	Interest and other income (expense), net	0.1	(0.1)	(0.3)	0.8
		(0.8)	(0.3)	(5.1)	0.4
Derivatives designated as cash flow hedging instruments					
Interest rate cross-currency swap agreements	Interest and other income (expense), net	\$ (1.2)	\$ (1.1)	\$ (3.5)	\$ (1.9)
Derivatives designated as net investment hedging instruments					
Interest rate cross-currency swap agreements	Interest and other income (expense), net	2.6	2.5	7.6	7.7
		1.4	1.4	4.1	5.8
Total		\$ 0.6	\$ 1.1	\$ (1.0)	\$ 6.2

Financial Statement Classification		Amount of unrealized gain (loss) on contracts recognized in other comprehensive income (loss)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Derivatives designated as cash flow hedging instruments					
Interest rate cross-currency swap agreements	Accumulated other comprehensive income, net of tax	\$ 0.9	\$ (0.2)	\$ 11.5	\$ (22.1)
		\$ 0.9	\$ (0.2)	\$ 11.5	\$ (22.1)
Derivatives designated as net investment hedging instruments					
Interest rate cross-currency swap agreements	Accumulated other comprehensive income, net of tax	\$ 7.4	\$ (21.9)	\$ 25.6	\$ (0.3)
Long-term debt	Accumulated other comprehensive income, net of tax	2.2	(8.2)	22.2	(15.3)
		\$ 9.6	\$ (30.1)	\$ 47.8	\$ (15.6)
Total		<u>\$ 10.5</u>	<u>\$ (30.3)</u>	<u>\$ 59.3</u>	<u>\$ (37.7)</u>

10. Provision for Income Taxes

The Company accounts for income taxes using the asset and liability approach by recognizing deferred tax assets and liabilities for the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using enacted tax rates in effect for the year in which the differences are expected to be reflected in the tax return. The Company records a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. In addition, the Company accounts for uncertain tax positions that have reached a minimum recognition threshold.

The income tax provision for the three months ended September 30, 2021 and 2020 was \$20.7 million and \$20.0 million, respectively, representing effective tax rates of 19.0% and 26.6%, respectively. The decrease in our effective tax rate was primarily due to the jurisdictional profit mix and the impact of favorable discrete items in the period. The income tax provision for the nine months ended September 30, 2021 and 2020 was \$69.5 million and \$30.0 million, respectively, representing effective tax rates of 25.4% and 25.0%, respectively. The increase in the Company's effective tax rate was primarily due to the increase in profit before income tax and the jurisdictional profit mix, partially offset by the impact of discrete items in the period. The Company's effective tax rate may change over time as the amount or mix of income and tax changes among the jurisdictions in which the Company is subject to tax.

As of September 30, 2021 and December 31, 2020, the Company had gross unrecognized tax benefits, excluding penalties and interest, of approximately \$34.8 million and \$22.7 million, respectively, which, if recognized, would result in a reduction of the Company's effective tax rate. The Company recognizes penalties and interest related to unrecognized tax benefits in the provision for income taxes. As of September 30, 2021 and December 31, 2020, approximately \$2.3 million and \$1.8 million, respectively, of accrued interest and penalties related to uncertain tax positions was included in other long-term liabilities on the Company's unaudited condensed consolidated balance sheets. Penalties and interest of \$0.2 million and \$0.1 million were recorded in the provision for income taxes for unrecognized tax benefits during both the three months ended September 30, 2021 and 2020. Penalties and interest of \$0.6 million and \$0.4 million was recorded in the provision for income taxes for unrecognized tax benefits during the nine months ended September 30, 2021 and 2020, respectively.

The Company files tax returns in the United States, which includes federal, state and local jurisdictions, and many foreign jurisdictions with varying statutes of limitations. The Company considers Germany, the United States and Switzerland to be its significant tax jurisdictions. The majority of the Company's earnings are derived in Germany and Switzerland. Accounting for the various federal and local taxing authorities, the statutory rates for 2021 are approximately 30.0% and 20.0% for Germany and Switzerland, respectively. The mix of earnings in those two jurisdictions resulted in an increase of 5.5% from the U.S. statutory rate of 21.0% in the nine months ended September 30, 2021.

[Table of Contents](#)

11. Earnings Per Share

The following table sets forth the computation of basic and diluted weighted average shares outstanding and net income per common share attributable to Bruker shareholders (dollars in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income attributable to Bruker Corporation, as reported	\$ 87.1	\$ 54.3	\$ 201.4	\$ 88.9
Weighted average shares outstanding:				
Weighted average shares outstanding-basic	151.4	153.2	151.5	153.7
Effect of dilutive securities:				
Stock options and restricted stock awards and units	1.4	1.1	1.5	1.1
	<u>152.8</u>	<u>154.3</u>	<u>153.0</u>	<u>154.8</u>
Net income per common share attributable to Bruker Corporation shareholders: Basic	\$ 0.58	\$ 0.35	\$ 1.33	\$ 0.58
Diluted	<u>\$ 0.57</u>	<u>\$ 0.35</u>	<u>\$ 1.32</u>	<u>\$ 0.57</u>

The following common share equivalents have been excluded from the computation of diluted weighted-average shares outstanding, as their effect would have been anti-dilutive (amounts in millions of shares):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Stock options	—	0.3	—	0.1
Unvested restricted stock units	—	0.2	—	0.1

12. Shareholders' Equity

Share Repurchase Program

In May 2019, the Company's Board of Directors approved a stock repurchase plan (the "2019 Repurchase Program") authorizing the purchase of common stock in the amount of up to \$300.0 million from time to time, in amounts, at prices, and at such times as management deems appropriate, subject to market conditions, legal requirements and other considerations. During the nine months ended September 30, 2021, the Company repurchased a total of 555,602 shares at an aggregate cost of \$34.5 million under the 2019 Repurchase Program. We completed the 2019 Repurchase Program in April 2021, after reaching the maximum cumulative spend.

In May 2021, the Company's Board of Directors approved a stock repurchase plan (the "2021 Repurchase Program") authorizing the purchase of common stock in the amount of up to \$500.0 million from time to time over a two-year period, in amounts, at prices, and at such times as management deems appropriate, subject to market conditions, legal requirements and other considerations. During the nine months ended September 30, 2021, the Company purchased a total of 530,703 shares at an aggregate cost of \$36.6 million under the 2021 Repurchase Program. No shares were purchased during the three months ended September 30, 2021. At September 30, 2021, \$463.4 million remained available for future purchases under the 2021 Repurchase Program.

[Table of Contents](#)

Accumulated Other Comprehensive Income (Loss)

The following is a summary of comprehensive income (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Consolidated net income	\$ 88.1	\$ 55.3	\$ 204.6	\$ 90.1
Foreign currency translation adjustments	(26.6)	38.9	(80.2)	42.8
Derivatives designated as hedging instruments, net of tax	10.5	(30.3)	59.3	(37.7)
Pension liability adjustments, net of tax	1.1	0.1	4.4	14.9
Net comprehensive income	73.1	64.0	188.1	110.1
Less: Comprehensive income attributable to noncontrolling interests	0.7	1.4	0.9	1.5
Less: Comprehensive loss attributable to redeemable noncontrolling interest	—	—	—	(0.5)
Comprehensive income attributable to Bruker Corporation	<u>\$ 72.4</u>	<u>\$ 62.6</u>	<u>\$ 187.2</u>	<u>\$ 109.1</u>

The following is a summary of the components of accumulated other comprehensive income, net of tax (dollars in millions):

	Foreign Currency Translation	Derivatives Designated as Hedging Instruments	Pension Liability Adjustment	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	\$ 140.9	\$ (91.5)	\$ (45.7)	\$ 3.7
Other comprehensive (loss) income before reclassifications, net of tax	(78.1)	59.3	2.2	(16.6)
Realized loss on amounts reclassified from other comprehensive income, net of tax	—	—	2.2	2.2
Net current period other comprehensive (loss) income	(78.1)	59.3	4.4	(14.4)
Balance at September 30, 2021	<u>\$ 62.8</u>	<u>\$ (32.2)</u>	<u>\$ (41.3)</u>	<u>\$ (10.7)</u>

Stock-Based Compensation

The Company recorded stock-based compensation expense as follows in the unaudited condensed consolidated statements of income and comprehensive income (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Costs of product revenue	\$ 0.6	\$ 0.6	\$ 1.6	\$ 1.5
Selling, general and administrative	2.6	2.9	7.6	6.9
Research and development	0.6	0.6	1.6	1.5
Total stock-based compensation	<u>\$ 3.8</u>	<u>\$ 4.1</u>	<u>\$ 10.8</u>	<u>\$ 9.9</u>

In addition to the awards above, the Company recorded stock-based compensation expense within other charges, net of \$0.3 million in the three months ended September 30, 2021 and 2020, and \$1.1 million and \$1.0 million in the nine months ended September 30, 2021 and 2020, respectively, related to the 2018 acquisition of Mestrelab.

At September 30, 2021, the Company expects to recognize pre-tax stock-based compensation expense of \$3.3 million associated with outstanding stock option awards granted under the Company's stock plans over the weighted average remaining service period of 2.7 years. The Company also expects to recognize additional pre-tax stock-based compensation expense of \$30.5 million associated with outstanding restricted stock units granted under the Company's 2016 Incentive Compensation Plan over the weighted average remaining service period of 2.6 years.

[Table of Contents](#)

Stock options to purchase the Company's common stock are periodically awarded to executive officers and other employees of the Company subject to a vesting period of three to four years. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Assumptions regarding volatility, expected life, dividend yield and risk-free interest rates are required for the Black-Scholes model and are presented in the table below:

	Nine months ended September 30,	
	2021	2020
Risk-free interest rates	0.62%	0.23%
Expected life	4.43 years	5.14 years
Volatility	34%	34%
Expected dividend yield	0.20%	0.37%

Stock option activity was as follows:

	Shares Subject to Options	Weighted Average Option Price	Weighted Average Remaining Contractual Term (Yrs)	Aggregate Intrinsic Value (in millions) (b)
Outstanding at December 31, 2020	1,856,176	\$ 25.32		
Granted	79,632	\$ 85.10		
Exercised	(515,692)	\$ 20.40		
Forfeited/Expired	—	\$ —		
Outstanding at September 30, 2021	1,420,116	\$ 30.45	4.3	\$ 68.2
Exercisable at September 30, 2021	1,158,452	\$ 24.66	3.8	\$ 61.9
Exercisable and expected to vest at September 30, 2021 (a)	1,384,099	\$ 29.68	4.2	\$ 67.5

- (a) Represents the number of vested options at September 30, 2021, plus the number of unvested options at September 30, 2021 that are ultimately expected to vest based on our estimated forfeiture rate.
- (b) The aggregate intrinsic value is based on the positive difference between the exercise price of the underlying options and the quoted price of our common stock on September 30, 2021.

The total intrinsic value of options exercised was \$31.8 million and \$2.2 million for the nine months ended September 30, 2021 and 2020, respectively.

Restricted stock unit activity was as follows:

	Shares Subject to Restriction	Weighted Average Grant Date Value
Outstanding at December 31, 2020	805,052	\$ 39.63
Granted	216,692	\$ 78.01
Vested	(329,840)	\$ 37.07
Forfeited	(19,043)	\$ 43.52
Outstanding at September 30, 2021	672,861	\$ 53.14

The total fair value of restricted stock units vested was \$26.6 million and \$12.8 million for the nine months ended September 30, 2021 and 2020, respectively.

[Table of Contents](#)

13. Other Charges, Net

The components of other charges, net were as follows (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Information technology transformation costs	\$ 1.1	\$ 0.5	\$ 2.6	\$ 1.8
Professional fees incurred in connection with investigation matters	0.1	0.3	0.1	4.8
Restructuring charges	0.9	1.7	3.6	4.4
Acquisition-related charges	0.6	0.9	3.8	(1.0)
Long-lived asset impairments	(0.6)	0.7	(0.6)	1.9
Other	—	0.1	—	0.3
Other charges, net	<u>\$ 2.1</u>	<u>\$ 4.2</u>	<u>\$ 9.5</u>	<u>\$ 12.2</u>

Restructuring Initiatives

Restructuring charges include charges for various programs that were recorded in the accompanying unaudited condensed consolidated statements of income and comprehensive income. The following table sets forth the restructuring charges (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of revenues	\$ 0.2	\$ 0.2	\$ 1.5	\$ 1.3
Other charges, net	0.9	1.7	3.6	4.4
	<u>\$ 1.6</u>	<u>\$ 1.9</u>	<u>\$ 5.1</u>	<u>\$ 5.7</u>

The following table sets forth the changes in restructuring reserves (dollars in millions):

	Total	Severance	Exit Costs	Provisions for Excess Inventory
Balance at December 31, 2020	\$ 9.8	\$ 7.6	\$ 0.8	\$ 1.4
Restructuring charges	5.1	4.1	1.0	—
Cash payments	(9.7)	(9.0)	(0.7)	—
Other, non-cash adjustments and foreign currency effect	(0.8)	—	(0.7)	(0.1)
Balance at September 30, 2021	<u>\$ 4.4</u>	<u>\$ 2.7</u>	<u>\$ 0.4</u>	<u>\$ 1.3</u>

14. Commitments and Contingencies

In accordance with ASC Topic 450, Contingencies, the Company accrues anticipated costs of settlement, damages or other costs to the extent specific losses are probable and estimable.

Litigation and Related Contingencies

Lawsuits, claims and proceedings of a nature considered normal to its businesses may be pending from time to time against the Company. Third parties might allege that the Company or its collaborators are infringing their patent rights or that the Company is otherwise violating their intellectual property rights. Loss contingency provisions are recorded if the potential loss from any claim, asserted or unasserted, or legal proceeding is considered probable and the amount can be reasonably estimated or a range of loss can be determined. These accruals represent management's best estimate of probable loss. Disclosure is also provided when it is reasonably possible that a loss will be incurred or when it is reasonably possible that the amount of a loss will exceed the recorded provision. The Company believes the outcome of pending proceedings, individually and in the aggregate, will not have a material impact on the Company's financial statements.

[Table of Contents](#)

On September 25, 2019, in a complaint filed in the Düsseldorf, Germany, District Court, Carl Zeiss Microscopy GmbH, a subsidiary of Carl Zeiss AG (Zeiss), sued Luxendo GmbH (Luxendo), a subsidiary of Bruker Corporation, for infringement of a recently registered German utility model patent licensed to Zeiss pertaining to one specific Luxendo product category. The Company is vigorously defending against this claim.

As of September 30, 2021 and December 31, 2020, no material accruals have been recorded for potential contingencies.

15. Business Segment Information

The Company has three reportable segments, BSI Life Science, BSI NANO and BEST, as discussed in Note 1 to the unaudited condensed consolidated financial statements.

Revenue and operating income by reportable segment are presented below (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue:				
BSI Life Science	\$ 380.7	\$ 323.4	\$1,074.3	\$ 842.6
BSI NANO	174.9	147.1	504.6	392.7
BEST	57.0	43.8	166.0	134.8
Eliminations (a)	(3.7)	(2.9)	(10.5)	(10.1)
Total revenue	<u>\$ 608.9</u>	<u>\$ 511.4</u>	<u>\$1,734.4</u>	<u>\$1,360.0</u>
Operating Income (loss)				
BSI Life Science	\$ 100.9	\$ 80.6	\$ 263.4	\$ 158.7
BSI NANO	21.8	12.2	55.1	9.3
BEST	7.4	1.2	18.3	5.1
Corporate, eliminations and other (b)	(16.9)	(12.8)	(48.9)	(37.6)
Total operating income	<u>\$ 113.2</u>	<u>\$ 81.2</u>	<u>\$ 287.9</u>	<u>\$ 135.5</u>

- (a) Represents product and service revenue between reportable segments.
(b) Represents corporate costs and eliminations not allocated to the reportable segments.

Total assets by reportable segment are as follows (dollars in millions):

	September 30, 2021	December 31, 2020
Assets:		
BSI Life Science, BSI NANO & Corporate	\$ 3,038.8	\$ 2,964.5
BEST	95.1	88.7
Eliminations and other (a)	(6.2)	(4.2)
Total assets	<u>\$ 3,127.7</u>	<u>\$ 3,049.0</u>

- (a) Assets not allocated to the reportable segments and eliminations of intercompany transactions.

The Company is unable, without unreasonable effort or expense to disclose the amount of total assets by BSI Life Science and BSI NANO segments as well as the Corporate function and further, the Company's chief operating decision maker does not receive any asset information by operating segment.

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

The following discussion of our financial condition and results of operations should be read in conjunction with our interim unaudited condensed consolidated financial statements and the notes to those statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q, and in conjunction with the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2020.

Statements contained in Management’s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this Quarterly Report on Form 10-Q, which express that we “believe,” “anticipate,” “plan,” “expect,” “seek,” “may,” “will,” “intend,” “estimate,” “should” and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Any forward-looking statements contained herein are based on current expectations but are subject to a number of risks and uncertainties. Forward looking statements include, but are not limited to, statements regarding the impact of COVID-19 on our business, operations, and supply chain, including our implementation of certain cost cutting measures and their impact, expectations regarding the global economy, our intentions regarding our intellectual property, the impact of government contracts and government regulation, our working capital requirements and sufficiency of cash, our competition, the seasonality of our business, the sufficiency of our facilities, our employee relations, the impact of legal or intellectual property proceedings, the impact of changes to tax and accounting rules and changes in law, our anticipated tax rate, our expectations regarding cash dividends, share repurchases, interest expense, interest rate swap agreements, expenses and capital expenditures, the impact of foreign currency exchange rates and changes in commodity prices, the impact of our restructuring initiatives, our expectations regarding backlog and revenue and other risk factors discussed herein and from time to time in our other filings with the Securities and Exchange Commission, or SEC. These and other factors are identified and described in more detail in our filings with the SEC, including, without limitation, our annual report on Form 10-K for the year ended December 31, 2020 and subsequent filings. We expressly disclaim any intent or obligation to update these forward-looking statements other than as required by law.

Non-GAAP Measures

Although our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), we believe describing revenue and expenses, excluding the effects of foreign currency, acquisitions and divestitures, as well as certain other charges, net, provides meaningful supplemental information regarding our performance. We rely internally on certain measures that are not calculated according to GAAP. These measures are organic revenue, free cash flow, non-GAAP gross profit margin and non-GAAP operating margin. Our management believes that these financial measures provide relevant and useful information that is widely used by equity analysts, investors and competitors in our industry, as well as by our management, in assessing both consolidated and business unit performance. We define the term organic revenue as GAAP revenue excluding the effect of foreign currency translation changes and the effect of acquisitions and divestitures. We define the term non-GAAP gross profit margin as GAAP gross profit margin with certain non-GAAP measures excluded and non-GAAP operating margin as GAAP operating margin with certain non-GAAP measures excluded. These non-GAAP measures exclude costs related to restructuring actions, acquisition and related integration expenses, amortization of acquired intangible assets, costs associated with our global information technology transition initiative, and other non-operational costs and we believe these are useful measures to evaluate our continuing business.

We define free cash flow as net cash provided by operating activities less additions to property, plant, and equipment. We believe free cash flow is a useful measure to evaluate our business as it indicates the amount of cash generated after additions to property, plant, and equipment which is available for, among other things, investments in our business, acquisitions, share repurchases, dividends and repayment of debt. We regularly use these non-GAAP financial measures internally to understand, manage, and evaluate our business results and make operating decisions. We also measure our employees and compensate them, in part, based on such non-GAAP measures and use this information for our planning and forecasting activities. These measures may also be useful to investors in evaluating the underlying operating performance of our business. The presentation of these non-GAAP financial measures is not intended to be a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP and may be different from non-GAAP financial measures used by other companies, and therefore, may not be comparable among companies.

OVERVIEW

We are a developer, manufacturer and distributor of high-performance scientific instruments and analytical and diagnostic solutions that enable our customers to explore life and materials at microscopic, molecular and cellular levels. Our corporate headquarters are located in Billerica, Massachusetts. We maintain major technical and manufacturing centers in Europe, Asia and North America and we have sales offices located throughout the world. Bruker is organized into three reportable segments: the BSI Life Science segment (comprised of the Bruker BioSpin Group and the Bruker CALID Group), the BSI NANO segment and the Bruker Energy & Supercon Technologies (BEST) segment.

[Table of Contents](#)

Revenue for the three months ended September 30, 2021 increased by \$97.5 million, or 19.1%, to \$608.9 million, compared to \$511.4 million for the comparable period in 2020. Included in revenue was an increase of approximately \$5.2 million from foreign currency translation and an increase of \$1.3 million from acquisitions. Excluding the effects of foreign currency translation and our recent acquisitions, our organic revenue, a non-GAAP measure, increased \$91.0 million. Revenue increases were driven by strong demand for our products and solutions, as well as a robust recovery compared to the same period in 2020.

Revenue for the nine months ended September 30, 2021 increased by \$374.4 million, or 27.5%, to \$1,734.4 million, compared to \$1,360.0 million for the comparable period in 2020. Included in revenue was an increase of approximately \$60.7 million from foreign currency translation and an increase of \$6.3 million from acquisitions. Excluding the effects of foreign currency translation and our recent acquisitions, our organic revenue, a non-GAAP measure, increased \$307.4 million. Revenue increases were driven by strong demand for our products and solutions, as well as a robust recovery compared to the same period in 2020.

Our gross profit margin increased to 50.7% during the three months ended September 30, 2021, as compared to 48.6% in the same period in 2020, the result of volume leverage.

Our gross profit margin increased to 50.0% during the nine months ended September 30, 2021, as compared to 46.1% in the same period in 2020, the result of volume leverage and favorable mix.

Our income tax provision in the three months ended September 30, 2021 and 2020 was \$20.7 million and \$20.0 million, respectively, representing effective tax rates of 19.0% and 26.6%, respectively. The decrease in our effective tax rate was primarily due to the jurisdictional profit mix, partially offset by the impact of favorable discrete items.

Our income tax provision in the nine months ended September 30, 2021 and 2020 was \$69.5 million and \$30.0 million, respectively, representing effective tax rates of 25.4% and 25.0%, respectively. The increase in our effective tax rate was primarily due to the increase in profit before income tax and the jurisdictional profit mix, partially offset by the impact of discrete items in the period.

Diluted earnings per share for the three months ended September 30, 2021 was \$0.57, an increase of \$0.22 compared to \$0.35 per share in the same period in 2020. Diluted earnings per share for the nine months ended September 30, 2021 was \$1.32, an increase of \$0.75 compared to \$0.57 per share in the same period in 2020. The increase in net income and earnings per diluted share in both the three months and nine months ended September 30, 2021 was primarily driven by higher revenue, favorable volume and operating leverage compared to the same period in 2020.

The following table presents a reconciliation from net cash provided by operating activities, which is the most directly comparable GAAP operating financial measure, to free cash flow as used by management (in millions):

	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	\$ 143.8	\$ 129.2
Less: purchases of property, plant and equipment	(63.6)	(68.4)
Free cash flow	<u>\$ 80.2</u>	<u>\$ 60.8</u>

Table of Contents

The following table presents reconciliations from gross profit and gross profit margin, which are the most directly comparable GAAP operating performance measures, to non-GAAP gross profit and non-GAAP gross profit margin as used by management (dollars in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021		2020		2021		2020	
Gross profit	\$308.7	50.7%	\$248.3	48.6%	\$868.0	50.0%	\$626.8	46.1%
Non-GAAP adjustments:								
Restructuring costs	0.2	—	0.3	—	1.6	0.1%	1.3	0.1%
Acquisition-related costs	0.1	—	0.5	0.1%	0.1	—	0.5	—
Purchased intangible amortization	5.3	0.9%	5.0	1.0%	15.0	0.9%	15.1	1.1%
Other costs	0.6	0.1%	(0.3)	(0.1%)	0.1	—	(0.1)	—
Non-GAAP gross profit	<u>\$314.9</u>	<u>51.7%</u>	<u>\$253.8</u>	<u>49.6%</u>	<u>\$884.8</u>	<u>51.0%</u>	<u>\$643.6</u>	<u>47.3%</u>

Our non-GAAP gross profit margin was 51.7% and 49.6% in the three months ended September 30, 2021 and 2020, respectively. Our non-GAAP gross profit margin was 51.0% and 47.3% in the nine months ended September 30, 2021 and 2020, respectively. The increases in our non-GAAP gross profit margins in both the three and nine months ended September 30, 2021 were driven by higher revenue and volume leverage, compared to 2020 which was negatively impacted by the COVID-19 pandemic. Contributions from higher margin products also favorably impacted our gross profit margin in the nine months ended September 30, 2021.

The following table presents reconciliations from operating income and operating margin, which are the most directly comparable GAAP operating performance measures, to non-GAAP operating income and non-GAAP operating margin as used by management (dollars in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021		2020		2021		2020	
Operating income	\$113.2	18.6%	\$81.2	15.9%	\$287.9	16.6%	\$135.5	9.9%
Non-GAAP adjustments:								
Restructuring costs	1.1	0.2%	1.9	0.4%	5.2	0.3%	5.7	0.4%
Acquisition-related costs	0.7	0.1%	1.4	0.3%	3.9	0.2%	(0.5)	—
Purchased intangible amortization	9.2	1.5%	9.1	1.8%	27.2	1.6%	26.8	2.0%
Other costs	1.2	0.2%	1.3	0.2%	2.2	0.1%	8.6	0.6%
Non-GAAP operating income	<u>\$125.4</u>	<u>20.6%</u>	<u>\$94.9</u>	<u>18.6%</u>	<u>\$326.4</u>	<u>18.8%</u>	<u>\$176.1</u>	<u>12.9%</u>

Our non-GAAP operating margin was 20.6% and 18.6% in the three months ended September 30, 2021 and 2020, respectively. Our non-GAAP operating margin was 18.8% and 12.9% in the nine months ended September 30, 2021 and 2020, respectively. Our non-GAAP operating margin increased in 2021 due to higher revenue, volume and operating leverage in 2021, as compared to 2020.

We can experience quarter-to-quarter fluctuations in our operating results as a result of various factors, some of which are outside our control, such as:

- the impact of the COVID-19 global pandemic on our customers, supply chain or manufacturing capabilities;
- the impact of certain weather-related disruptions, such as the recent flooding in Germany and other parts of Europe;
- the timing of governmental stimulus programs and academic research budgets;
- the time it takes between the date customer orders and deposits are received, systems are shipped and accepted by our customers and full payment is received;
- foreign currency exchange rates;
- the time it takes for us to receive critical materials to manufacture our products;

Table of Contents

- general economic conditions, including the impact of COVID-19 or other factors on the global economy;
- the time it takes to satisfy local customs requirements and other export/import requirements;
- the time it takes for customers to construct or prepare their facilities for our products; and
- the time required to obtain governmental licenses.

Several of these factors have in the past affected the amount and timing of revenue recognized on sales of our products and receipt of related payments and will likely continue to do so in the future. Accordingly, our operating results in any particular quarter may not necessarily be an indication of any future quarter's operating performance. The COVID-19 pandemic continues to present a challenging operating environment. During the COVID-19 pandemic, we have been focused on and continue to focus on four key priorities: the health and safety of our employees, customers and partners; maintaining business continuity and service levels for our customers; executing prudent temporary cost reductions during periods of reduced demand in 2020; and delivering enabling research and diagnostic products to help fight the pandemic, and to support other essential priorities of our society.

Health and safety of our valued employees, customers and partners

We have implemented strict social distancing, enhanced cleaning protocols and other preventative measures, such as company-issued face coverings and mandatory mask protocols for unvaccinated employees, in our major facilities. While many of our office colleagues are working remotely, we are placing enhanced focus on our service organization and factory employees for whom work from home is not feasible. Where customer sites are accessible and open, our field service organizations operate under social distancing protocols with proper face coverings to ensure the safety of customer sites, when our employees need to be on site. Many of our facilities have begun to plan for employees who have been working remotely during the pandemic to gradually return to the office. Employee and visitor health and safety will remain our paramount concern.

Maintaining business continuity and service levels to our customers

Ensuring our ability to supply our enabling technologies and solutions and maintaining high service levels for our customers is another top priority for Bruker. In late March and during parts of April 2020, several of our manufacturing sites underwent temporary controlled shutdowns or were operating at reduced capacity to implement new safety protocols, comply with local rules, and manage cost and inventory levels. These sites thereafter ramped back up with expanding capacity and productivity levels. However, with any resurgence of the virus or the emergence of additional strains of the virus, particularly any new strains of the virus that are more resistant to existing vaccines, we may again need to consider temporary controlled shutdowns or reduced capacity measures. In addition, we are continuing capital investments in production facilities for efficiencies and expansion. We continue to manage supply chain risks, more recently associated with the economic recovery from the pandemic, like the worldwide shortage of semiconductor chips, components and raw materials, such as copper.

Executing prudent temporary cost reductions

During a period of reduced demand due to COVID-19 in 2020, we implemented temporary cost reduction measures in an effort to mitigate the negative impacts on our business of COVID-19 and the related slowdown in the global economy. These temporary measures included short-time work for many of our European operations, temporary tiered salary reductions for our board of directors, global leadership team and workforce, one-to two-week closures of select manufacturing locations, selective product manufacturing reductions, a hiring freeze, and curtailment of non-strategic discretionary spending. At the same time, we looked to minimize the disruption for our employees and preserve our ability to ramp up again with our highly trained and loyal work force. While pursuing cost savings throughout the business, we have maintained our important investments in key strategic initiatives. These cost reduction measures have since been relaxed, as our revenue has recovered. We could in fact experience increased compensation expenses associated with employee recruiting and employee retention to the extent employment opportunities continue multiplying post-pandemic, causing the search for and retention of talent to remain and become more competitive.

Delivering enabling research and diagnostic products to help fight the pandemic and to support other essential priorities of our society

Bruker is providing critical technologies and solutions to help combat the COVID-19 crisis, most notably our Microbiology and infectious disease diagnostics portfolio and our nuclear magnetic resonance and mass spectrometry systems which are used in critical disease, therapeutic and vaccine research.

[Table of Contents](#)

The COVID-19 global pandemic has driven volatility and uncertainty in global markets and has in the past affected our operations significantly. We continue to work to manage the impact of COVID-19 on our operations; however, the full extent to which any resurgence of the virus, the emergence of any new strains of the virus, or the availability and effectiveness of COVID-19 vaccines will impact our business, directly or indirectly, cannot accurately be predicted at this time. We continue to monitor the impact of COVID-19 on our business and our supply chain and respond accordingly. For additional information on the various risks posed by the COVID-19 pandemic, refer to Item 1A. Risk Factors included in this report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of our financial condition and results of operations is based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to: revenue recognition; stock-based compensation expense; restructuring and other related charges; income taxes, including the recoverability of deferred tax assets; allowances for doubtful accounts; inventory reductions for excess and obsolete inventories; estimated fair values of long-lived assets used to measure the recoverability of long-lived assets; intangible assets and goodwill; expected future cash flows used to measure the recoverability of intangible assets and long-lived assets; warranty costs; derivative financial instruments; and contingent liabilities. We base our estimates and judgments on our historical experience, current market and economic conditions, industry trends, and other assumptions that we believe are reasonable and form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

We believe the following critical accounting policies and estimates to be both those most important to the portrayal of our financial position and results of operations and those that require the most estimation and subjective judgment:

- Revenue recognition;
- Income taxes;
- Inventories;
- Goodwill, other intangible assets and other long-lived assets; and
- Business combinations.

For a further discussion of our critical accounting policies, please refer to our Annual Report on Form 10-K for the year ended December 31, 2020.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2021 compared to the Three Months Ended September 30, 2020

Consolidated Results

The following table presents our results (dollars in millions, except per share data):

	Three Months Ended September 30,		Dollar Change	Percentage Change
	2021	2020		
Product revenue	\$ 508.3	\$ 419.6	\$ 88.7	21.1%
Service revenue	99.0	90.0	9.0	10.0%
Other revenue	1.6	1.8	(0.2)	(11.1)%
Total revenue	608.9	511.4	97.5	19.1%
Cost of product revenue	243.5	210.3	33.2	15.8%
Cost of service revenue	56.5	52.6	3.9	7.4%
Cost of other revenue	0.2	0.2	—	—
Total cost of revenue	300.2	263.1	37.1	14.1%
Gross profit	308.7	248.3	60.4	24.3%
Operating expenses:				
Selling, general and administrative	141.3	114.6	26.7	23.3%
Research and development	52.1	48.3	3.8	7.9%
Other charges, net	2.1	4.2	(2.1)	(50.0)%
Total operating expenses	195.5	167.1	28.4	17.0%
Operating income	113.2	81.2	32.0	39.4%
Interest and other income (expense), net	(4.4)	(5.9)	1.5	(25.4)%
Income before income taxes and noncontrolling interest in consolidated subsidiaries	108.8	75.3	33.5	44.5%
Income tax provision	20.7	20.0	0.7	3.5%
Consolidated net income	88.1	55.3	32.8	59.3%
Net income (loss) attributable to noncontrolling interests in consolidated subsidiaries	1.0	1.0	—	—
Net income attributable to Bruker Corporation	<u>\$ 87.1</u>	<u>\$ 54.3</u>	<u>\$ 32.8</u>	60.4%

Revenue

Revenue increases were driven by strong demand for our products and solutions, as well as a robust recovery as compared to the same period in 2020.

Gross Profit

The increase in gross profit in the three months ended September 30, 2021, as compared to the same period in 2020, was a result of higher revenue and volume leverage.

[Table of Contents](#)

Selling, General and Administrative

Our selling, general and administrative expenses for the three months ended September 30, 2021 increased to 23.2% of total revenue, from 22.4% of total revenue for the comparable period in 2020. The increase as a percentage of revenue was a result of the temporary cost reduction measures implemented in the prior period in an effort to mitigate the negative impacts on our business of COVID-19 and the related slowdown in the global economy.

Research and Development

Our research and development expenses for the three months ended September 30, 2021 decreased to 8.6% of total revenue from 9.4% of total revenue for the comparable period in 2020. The decrease as a percentage of revenue was a result of the increase in revenue period over period.

Other Charges, Net

Other charges, net recorded for the three months ended September 30, 2021 consisted of \$1.1 million of costs associated with our global information technology (IT) transformation activities, \$0.9 million of restructuring costs and \$0.6 million of acquisition-related charges related to acquisitions completed in 2021 and 2020.

Other charges, net for the three months ended September 30, 2020 consisted primarily of \$1.7 million of restructuring costs related to closing of facilities and implementing outsourcing and other restructuring initiatives, \$0.9 million of acquisition-related charges, \$0.7 million related to long-lived asset impairments, \$0.5 million of costs associated with our global IT transformation activities and \$0.3 million of professional fees incurred in connection with investigation matters.

Operating Income

The increase in operating income was due to higher revenue, gross profit and favorable operating leverage in the three months ended September 30, 2021 as our business and end markets rebounded, as compared to the same period in 2020 which was negatively impacted by the COVID-19 pandemic and related economic slowdown.

Interest and Other Income (Expense), Net

The decline in net interest and other expense in the three months ended September 30, 2021, as compared to the same period in 2020 was mainly due to the impact of foreign currency exchange rates.

Income Tax Provision

The 2021 and 2020 effective tax rates were estimated using projected annual pre-tax income on a jurisdictional basis. Expected tax benefits, including tax credits and incentives, the impact of changes to valuation allowances and the effect of jurisdictional differences in statutory tax rates were also considered in the calculation.

The effective tax rates for the three months ended September 30, 2021 and 2020 were 19.0% and 26.6%, respectively. The decrease in our effective tax rate was primarily due to the jurisdictional profit mix and the impact of favorable discrete items.

Net Income (Loss) Attributable to Noncontrolling Interests

The net income attributable to noncontrolling interests represented the minority shareholders' proportionate share of the net income recorded by our majority-owned subsidiaries.

Net Income Attributable to Bruker Corporation

The increase in net income and earnings per diluted share in the three months ended September 30, 2021, as compared to the same period in 2020, was primarily driven by higher revenue, gross profit and operating profit as a result of the strengthened demand and recovery in our business and end markets.

[Table of Contents](#)

Reportable Segment Revenue

The following table presents revenue, change in revenue and revenue growth by reportable segment (dollars in millions):

	Three Months Ended September 30,		Dollar Change	Percentage Change
	2021	2020		
BSI Life Science	\$ 380.7	\$ 323.4	\$ 57.3	17.7%
BSI NANO	174.9	147.1	27.8	18.9%
BEST	57.0	43.8	13.2	30.1%
Eliminations (a)	(3.7)	(2.9)	(0.8)	
	<u>\$ 608.9</u>	<u>\$ 511.4</u>	<u>\$ 97.5</u>	19.1%

(a) Represents product and service revenue between reportable segments.

For financial reporting purposes, we aggregate the Bruker BioSpin Group and Bruker CALID Group as the BSI Life Science segment. This aggregation reflects the similar economic characteristics, production processes, customer services provided, types and classes of customers, methods of distribution and regulatory environments.

The increase in revenue for the BSI Life Science segment in the three months ended September 30, 2021 was due to strong demand, business and end market recovery, and was led by growth in infrared and Raman, Nuclear Magnetic Resonance (NMR), and Preclinical Imaging (PCI) solutions. The increase in revenue for the BSI NANO segment was driven by a rebound in industrial research and academic market demand and continued strong demand from semiconductor and microelectronics customers. The increase in revenue for the BEST segment resulted from higher “big science” project revenue and a recovery in superconductors for healthcare MRI in the three months ended September 30, 2021.

Operating Income

The following table presents operating income and operating margins on revenue by reportable segment (dollars in millions):

	Three Months Ended September 30,			
	2021		2020	
	Operating Income (Loss)	Percentage of Segment Revenue	Operating Income (Loss)	Percentage of Segment Revenue
BSI Life Science	\$ 100.9	26.5%	\$ 80.6	24.9%
BSI NANO	21.8	12.5%	12.2	8.3%
BEST	7.4	13.0%	1.2	2.7%
Corporate, eliminations and other (a)	(16.9)		(12.8)	
Total operating income	<u>\$ 113.2</u>	18.6%	<u>\$ 81.2</u>	15.9%

(a) Represents corporate costs and eliminations not allocated to the reportable segments.

The operating margin increases in the BSI Life Science and BSI NANO segments resulted from higher revenue, volume and operating leverage. The operating margin increase in the BEST segment resulted from higher revenue and favorable mix.

[Table of Contents](#)

Consolidated Results

Nine Months Ended September 30, 2021 compared to the Nine Months Ended September 30, 2020

The following table presents our results (dollars in millions, except per share data):

	Nine Months Ended September 30,		Dollar Change	Percentage Change
	2021	2020		
Product revenue	\$1,441.2	\$1,111.6	\$329.6	29.7%
Service revenue	287.8	244.3	43.5	17.8%
Other revenue	5.4	4.1	1.3	31.7%
Total revenue	1,734.4	1,360.0	374.4	27.5%
Cost of product revenue	700.4	584.1	116.3	19.9%
Cost of service revenue	165.3	148.4	16.9	11.4%
Cost of other revenue	0.7	0.7	—	—
Total cost of revenue	866.4	733.2	133.2	18.2%
Gross profit	868.0	626.8	241.2	38.5%
Operating expenses:				
Selling, general and administrative	407.9	338.2	69.7	20.6%
Research and development	162.7	140.9	21.8	15.5%
Other charges, net	9.5	12.2	(2.7)	(22.1)%
Total operating expenses	580.1	491.3	88.8	18.1%
Operating income	287.9	135.5	152.4	112.5%
Interest and other income (expense), net	(13.8)	(15.4)	1.6	(10.4)%
Income before income taxes and noncontrolling interest in consolidated subsidiaries	274.1	120.1	154.0	128.2%
Income tax provision	69.5	30.0	39.5	131.7%
Consolidated net income	204.6	90.1	114.5	127.1%
Net income (loss) attributable to noncontrolling interests in consolidated subsidiaries	3.2	1.2	2.0	166.7%
Net income attributable to Bruker Corporation	<u>\$ 201.4</u>	<u>\$ 88.9</u>	<u>\$ 112.5</u>	126.5%

Revenue

Revenue increases were driven by strong broad demand for our products and solutions, and the business and end market recovery as compared to the same period in 2020.

Gross Profit

The increase in gross profit in the nine months ended September 30, 2021, as compared to the same period in 2020, was a result of higher revenue, volume leverage and favorable mix.

[Table of Contents](#)

Selling, General and Administrative

Our selling, general and administrative expenses for the nine months ended September 30, 2021 decreased to 23.5% of total revenue, from 24.9% of total revenue for the comparable period in 2020. The decrease as a percentage of revenue was a result of the increase in revenue period over period.

Research and Development

Our research and development expenses for the nine months ended September 30, 2021 decreased to 9.4% of total revenue from 10.4% of total revenue for the comparable period in 2020. The decrease as a percentage of revenue was a result of the increase in revenue period over period.

Other Charges, Net

Other charges, net recorded for the nine months ended September 30, 2021 consisted of \$3.8 million of acquisition-related charges related to acquisitions completed in 2021 and 2020, \$3.6 million of restructuring costs and \$2.6 million of costs associated with our global IT transformation activities.

Other charges (gain), net recorded for the nine months ended September 30, 2020 consisted primarily of \$4.8 million of professional fees incurred in connection with investigation matters, \$4.4 million of restructuring costs related to closing of facilities and implementing outsourcing and other restructuring initiatives, \$1.9 million related to long-lived asset impairments and \$1.8 million of costs associated with our global IT transformation activities offset by \$(1.0) million of acquisition-related charges related to previous acquisitions.

Operating Income

The increase in operating income was due to higher revenue, gross profit and favorable operating leverage in the nine months ended September 30, 2021 as our business and end markets rebounded, as compared to the same period in 2020 which was negatively impacted by the COVID-19 pandemic and related economic slowdown.

Interest and Other Income (Expense), Net

The decline in net interest and other expense in the nine months ended September 30, 2021, as compared to the same period in 2020 was mainly due to the impact of foreign currency exchange rates.

Income Tax Provision

The 2021 and 2020 effective tax rates were estimated using projected annual pre-tax income on a jurisdictional basis. Expected tax benefits, including tax credits and incentives, the impact of changes to valuation allowances and the effect of jurisdictional differences in statutory tax rates were also considered in the calculation.

The effective tax rates for the nine months ended September 30, 2021 and 2020 were 25.4% and 25.0%, respectively. The increase in our effective tax rate was primarily due to the increase in profit before income tax and the jurisdictional profit mix, partially offset by the impact of discrete items in the period.

Net Income (Loss) Attributable to Noncontrolling Interests

The net income attributable to noncontrolling interests represented the minority shareholders' proportionate share of the net income recorded by our majority-owned subsidiaries.

Net Income Attributable to Bruker Corporation

The increase in net income and earnings per diluted share in the nine months ended September 30, 2021, as compared to the same period in 2020, was primarily driven by the increase in revenue, gross profit and operating profit as a result of strengthened demand and recovery in our business and end markets.

[Table of Contents](#)

Reportable Segment Revenue

The following table presents revenue, change in revenue and revenue growth by reportable segment (dollars in millions):

	Nine Months Ended September 30,		Dollar Change	Percentage Change
	2021	2020		
BSI Life Science	\$1,074.3	\$ 842.6	\$ 231.7	27.5%
BSI NANO	504.6	392.7	111.9	28.5%
BEST	166.0	134.8	31.2	23.1%
Eliminations (a)	(10.5)	(10.1)	(0.4)	
	<u>\$1,734.4</u>	<u>\$1,360.0</u>	<u>\$ 374.4</u>	<u>27.5%</u>

(a) Represents product and service revenue between reportable segments.

The increase in revenue for the BSI Life Science segment in the nine months ended September 30, 2021 was due to strong demand and business and end market recovery across the segment's major product lines, including mass spectrometry, infrared, Raman, microbiology, Nuclear Magnetic Resonance (NMR) and Preclinical Imaging (PCI) solutions. In addition, system installation activities recovered compared to the same period in 2020. The increase in revenue for the BSI NANO segment was driven by a rebound in industrial research and academic market demand and continued strong demand from semiconductor and microelectronics customers. The increase in revenue for the BEST segment resulted from higher "big science" project revenue and a recovery in superconductors for healthcare MRI in the three months ended September 30, 2021.

Operating Income

The following table presents operating income and operating margins on revenue by reportable segment (dollars in millions):

	Nine Months Ended September 30,			
	2021		2020	
	Operating Income (Loss)	Percentage of Segment Revenue	Operating Income (Loss)	Percentage of Segment Revenue
BSI Life Science	\$ 263.4	24.5%	\$ 158.7	18.8%
BSI NANO	55.1	10.9%	9.3	2.4%
BEST	18.3	11.0%	5.1	3.8%
Corporate, eliminations and other (a)	(48.9)		(37.6)	
Total operating income	<u>\$ 287.9</u>	<u>16.6%</u>	<u>\$ 135.5</u>	<u>10.0%</u>

(a) Represents corporate costs and eliminations not allocated to the reportable segments.

The operating margin increases in the BSI Life Science and BSI NANO segments resulted from higher revenue, volume and operating leverage. The operating margin increase in the BEST segment resulted from higher revenue and favorable mix.

LIQUIDITY AND CAPITAL RESOURCES

We anticipate that our existing cash and credit facilities will be sufficient to support our operating and investing needs for at least the next twelve months. Our future cash requirements could be affected by acquisitions that we may complete, purchases of our common stock or the payment of dividends in the future. Historically, we have financed our growth and liquidity needs through cash flow generation and a combination of debt financings and issuances of common stock. In the future, there are no assurances that we will continue to generate cash flow from operations or that additional financing alternatives will be available to us, if required, or if available, will be obtained on terms favorable to us.

Cash, cash equivalents and short-term investments at September 30, 2021 and December 31, 2020 totaled \$669.8 million and \$731.8 million, respectively, of which \$560.1 million and \$514.9 million, respectively, related to cash, cash equivalents and short-term investments held outside of the U.S. in our foreign subsidiaries, most significantly in the Netherlands, Switzerland and Hong Kong.

[Table of Contents](#)

The following table presents our cash flows from operating activities, investing activities and financing activities for the periods presented (in millions):

	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	\$ 143.8	\$ 129.2
Net cash used in investing activities	(143.8)	(163.9)
Net cash used in financing activities	(85.6)	(87.3)
Effect of exchange rates on cash and cash equivalents	(23.4)	10.7
Total decrease in cash and cash equivalents	<u>\$(109.0)</u>	<u>\$(111.3)</u>

Cash provided by operating activities during the nine months ended September 30, 2021 resulted from consolidated net income adjusted for non-cash items of \$300.9 million, partially offset by a change in operating assets and liabilities, net of acquisitions and divestitures of \$157.1 million. The primary increase is a result of increased net income driven by the increase in revenue, gross profit and operating profit as a result of the rebounding in our business and end markets. The decrease in operating assets and liabilities, net of acquisitions and divestitures for the nine months ended September 30, 2021 was primarily due to strategic inventory management to handle supply chain challenges, timing of tax payment payables and increased revenues at the end of the period. These decreases were partially offset by a decrease in timing of payments as compared to the same period in the prior year. During the nine months ended September 30, 2020, net cash provided by operating activities was \$129.2 million, resulting from consolidated net income adjusted for non-cash items of \$185.7 million, offset by a change in operating assets and liabilities, net of acquisitions and divestitures of \$56.5 million. The increase in operating assets and liabilities, net of acquisitions and divestitures for the nine months ended September 30, 2020 was primarily caused by an increase in cash received from customers offset by purchases of inventory for orders in 2020.

Cash used in investing activities during the nine months ended September 30, 2021 resulted primarily from purchases of property, plant and equipment of \$63.6 million, purchases of short-term investments of \$48.0 million and acquisitions of \$45.0 million offset by \$8.6 million of net proceeds from our cross-currency swap agreements. Cash used in investing activities during the nine months ended September 30, 2020 was primarily attributed to cash paid for purchases of property, plant and equipment of \$68.4 million, cash paid for acquisitions of \$58.8 million and purchases of short-term investments of \$100.0 million offset by \$7.1 million of net proceeds from our cross-currency swap agreements and \$56.1 million of maturities in short-term investments.

Net cash used in financing activities during the nine months ended September 30, 2021 was primarily from cash paid for purchases of common stock under our repurchase program of \$71.1 million and \$18.2 million for the payment of dividends. Net cash used in financing activities during the nine months ended September 30, 2020 was primarily attributable to \$54.4 million of repurchases of common stock under our repurchase program, \$18.5 million for the payment of dividends, \$7.6 million in net payments of borrowings under the 2019 Revolving Credit Agreement and \$6.2 million payment of contingent consideration.

Share Repurchase Program

In May 2019, our Board of Directors approved our share repurchase program (the “2019 Repurchase Program”) under which repurchases of common stock in the amount of up to \$300.0 million were authorized to occur from time to time, in amounts, at prices, and at such times as we deem appropriate, subject to market conditions, legal requirements and other considerations. During the nine months ended September 30, 2021, we repurchased a total of 555,602 shares at an aggregate cost of \$34.5 million under the 2019 Repurchase Program. We completed the 2019 Repurchase Program in April 2021, after reaching the maximum cumulative spend.

In May 2021, our Board of Directors approved a share repurchase program (the “2021 Repurchase Program”) authorizing the purchase of up to \$500.0 million of our common stock over a two-year period from time to time, in amounts, at prices, and at such times as we deem appropriate, subject to market conditions, legal requirements and other considerations. During the nine months ended September 30, 2021, we purchased 530,703 shares of common stock with an aggregate cost of approximately \$36.6 million under the 2021 Repurchase Program. No shares were purchased during the three months ended September 30, 2021. At September 30, 2021, \$463.4 million remained for future purchase under the 2021 Repurchase Program. We intend to fund any additional repurchases from cash on hand, future cash flows from operations and available borrowings under our revolving credit facility. The purchased shares are reflected within Treasury stock in the accompanying unaudited condensed consolidated balance sheets.

Income Taxes

At December 31, 2020 and in accordance with the tax reform legislation signed by the president of the United States on December 22, 2017, or the 2017 Tax Act, we recorded state and foreign withholding taxes, as well as subsequent foreign currency translations on these withholding taxes as they are an obligation of the parent company, on the cash and liquid assets portion of the unremitted earnings and profits (E&P) of foreign subsidiaries expected to be repatriated from our foreign subsidiaries to the United States. We continue to be indefinitely reinvested in the amount of \$436 million of non-cash E&P that is subject to the 2017 Tax Act deemed repatriation. If this E&P is ultimately distributed to the United States in the form of dividends or otherwise we would likely be subject to additional withholding tax. We will continue to evaluate our assertions on the cumulative historical outside basis differences in our foreign subsidiaries as of December 31, 2020. The amount of unrecognized deferred withholding taxes on the undistributed E&P was \$63 million at December 31, 2020.

As of September 30, 2021, we had approximately \$66.0 million of net operating loss carryforwards available to reduce state taxable income that are expected to expire at various times beginning in 2021; approximately \$95.1 million of net operating losses available to reduce German federal income and trade taxes that are carried forward indefinitely and \$12.5 million of other foreign net operating losses that are expected to expire at various times beginning in 2021. We also had U.S. state research and development tax credits of \$7.1 million. Utilization of these credits and state net operating losses may be subject to annual limitations due to the ownership percentage change limitations provided by the Internal Revenue Code Section 382 and similar state provisions. In the event of a deemed change in control under Internal Revenue Code Section 382, an annual limitation on the utilization of net operating losses and credits may result in the expiration of all or a portion of the net operating loss and credit carryforwards.

Uncertain tax contingencies are positions taken or expected to be taken on an income tax return that may result in additional payments to tax authorities. If a tax authority agrees with the tax position taken or expected to be taken or the applicable statute of limitations expires, then additional payments will not be necessary.

Credit Facilities

On December 11, 2019, we entered into (1) a new revolving credit agreement to establish a new revolving credit facility in the aggregate principal amount of \$600 million; (2) a term loan agreement to establish a new term loan facility in the aggregate principal amount of \$300 million; and (3) a note purchase agreement to issue and sell CHF 297 million aggregate principal amount of 1.01% senior notes due December 11, 2029. Floating interest rates under the term loan were simultaneously fixed through cross-currency and interest rate swap agreements into Euro (\$150 million) and Swiss Franc (\$150 million) rates carrying average effective interest rates of 0.94% and hedge our net investment in our Euro and Swiss Franc denominated net assets. The new revolving credit agreement replaced our \$500 million five-year revolving credit agreement established on October 27, 2015, that was terminated on December 11, 2019. In addition, we designated our CHF 297 million senior notes as a hedge in our net investment in our Swiss Franc denominated net assets. Proceeds from this financing were used to repay the outstanding borrowings under our prior 2015 revolving credit facility and we intend to use the remaining proceeds for general corporate purposes and to support corporate strategic objectives. During December 2019, we entered into U.S. Dollar to Euro cross-currency swaps on our existing 2012 private placement notes of \$105 million of 4.31% Series 2012A Senior Notes, Tranche C, due January 18, 2022, and the existing \$100 million of 4.46% Series 2012A Senior Notes, Tranche D, due January 18, 2024, resulting in an average effective interest rate of 2.25% on these instruments. The cross-currency swaps hedge our net investment in our Euro denominated net assets. As a result of entering into these interest rate and cross currency swap agreements, we reduced our interest expense by \$1.4 million for each of the three months ended September 30, 2021 and 2020, and by \$4.1 million and \$5.8 million for the nine months ended September 30, 2021 and 2020, respectively. We anticipate these swap agreements will lower net interest expense in future years.

[Table of Contents](#)

We had the following debt outstanding (dollars in millions):

	September 30, 2021	December 31, 2020
US Dollar notes under the 2012 Note Purchase Agreement	\$ 205.0	\$ 205.0
CHF notes (in dollars) under the 2019 Note Purchase Agreement	318.1	335.5
US Dollar notes under the 2019 Term Loan	300.0	300.0
Unamortized debt issuance costs	(2.1)	(2.4)
Finance lease obligations and other loans	6.0	6.4
Total debt	827.0	844.5
Current portion of long-term debt	(109.5)	(2.2)
Total long-term debt, less current portion	\$ 717.5	\$ 842.3

As of September 30, 2021, there are no material changes to our contractual obligations from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

As of September 30, 2021, we had no off-balance sheet arrangements.

The following is a summary of the maximum commitments and the net amounts available to us under the 2019 Credit Agreement and other lines of credit with various financial institutions located primarily in Germany and Switzerland that are unsecured and typically due upon demand with interest payable monthly, at September 30, 2021 (dollars in millions):

	Weighted Average Interest Rate	Total Amount Committed by Lenders	Outstanding Borrowings	Outstanding Letters of Credit	Total Committed Amounts Available
2019 Credit Agreement	1.3%	\$ 600.0	\$ —	\$ 0.1	\$ 599.9
Bank guarantees and working capital line	varies	115.2	—	115.2	—
Total revolving lines of credit		\$ 715.2	\$ —	\$ 115.3	\$ 599.9

As of September 30, 2021, we were in compliance with the financial covenants of these debt agreements.

RECENT ACCOUNTING PRONOUNCEMENTS

Information regarding recent accounting standard changes and developments is incorporated by reference from Part I, Item 1, Unaudited Condensed Consolidated Financial Statements, of this document and should be considered an integral part of this Item 2. See Note 2 in the Notes to the Unaudited Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for recently adopted and issued accounting standards.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are potentially exposed to market risks associated with changes in foreign currency translation rates, interest rates and commodity prices. We selectively use financial instruments to reduce these risks. All transactions related to risk management techniques are authorized and executed pursuant to our policies and procedures. Analytical techniques used to manage and monitor foreign currency translation and interest rate risk include market valuations and sensitivity analysis.

Foreign Currency Risk

We generate a substantial portion of our revenues in international markets, principally Germany and other countries in the European Union, Switzerland and Japan, which exposes our operations to the risk of exchange rate fluctuations. The impact of currency exchange rate movement can be positive or negative in any period. Our costs related to sales in foreign currencies are largely denominated in the same respective currencies, reducing our transaction risk exposure. However, for foreign currency denominated sales in certain regions, such as Japan, where we do not incur significant costs denominated in Japanese Yen, we are more exposed to the impact of foreign currency fluctuations.

[Table of Contents](#)

For sales not denominated in U.S. dollars, if there is an increase in the rate at which a foreign currency is exchanged for U.S. dollars, it will require more of the foreign currency to equal a specified amount of U.S. dollars than before the rate increase. In such cases, if we price our products in the foreign currency, we will receive less in U.S. dollars than we would have received before the rate increase went into effect. If we price our products in U.S. dollars and competitors price their products in local currency, an increase in the relative strength of the U.S. dollar could result in our prices not being competitive in a market where business is transacted in the local currency. For example, if the U.S. dollar strengthened against the Japanese Yen, our Japanese-based competitors would have a greater pricing advantage over us.

Changes in foreign currency translation rates increased our revenue by 1.0% and 2.4% for the three months ended September 30, 2021 and 2020, respectively. Changes in foreign currency translation rates increased our revenue by 4.5% and 0.1% for the nine months ended September 30, 2021 and 2020, respectively.

Assets and liabilities of our foreign subsidiaries, where the functional currency is the local currency, are translated into U.S. dollars using period-end exchange rates. Revenues and expenses of foreign subsidiaries are translated at the average exchange rates in effect during the year. Adjustments resulting from financial statement translations are included as a separate component of shareholders' equity. For the three months ended September 30, 2021 and 2020, we recorded net gains (losses) from currency translation adjustments of \$(26.6) million and \$8.6 million, respectively. For the nine months ended September 30, 2021 and 2020, we recorded net gains (losses) from foreign currency translation of \$(80.2) million and \$5.1 million, respectively. Gains and losses resulting from foreign currency transactions are reported in interest and other income (expense), net in the unaudited condensed consolidated statements of income and comprehensive income.

We periodically enter into forward currency contracts in order to minimize the volatility that fluctuations in currency translation have on our monetary transactions. Under these arrangements, we typically agree to purchase a fixed amount of a foreign currency in exchange for a fixed amount of U.S. dollars or other currencies on specified dates with maturities of less than twelve months, with some agreements extending to longer periods. These transactions do not qualify for hedge accounting and, accordingly, the instrument is recorded at fair value with the corresponding gains and losses recorded in the unaudited condensed consolidated statements of income and comprehensive income.

As of September 30, 2021, we have several cross-currency and interest rate swap agreements with a notional value of \$150.0 million of U.S. dollar to Swiss Franc and a notional value of \$355.0 million of U.S. dollar to Euro to hedge the variability in the movement of foreign currency exchange rates on portions of our Euro and Swiss Franc denominated net asset investments. Under the GAAP hedge accounting guidance, changes in fair value of the derivative that relates to changes in the foreign currency spot rate are recorded in the currency translation adjustment in comprehensive income (loss) and remain in accumulated comprehensive income (loss) in shareholders' equity until the sale or substantial liquidation of the foreign operation. For the three months ended September 30, 2021 and 2020, we recorded net gains from the changes in fair value of the derivatives of \$8.4 million and net losses of \$22.1 million, respectively. For the nine months ended September 30, 2021 and 2020, we recorded net gains from the changes in fair value of the derivatives of \$37.2 million and net losses of \$22.4 million, respectively.

On December 11, 2019, we entered into a note purchase agreement, referred to as the 2019 Note Purchase Agreement, with a group of institutional accredited investors. Pursuant to the 2019 Note Purchase Agreement, we issued and sold CHF 297 million aggregate principal amount of 1.01% senior notes due December 11, 2029. We designated our CHF 297 million senior notes as a hedge in our net investment in our Swiss Franc denominated net assets. Accordingly, the change in fair value of the 2019 Note Purchase Agreement is recorded in other comprehensive income within derivatives designated as hedging instruments, net of tax. For the three months ended September 30, 2021 and 2020, we recorded net gains (losses) from the changes in fair value of the 2019 Note Purchase Agreement of \$2.2 million and \$(8.2) million, respectively. For the nine months ended September 30, 2021 and 2020, we recorded net gains (losses) from the changes in fair value of the 2019 Note Purchase Agreement of \$22.2 million and \$(15.3) million, respectively.

From time to time, we have entered into forward exchange contracts designed to minimize the volatility that fluctuations in foreign currency have on our cash flows related to purchases and sales denominated in foreign currencies. Under these arrangements, we agree to purchase a fixed amount of a foreign currency in exchange for a fixed amount of U.S. dollars or other currencies on specified dates typically with maturities of less than twelve months with some agreements extending to longer periods. These transactions are recorded at fair value with the corresponding gains and losses recorded in interest and other income (expense), net in the unaudited condensed consolidated statements of income and comprehensive income. At September 30, 2021 and December 31, 2020, we had foreign exchange contracts with notional amounts aggregating \$124.5 million and \$278.3 million, respectively. We will continue to evaluate our currency risks and in the future may utilize foreign currency contracts more frequently.

[Table of Contents](#)

Interest Rate Risk

We regularly invest excess cash in short-term investments that are subject to changes in interest rates. We believe that the market risk arising from holding these financial instruments is minimal because of our policy of investing in short-term financial instruments issued by highly rated financial institutions.

Our exposure related to adverse movements in interest rates is derived primarily from outstanding floating rate debt instruments that are indexed to short-term market rates. We currently have a higher level of fixed rate debt than variable rate debt, which limits the exposure to adverse movements in interest rates.

Commodity Price Risk

We are exposed to certain commodity risks associated with prices for various raw materials. The prices of copper and certain other raw materials, particularly niobium-tin, used to manufacture superconductors, have increased significantly over the last decade. Copper and niobium-tin are the main components of low temperature superconductors and continued commodity price increases for copper and niobium, as well as other raw materials, may negatively affect our profitability. Periodically, we enter into commodity forward purchase contracts to minimize the volatility that fluctuations in the price of copper have on our sales of these products. At September 30, 2021 and December 31, 2020, we had fixed price commodity contracts with notional amounts aggregating \$4.5 million and \$8.8 million, respectively. The fair value of the fixed price commodity contracts at September 30, 2021 and December 31, 2020 was \$0.8 million and \$3.1 million, respectively. As commodity contracts settle, gains (losses) as a result of changes in fair values are adjusted to the contracts with the customers through revenues. We will continue to evaluate our commodity risks and may utilize commodity forward purchase contracts more frequently in the future.

Inflation Risk

We do not believe inflation had a material impact on our business or operating results during any of the periods presented.

ITEM 4. CONTROLS AND PROCEDURES

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) that are designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer and principal accounting officer) by others within our organization. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2021.

Management concluded that the unaudited condensed consolidated financial statements contained in this Quarterly Report on Form 10-Q fairly state, in all material respects, our financial condition, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended September 30, 2021 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

We are involved in lawsuits, claims, and proceedings, including, but not limited to, patent and commercial matters, which arise in the ordinary course of business. There are no such matters pending that we currently believe are reasonably likely to have a material impact on our business or to our consolidated financial statements.

On September 25, 2019, in a complaint filed in the Düsseldorf, Germany, District Court, Carl Zeiss Microscopy GmbH, a subsidiary of Carl Zeiss AG (Zeiss), sued Luxendo GmbH (Luxendo), a subsidiary of Bruker Corporation, for infringement of a recently registered German utility model patent licensed to Zeiss pertaining to one specific Luxendo product category. We are vigorously defending against this claim.

[Table of Contents](#)

In addition, we are subject to regulation by national, state and local government agencies in the United States and other countries in which we operate. From time to time, we are the subject of governmental investigations often involving regulatory, marketing and other business practices. These governmental investigations may result in the commencement of civil and criminal proceedings, fines, penalties and administrative remedies which could have a material adverse effect on our financial position, results of operations and/or liquidity.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, which could materially affect our business, financial condition or future results. The risks described in this report and in our Annual Report on Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Our financial condition and results of operations for fiscal 2021 may be adversely affected by the COVID-19 pandemic.

The impact of the worldwide COVID-19 pandemic has been and will likely continue to be extensive in many geographies and aspects of society. The pandemic has resulted in and will likely continue to result in disruptions to the global economy, as well as businesses, supply chains and capital markets around the world.

Impacts to our business included temporary closures in 2020 of many of our government and university customers and our suppliers, disruptions or restrictions on our employees’ and customers’ ability to travel, and delays in product installations or shipments to and from affected countries. In an effort to halt the outbreak of COVID-19, a number of countries, including the United States, implemented and some continue to implement significant restrictions on travel, shelter in place or stay at home orders, and business closures. While some of these restrictions are loosening in certain jurisdictions, some markets have returned to restrictions in the face of increases in new COVID-19 cases or new strains of the virus. A number of states, including California, Massachusetts and New Jersey where we have significant operations, have implemented re-opening policies as vaccines to protect against the virus continue to be administered. However, many of our employees in these areas continue to work remotely, and many re-openings have been delayed or pulled back as the virus continues to spread and as new strains of the virus emerge. In addition, while some parts of the world are beginning to resume pre-pandemic business operations, certain Asia Pacific geographies where we operate are continuing to experience significant disruptions relating to COVID-19. Much of the commercial activity in sales and marketing, and customer demonstrations and applications training, is still either being conducted remotely or postponed. Even where customers have re-opened their sites, some still operate at productivity levels that are below pre-pandemic levels in an effort to accommodate safety protocols and as a result of pandemic-related supply chain disruptions. Any resurgence of the virus or the emergence of new strains of the virus, particularly any new strains which are more easily transmitted or which are resistant to existing vaccines, may require us or our customers to close or partially close operations once again. These travel restrictions, business closures and operating reductions at Bruker, our customers, our distributors, and/or our suppliers have in the past adversely impacted and may continue to adversely impact our operations worldwide, including our ability to manufacture, sell or distribute our products, as well as cause temporary closures of our foreign distributors, or the facilities of suppliers or customers. Global supply chains, including for semiconductor chips, components and raw materials such as copper, have been disrupted, causing shortages, which could impact our ability to manufacture or supply our products. We could also experience increased compensation expenses associated with employee recruiting and employee retention to the extent employment opportunities continue to multiply post-pandemic, causing the search for and retention of talent to become more competitive. This disruption of our employees, distributors, suppliers and customers has historically impacted and may continue to impact our global sales and future operating results.

Further, on September 9, 2021, President Biden directed the Department of Labor’s Occupational Safety and Health Administration (“OSHA”) to issue an Emergency Temporary Standard (“ETS”) requiring that all employers with at least 100 employees ensure that their employees are fully vaccinated for COVID-19 by January 4, 2022 or obtain a negative COVID-19 test at least once a week. The OSHA ETS was issued on November 4, 2021. President Biden also issued an Executive Order requiring certain COVID-19 precautions for government contractors and their subcontractors, including mandatory employee vaccination (subject to medical and religious exemptions). It is not currently possible to predict with any certainty the exact impact on us of the OSHA ETS or the requirements for government contractors and their subcontractors. Any requirement to mandate COVID-19 vaccination of our workforce or require our unvaccinated employees to be tested weekly could result in employee attrition and difficulty securing future labor needs and may have an adverse effect on future profit margins. In addition, any requirement to impose obligations on our suppliers under the Executive Order covering government contractors and their subcontractors could impact the price and continuity of supply of raw materials and our results of operations and financial condition could be adversely affected.

[Table of Contents](#)

We have experienced supply chain interruptions as a result of the COVID-19 pandemic. Various factors, including increased demand for certain components and production delays and other natural events and disasters, are contributing to shortages of certain components used in our products and increased difficulties in our ability to obtain a consistent supply of materials at stable pricing levels. Supply shortages and longer lead times for components used in our products, including limited source components, can result in significant additional costs and inefficiencies in manufacturing. A shortage of key components may cause a significant disruption to our production activities, which could have a substantial adverse effect on our financial condition or results of operations. If we are unsuccessful in resolving any such component shortages in a timely manner, we could experience a significant adverse impact on the timing of our revenue, a possible loss of revenue, or an increase in manufacturing costs, any of which would have a material adverse impact on our operating results.

We are continuing to monitor and assess the effects of the COVID-19 pandemic on our commercial operations in 2021. However, we cannot at this time accurately predict what effects these conditions will ultimately have on our operations due to uncertainties relating to the severity of the disease, including the impact of any resurgence of the virus, the continued emergence of new strains of the virus, the effectiveness and availability of vaccines, the willingness of individuals to receive vaccines, (including to protect against any new strains of the virus), and the length or severity of travel restrictions, business closures, and other safety and precautionary measures imposed by the governments of impacted countries. The pandemic has also adversely affected the economies and financial markets of many countries, which has affected and likely may continue to affect demand for our products and our operating results.

There have been no other material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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

Purchases of Equity Securities by the Issuer

Pursuant to a share repurchase program approved by the Board of Directors and announced on May 12, 2021 (the “2021 Repurchase Program”), the Company is permitted to purchase up to \$500 million of shares of its common stock over a two-year period. The Company did not make any purchases of its common stock during the quarter ended September 30, 2021. As of September 30, 2021, the Company had approximately \$463.4 million of shares of its common stock remaining for purchase under the 2021 Repurchase Program.

[Table of Contents](#)

ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
31.1*	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 has been formatted in Inline XBRL (included in Exhibit 101)

* Filed or furnished herewith.

SIGNATURES

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

Date: November 5, 2021

BRUKER CORPORATION

By: /s/ FRANK H. LAUKIEN, PH.D.

Frank H. Laukien, Ph.D.
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: November 5, 2021

By: /s/ GERALD N. HERMAN

Gerald N. Herman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION

I, Frank H. Laukien, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bruker 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /s/ FRANK H. LAUKIEN, PH.D.

Frank H. Laukien, Ph.D.
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

CERTIFICATION

I, Gerald N. Herman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bruker 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 the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2021

By: /s/ GERALD N. HERMAN

Gerald N. Herman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

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

In connection with the Quarterly Report of Bruker Corporation (Company) on Form 10-Q for the three and nine months ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (Report), each of the undersigned, Frank H. Laukien, President, Chief Executive Officer and Chairman of the Board of Directors of the Company, and Gerald N. Herman, Chief Financial Officer and Executive Vice President of the Company, certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

Date: November 5, 2021

By: /s/ FRANK H. LAUKIEN, PH.D.

Frank H. Laukien, Ph.D.
President, Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: November 5, 2021

By: /s/ GERALD N. HERMAN

Gerald N. Herman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)