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

Form 10-Q

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

For the quarterly period ended June 29, 2024

or

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

For the transition period from _______ to ______.

Commission File Number: 01-14010

Waters Corporation
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**13-3668640** **(I.R.S. Employer Identification No.)**

34 Maple Street
Milford, Massachusetts 01757
(Address, including zip code, of principal executive offices)

(508) 478-2000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**WAT**	**New York Stock Exchange, Inc.**

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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Emerging growth company ☐

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

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

Indicate the number of shares outstanding of the registrant’s common stock as of July 26, 2024: 59,361,927

WATERS CORPORATION AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

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Item 1: Financial Statements

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 29, 2024	December 31, 2023
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 326,427	$ 395,076
Investments	934	898
Accounts receivable, net	610,088	702,168
Inventories	522,927	516,236
Other current assets	143,307	138,489
Total current assets	1,603,683	1,752,867
Property, plant and equipment, net	636,110	639,073
Intangible assets, net	596,398	629,187
Goodwill	1,297,796	1,305,446
Operating lease assets	81,124	84,591
Other assets	233,936	215,690
Total assets	$ 4,449,047	$ 4,626,854
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and debt	$ —	$ 50,000
Accounts payable	78,436	84,705
Accrued employee compensation	56,037	69,391
Deferred revenue and customer advances	316,933	256,675
Current operating lease liabilities	26,367	27,825
Accrued income taxes	134,265	120,257
Accrued warranty	10,437	12,050
Other current liabilities	140,057	168,677
Total current liabilities	762,532	789,580
Long-term liabilities:		
Long-term debt	2,006,009	2,305,513
Long-term portion of retirement benefits	48,582	47,559
Long-term income tax liabilities	17,587	137,123
Long-term operating lease liabilities	56,346	58,926
Other long-term liabilities	146,024	137,812
Total long-term liabilities	2,274,548	2,686,933
Total liabilities	3,037,080	3,476,513
Commitments and contingencies (Notes 6, 7 and 9)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share, 5,000 shares authorized, none issued at June 29, 2024 and December 31, 2023	—	—
Common stock, par value $0.01 per share, 400,000 shares authorized, 162,926 and 162,709 shares issued, 59,353 and 59,176 shares outstanding at June 29, 2024 and December 31, 2023, respectively	1,629	1,627
Additional paid-in capital	2,310,372	2,266,265
Retained earnings	9,395,754	9,150,821
Treasury stock, at cost, 103,573 and 103,533 shares at June 29, 2024 and December 31, 2023, respectively	(10,147,586)	(10,134,252)
Accumulated other comprehensive loss	(148,202)	(134,120)
Total stockholders' equity	1,411,967	1,150,341
Total liabilities and stockholders' equity	$ 4,449,047	$ 4,626,854

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months Ended	
	June 29, 2024	July 1, 2023
	(In thousands, except per share data)	
Revenues:		
Product sales	$ 435,144	$ 477,926
Service sales	273,385	262,650
Total net sales	708,529	740,576
Costs and operating expenses:		
Cost of product sales	175,836	194,354
Cost of service sales	112,408	106,722
Selling and administrative expenses	173,247	186,953
Research and development expenses	46,182	45,873
Purchased intangibles amortization	11,744	6,815
Total costs and operating expenses	519,417	540,717
Operating income	189,112	199,859
Other expense, net	(302)	(352)
Interest expense	(23,726)	(23,272)
Interest income	4,328	4,040
Income before income taxes	169,412	180,275
Provision for income taxes	26,675	29,721
Net income	$ 142,737	$ 150,554
Net income per basic common share	$ 2.41	$ 2.56
Weighted-average number of basic common shares	59,339	58,857
Net income per diluted common share	$ 2.40	$ 2.55
Weighted-average number of diluted common shares and equivalents	59,451	59,010

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

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WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Six Months Ended	
	June 29, 2024	July 1, 2023
	(In thousands, except per share data)	
Revenues:		
Product sales	$ 811,295	$ 914,383
Service sales	534,073	510,867
Total net sales	1,345,368	1,425,250
Costs and operating expenses:		
Cost of product sales	329,018	374,708
Cost of service sales	221,012	210,748
Selling and administrative expenses	347,783	368,909
Research and development expenses	90,777	88,564
Purchased intangibles amortization	23,578	8,294
Litigation provision	10,242	—
Total costs and operating expenses	1,022,410	1,051,223
Operating income	322,958	374,027
Other income, net	1,957	1,036
Interest expense	(49,246)	(37,716)
Interest income	8,599	8,101
Income before income taxes	284,268	345,448
Provision for income taxes	39,335	53,971
Net income	$ 244,933	$ 291,477
Net income per basic common share	$ 4.13	$ 4.97
Weighted-average number of basic common shares	59,287	58,703
Net income per diluted common share	$ 4.12	$ 4.95
Weighted-average number of diluted common shares and equivalents	59,445	58,909

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
	(In thousands)		(In thousands)	
Net income	$ 142,737	$ 150,554	$ 244,933	$ 291,477
Other comprehensive (loss) income:				
Foreign currency translation	(6,675)	3,984	(16,215)	12,767
Unrealized gains on derivative instruments before reclassifications	829	—	3,234	—
Amounts reclassified to interest income	(277)	—	(574)	—
Unrealized gains on derivative instruments before income taxes	552	—	2,660	—
Income tax expense	(132)	—	(638)	—
Unrealized gains on derivative instruments, net of tax	420	—	2,022	—
Retirement liability adjustment before reclassifications	(181)	91	151	171
Amounts reclassified to other income, net	59	(84)	(58)	(167)
Retirement liability adjustment before income taxes	(122)	7	93	4
Income tax benefit	58	5	18	1
Retirement liability adjustment, net of tax	(64)	12	111	5
Other comprehensive (loss) income	(6,319)	3,996	(14,082)	12,772
Comprehensive income	$ 136,418	$ 154,550	$ 230,851	$ 304,249

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

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WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended	
	June 29, 2024	July 1, 2023
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 244,933	$ 291,477
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	22,346	23,734
Deferred income taxes	3,958	(6,435)
Depreciation	44,375	40,172
Amortization of intangibles	51,368	29,866
Change in operating assets and liabilities:		
Decrease in accounts receivable	69,642	50,273
Increase in inventories	(16,709)	(63,607)
Increase in other current assets	(12,549)	(19,044)
Decrease in other assets	6,802	12
Decrease in accounts payable and other current liabilities	(31,206)	(122,836)
Increase in deferred revenue and customer advances	69,352	81,659
Decrease in other liabilities	(134,908)	(90,402)
Net cash provided by operating activities	317,404	214,869
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(64,759)	(80,997)
Business acquisitions, net of cash acquired	—	(1,285,907)
Investments in unaffiliated companies	(1,064)	—
Purchases of investments	(1,855)	(893)
Maturities and sales of investments	1,819	877
Net cash used in investing activities	(65,859)	(1,366,920)
Cash flows from financing activities:		
Proceeds from debt issuances	170,000	1,450,040
Payments on debt	(520,000)	(395,040)
Payments of debt issuance costs	—	(218)
Proceeds from stock plans	21,836	8,628
Purchases of treasury shares	(13,334)	(69,741)
Proceeds from derivative contracts	15,285	5,294
Net cash (used in) provided by financing activities	(326,213)	998,963
Effect of exchange rate changes on cash and cash equivalents	6,019	2,252
Decrease in cash and cash equivalents	(68,649)	(150,836)
Cash and cash equivalents at beginning of period	395,076	480,529
Cash and cash equivalents at end of period	$ 326,427	$ 329,693

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance April 1, 2023	162,550	$ 1,626	$2,214,963	$8,649,510	$(10,133,480)	$ (132,796)	$ 599,823
Net income	—	—	—	150,554	—	—	150,554
Other comprehensive income	—	—	—	—	—	3,996	3,996
Issuance of common stock for employees:							
Employee Stock Purchase Plan	13	—	3,933	—	—	—	3,933
Stock options exercised	11	—	2,316	—	—	—	2,316
Treasury stock	—	—	—	—	(236)	—	(236)
Stock-based compensation	2	—	10,843	—	—	—	10,843
Balance July 1, 2023	162,576	$ 1,626	$2,232,055	$8,800,064	$(10,133,716)	$ (128,800)	$ 771,229

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance March 30, 2024	162,882	$ 1,629	$2,291,103	$9,253,017	$(10,147,341)	$ (141,883)	$ 1,256,525
Net income	—	—	—	142,737	—	—	142,737
Other comprehensive loss	—	—	—	—	—	(6,319)	(6,319)
Issuance of common stock for employees:							
Employee Stock Purchase Plan	10	—	2,794	—	—	—	2,794
Stock options exercised	32	—	5,060	—	—	—	5,060
Treasury stock	—	—	—	—	(245)	—	(245)
Stock-based compensation	2	—	11,415	—	—	—	11,415
Balance June 29, 2024	162,926	$ 1,629	$2,310,372	$9,395,754	$(10,147,586)	$ (148,202)	$ 1,411,967

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

WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited, in thousands)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance December 31, 2022	162,425	$ 1,624	$2,199,824	$8,508,587	$(10,063,975)	$ (141,572)	$ 504,488
Net income	—	—	—	291,477	—	—	291,477
Other comprehensive income	—	—	—	—	—	12,772	12,772
Issuance of common stock for employees:							
Employee Stock Purchase Plan	21	—	5,933	—	—	—	5,933
Stock options exercised	17	—	3,285	—	—	—	3,285
Treasury stock	—	—	—	—	(69,741)	—	(69,741)
Stock-based compensation	113	2	23,013	—	—	—	23,015
Balance July 1, 2023	162,576	$ 1,626	$2,232,055	$8,800,064	$(10,133,716)	$ (128,800)	$ 771,229

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance December 31, 2023	162,709	$ 1,627	$2,266,265	$9,150,821	$(10,134,252)	$ (134,120)	$ 1,150,341
Net income	—	—	—	244,933	—	—	244,933
Other comprehensive loss	—	—	—	—	—	(14,082)	(14,082)
Issuance of common stock for employees:							
Employee Stock Purchase Plan	18	—	4,790	—	—	—	4,790
Stock options exercised	83	1	17,611	—	—	—	17,612
Treasury stock	—	—	—	—	(13,334)	—	(13,334)
Stock-based compensation	116	1	21,706	—	—	—	21,707
Balance June 29, 2024	162,926	$ 1,629	$2,310,372	$9,395,754	$(10,147,586)	$ (148,202)	$ 1,411,967

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

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1 Basis of Presentation and Summary of Significant Accounting Policies

Waters Corporation (the “Company,” “we,” “our,” or “us”), a global leader in analytical instruments and software, has pioneered innovations in chromatography, mass spectrometry and thermal analysis serving life, materials and food sciences for more than 65 years. The Company primarily designs, manufactures, sells and services high-performance liquid chromatography (“HPLC”), ultra-performance liquid chromatography (“UPLC” and together with HPLC, referred to as “LC”) and mass spectrometry (“MS”) technology systems and support products, including chromatography columns, other consumable products and comprehensive post-warranty service plans. These systems are complementary products that are frequently employed together (“LC-MS”) and sold as integrated instrument systems using common software platforms. LC is a standard technique and is utilized in a broad range of industries to detect, identify, monitor and measure the chemical, physical and biological composition of materials, and to purify a full range of compounds. MS technology, principally in conjunction with chromatography, is employed in drug discovery and development, including clinical trial testing, the analysis of proteins in disease processes (known as “proteomics”), nutritional safety analysis and environmental testing. LC-MS instruments combine a liquid phase sample introduction and separation system with mass spectrometric compound identification and quantification. In addition, the Company designs, manufactures, sells and services thermal analysis, rheometry and calorimetry instruments through its TA Instruments product line. These instruments are used in predicting the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals and viscous liquids for various industrial, consumer goods and healthcare products, as well as for life science research. The Company is also a developer and supplier of advanced software-based products that interface with the Company’s instruments, as well as other manufacturers’ instruments.

On May 16, 2023, the Company completed the acquisition of Wyatt Technology, LLC and its three operating subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. (collectively, “Wyatt”), for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories and services. The acquisition expanded Waters’ portfolio and increased exposure to large molecule applications. The Company financed this transaction with a combination of cash on its balance sheet and borrowings under its Credit Facility (as defined below). The Company’s financial results for the three and six months ended June 29, 2024 include the financial results of Wyatt. The Company’s financial results for the three and six months ended July 1, 2023 only include one-and-a-half months of the financial results of Wyatt as the closing of the acquisition occurred during the second quarter of 2023. In addition, the Company has completed the purchase price allocation for the Wyatt acquisition and there were no material changes as compared to the Company’s preliminary purchase price allocation for the Wyatt acquisition.

The Company’s interim fiscal quarter typically ends on the thirteenth Saturday of each quarter. Since the Company’s fiscal year end is December 31, the first and fourth fiscal quarters may have more or less than thirteen complete weeks. The Company’s second fiscal quarters for 2024 and 2023 ended on June 29, 2024 and July 1, 2023, respectively.

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the instructions in Form 10-Q and do not include all of the information and footnote disclosures required for annual financial statements prepared in accordance with generally accepted accounting principles (“U.S. GAAP”) in the United States of America. The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All inter-company balances and transactions have been eliminated.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent liabilities at the dates of the financial statements. Actual amounts may differ from these estimates under different assumptions or conditions.

It is management’s opinion that the accompanying interim consolidated financial statements reflect all adjustments (which are normal and recurring) that are necessary for a fair statement of the results for the interim periods. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the U.S. Securities and Exchange Commission (“SEC”) on February 27, 2024.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Risks and Uncertainties

The Company is subject to risks common to companies in the analytical instrument industry, including, but not limited to, global economic and financial market conditions, fluctuations in foreign currency exchange rates, fluctuations in customer demand, development by its competitors of new technological innovations, costs of developing new technologies, levels of debt and debt service requirements, risk of disruption, dependence on key personnel, protection and litigation of proprietary technology, shifts in taxable income between tax jurisdictions and compliance with regulations of the U.S. Food and Drug Administration and similar foreign regulatory authorities and agencies.

Translation of Foreign Currencies

The functional currency of each of the Company's foreign operating subsidiaries is the local currency of its country of domicile, except for the Company's subsidiaries in Hong Kong, Singapore and the Cayman Islands, where the underlying transactional cash flows are denominated in currencies other than the respective local currency of domicile. The functional currency of the Hong Kong, Singapore and Cayman Islands subsidiaries is the U.S. dollar, based on the respective entity's cash flows.

For the Company's foreign operations, assets and liabilities are translated into U.S. dollars at exchange rates prevailing on the balance sheet date, while revenues and expenses are translated at average exchange rates prevailing during the respective period. Any resulting translation gains or losses are included in accumulated other comprehensive loss in the consolidated balance sheets.

Cash, Cash Equivalents and Investments

Cash equivalents represent highly liquid investments, with original maturities of 90 days or less, while investments with longer maturities are classified as investments. The Company maintains cash balances in various operating accounts in excess of federally insured limits, and in foreign subsidiary accounts in currencies other than the U.S. dollar. As of June 29, 2024 and December 31, 2023, $290 million out of $327 million and $321 million out of $396 million, respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidiaries. In addition, $228 million out of $327 million and $233 million out of $396 million of cash, cash equivalents and investments were held in currencies other than the U.S. dollar at June 29, 2024 and December 31, 2023, respectively.

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company has very limited use of rebates and other cash considerations payable to customers and, as a result, the transaction price determination does not have any material variable consideration. The Company does not consider there to be significant concentrations of credit risk with respect to trade receivables due to the short-term nature of the balances, the Company having a large and diverse customer base, and the Company having a strong historical experience of collecting receivables with minimal defaults. As a result, credit risk is considered low across territories and trade receivables are considered to be a single class of financial asset. The allowance for credit losses is based on a number of factors and is calculated by applying a historical loss rate to trade receivable aging balances to estimate a general reserve balance along with an additional adjustment for any specific receivables with known or anticipated issues affecting the likelihood of recovery. Past due balances with a probability of default based on historical data as well as relevant available forward-looking information are included in the specific adjustment. The historical loss rate is reviewed on at least an annual basis and the allowance for credit losses is reviewed quarterly for any required adjustments. The Company does not have any off-balance sheet credit exposure related to its customers.

Trade receivables related to instrument sales are collateralized by the instrument that is sold. If there is a risk of default related to a receivable that is collateralized, then the fair value of the collateral is calculated and adjusted for the cost to re-possess, refurbish and re-sell the instrument. This adjusted fair value is compared to the receivable balance and the difference would be recorded as the expected credit loss.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The following is a summary of the activity of the Company's allowance for credit losses for the six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Balance at Beginning of Period	Additions	Deductions and Other	Balance at End of Period
Allowance for Credit Losses				
June 29, 2024	$ 19,335	$ 1,691	$ (6,882)	$ 14,144
July 1, 2023	$ 14,311	$ 3,075	$ (2,432)	$ 14,954

Fair Value Measurements

In accordance with the accounting standards for fair value measurements and disclosures, certain of the Company's assets and liabilities are measured at fair value on a recurring basis as of June 29, 2024 and December 31, 2023. Fair values determined by Level 1 inputs utilize observable data, such as quoted prices in active markets. Fair values determined by Level 2 inputs utilize data points other than quoted prices in active markets that are observable either directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points for which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at June 29, 2024 (in thousands):

	Total at June 29, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Time deposits	$ 934	$ —	$ 934	$ —
Waters 401(k) Restoration Plan assets	30,158	30,158	—	—
Foreign currency exchange contracts	128	—	128	—
Interest rate cross-currency swap agreements	6,010	—	6,010	—
Interest rate swap cash flow hedge	206	—	206	—
Total	$37,436	$ 30,158	$ 7,278	$ —
Liabilities:				
Foreign currency exchange contracts	$ 86	$ —	$ 86	$ —
Interest rate cross-currency swap agreements	2,837	—	2,837	—
Interest rate swap cash flow hedge	519	—	519	—
Total	$ 3,442	$ —	$ 3,442	$ —

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The following table represents the Company's assets and liabilities measured at fair value on a recurring basis at December 31, 2023 (in thousands):

	Total at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Time deposits	$ 898	$ —	$ 898	$ —
Waters 401(k) Restoration Plan assets	28,995	28,995	—	—
Foreign currency exchange contracts	183	—	183	—
Interest rate cross-currency swap agreements	4,835	—	4,835	—
Total	$ 34,911	$ 28,995	$ 5,916	$ —
Liabilities:				
Foreign currency exchange contracts	207	—	207	—
Interest rate cross-currency swap agreements	13,384	—	13,384	—
Interest rate swap cash flow hedge	2,974	—	2,974	—
Total	$ 16,565	$ —	$ 16,565	$ —

Fair Value of 401(k) Restoration Plan Assets

The 401(k) Restoration Plan is a nonqualified defined contribution plan and the assets were held in registered mutual funds and have been classified as Level 1. The fair values of the assets in the plan are determined through market and observable sources from daily quoted prices on nationally recognized securities exchanges.

Fair Value of Cash Equivalents, Investments, Foreign Currency Exchange Contracts, Interest Rate Cross-Currency Swap Agreements and Interest Rate Swap Cash Flow Hedges

The fair values of the Company's cash equivalents, investments, foreign currency exchange contracts, interest rate cross-currency swap agreements and interest rate swap cash flow hedges are determined through market and observable sources and have been classified as Level 2. These assets and liabilities have been initially valued at the transaction price and subsequently valued, typically utilizing third-party pricing services. The pricing services use many inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer quotes, current spot rates and other industry and economic events. The Company validates the prices provided by third-party pricing services by reviewing their pricing methods and obtaining market values from other pricing sources.

Fair Value of Other Financial Instruments

The Company's accounts receivable and accounts payable are recorded at cost, which approximates fair value due to their short-term nature. The carrying value of the Company's variable interest rate debt approximates fair value due to the variable nature of the interest rate. The carrying value of the Company's fixed interest rate debt was $1.3 billion at both June 29, 2024 and December 31, 2023. The fair value of the Company's fixed interest rate debt was estimated using discounted cash flow models, based on estimated current rates offered for similar debt under current market conditions for the Company. The fair value of the Company's fixed interest rate debt was estimated to be $1.1 billion and $1.2 billion at June 29, 2024 and December 31, 2023, respectively, using Level 2 inputs.

Derivative Transactions

The Company is a global company that operates in over 35 countries and, as a result, the Company's net sales, cost of sales, operating expenses and balance sheet amounts are significantly impacted by fluctuations in foreign currency exchange rates. The Company is exposed to currency price risk on foreign currency exchange rate fluctuations when it translates its non-U.S. dollar foreign subsidiaries' financial statements into U.S. dollars and when any of the Company's subsidiaries purchase or sell products or services in a currency other than its own currency.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The Company's principal strategies in managing exposures to changes in foreign currency exchange rates are to (1) naturally hedge the foreign-currency-denominated liabilities on the Company's balance sheet against corresponding assets of the same currency, such that any changes in liabilities due to fluctuations in foreign currency exchange rates are typically offset by corresponding changes in assets and (2) mitigate foreign exchange risk exposure of international operations by hedging the variability in the movement of foreign currency exchange rates on a portion of its euro-denominated and yen-denominated net asset investments. The Company presents the derivative transactions in financing activities in the statement of cash flows.

Foreign Currency Exchange Contracts

The Company does not specifically enter into any derivatives that hedge foreign-currency-denominated operating assets, liabilities or commitments on its balance sheet, other than a portion of certain third-party accounts receivable and accounts payable, and the Company's net worldwide intercompany receivables and payables, which are eliminated in consolidation. The Company periodically aggregates its net worldwide balances by currency and then enters into foreign currency exchange contracts that mature within 90 days to hedge a portion of the remaining balance to minimize some of the Company's currency price risk exposure. The foreign currency exchange contracts are not designated for hedge accounting treatment. Principal hedged currencies include the euro, Japanese yen, British pound, Mexican peso and Brazilian real.

Cash Flow Hedges

The Company's Credit Facility is a variable borrowing and has interest payments based on a contractually specified interest rate index. The contractually specified index on the Credit Facility is the 3-month Term SOFR. The variable rate interest payments create interest risk for the Company as interest payments will fluctuate based on changes in the contractually specified interest rate index over the life of the Credit Facility. In order to reduce interest rate risk, the Company enters into interest rate swaps that will effectively lock-in the forecasted interest payments on the variable rate borrowing over its term. The interest rate swaps represent cash flow hedges and are assessed for hedge effectiveness each reporting period. When the hedge relationship is highly effective at achieving offsetting changes in cash flows, the Company will record the entire change in fair value of the interest rate swaps in accumulated other comprehensive loss. The amount in accumulated other comprehensive loss is reclassified to income in the period that the underlying transaction impacts consolidated income. If it becomes probable that the forecasted transaction will not occur, the hedge relationship will be de-designated and amounts accumulated in other comprehensive loss will be reclassified to income in the current period. Interest settlements due to benchmark interest rate changes are recorded in interest income or interest expense. For the six months ended June 29, 2024, the Company did not have any cash flow hedges that were deemed ineffective.

Interest Rate Cross-Currency Swap Agreements

As of June 29, 2024, the Company had entered into interest rate cross-currency swap derivative agreements with durations up to three years with an aggregate notional value of $625 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its euro-denominated and yen-denominated net asset investments. Under hedge accounting, the change in fair value of the derivative that relates to changes in the foreign currency spot rate are recorded in the currency translation adjustment in other comprehensive income and remain in accumulated other comprehensive loss in stockholders' equity until the sale or substantial liquidation of the foreign operation. The difference between the interest rate received and paid under the interest rate cross-currency swap derivative agreement is recorded in interest income in the statement of operations.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The Company's foreign currency exchange contracts, interest rate cross-currency swap agreements and interest rate swap agreements designated as cash flow hedges are included in the consolidated balance sheets are classified as follows (in thousands):

	June 29, 2024		December 31, 2023	
	Notional Value	Fair Value	Notional Value	Fair Value
Foreign currency exchange contracts:				
Other current assets	$ 16,000	$ 128	$ 24,155	$ 183
Other current liabilities	$ 24,428	$ 86	$ 16,000	$ 207
Interest rate cross-currency swap agreements:				
Other assets	$405,000	$ 6,010	$220,000	$ 4,835
Other liabilities	$220,000	$ 2,837	$405,000	$ 13,384
Accumulated other comprehensive income (loss)		$ 13,589		$ (7,975)
Interest rate swap cash flow hedges:				
Other assets	$ 50,000	$ 206	$ —	$ —
Other liabilities	$ 50,000	$ 519	$100,000	$ 2,974
Accumulated other comprehensive loss		$ (314)		$ (2,974)

The following is a summary of the activity included in the consolidated statements of operations and statements of comprehensive income related to the foreign currency exchange contracts, interest rate cross-currency swap agreements and interest rate swap agreements designated as cash flow hedges (in thousands):

	Financial Statement Classification	Three Months Ended		Six Months Ended	
		June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Foreign currency exchange contracts:					
Realized gains on closed contracts	Cost of sales	$ 794	$ 675	$ 1,051	$ 705
Unrealized gains (losses) on open contracts	Cost of sales	117	(213)	66	(291)
Cumulative net pre-tax gains	Cost of sales	$ 911	$ 462	$ 1,117	$ 414
Interest rate cross-currency swap agreements:					
Interest earned	Interest income	$2,590	$ 2,673	$ 5,127	$ 5,328
Unrealized gains (losses) on open contracts	Other comprehensive income	$6,647	$ (1,400)	$21,564	$ (8,656)
Interest rate swap cash flow hedges:					
Interest earned	Interest income	$ 278	$ —	$ 574	$ —
Unrealized gains (losses) on open contracts	Other comprehensive income	$ 551	$ —	$ 2,660	$ —

Stockholders' Equity

In December 2023, the Company's Board of Directors authorized the extension of its existing share repurchase program through January 21, 2025. The Company's remaining authorization is $1.0 billion. During the six months ended July 1, 2023, the Company repurchased 0.2 million shares of the Company's outstanding common stock at a cost of $58 million under the Company's share repurchase program. The Company did not make any open market share repurchases in 2024. In addition, the Company repurchased $13 million and $11 million of common stock related to the vesting of restricted stock units during the six months ended June 29, 2024 and July 1, 2023, respectively.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

Product Warranty Costs

The Company accrues estimated product warranty costs at the time of sale, which are included in cost of sales in the consolidated statements of operations. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, the Company's warranty obligation is affected by product failure rates, material usage and service delivery costs incurred in correcting a product failure. The amount of the accrued warranty liability is based on historical information, such as past experience, product failure rates, number of units repaired and estimated costs of material and labor. The liability is reviewed for reasonableness at least quarterly.

The following is a summary of the activity of the Company's accrued warranty liability for the six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Balance at Beginning of Period	Accruals for Warranties	Settlements Made	Balance at End of Period
Accrued warranty liability:				
June 29, 2024	$ 12,050	$ 1,880	$ (3,493)	$ 10,437
July 1, 2023	$ 11,949	$ 3,983	$ (3,523)	$ 12,409

Restructuring

In March 2024, the Company had a reduction in workforce that impacted approximately 2% of the Company's employees, primarily in China, where there had been a significant decline in sales as a result of lower customer demand, which resulted in the Company incurring approximately $8 million of severance-related costs. During the six months ended June 29, 2024, the Company paid $11 million of severance-related costs in connection with the workforce reductions that occurred in March 2024 and July 2023, with the majority of the remaining costs to be paid in the second half of 2024. The accrued restructuring expense was approximately $4 million at June 29, 2024 and $8 million at December 31, 2023 and included in other current liabilities on the consolidated balance sheets.

Subsequent Event

On July 12, 2024 the Company entered into a private Master Note Facility Agreement (the "Shelf Agreement") pursuant to which the Company may, at its option, authorize the issuance and sale of senior promissory notes (the "Shelf Notes") up to an aggregate principal amount of $200 million. The purchase of any Shelf Notes is in the sole discretion of NYL Investors LLC. Any Shelf Notes sold or issued pursuant to the Shelf Agreement will mature no more than 15 years after the issuance date and will bear interest on the unpaid balance from the issuance date at the rates specified in the Shelf Agreement. As of July 31, 2024 the Company has not issued any Shelf Notes under the Shelf Agreement.

2 Revenue Recognition

The Company's deferred revenue liabilities in the consolidated balance sheets consist of the obligation on instrument service contracts and customer payments received in advance, prior to transfer of control of the instrument. The Company records deferred revenue primarily related to its service contracts, where consideration is billable at the beginning of the service period.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The following is a summary of the activity of the Company’s deferred revenue and customer advances for the six months ended June 29, 2024 and July 1, 2023 (in thousands):

	June 29, 2024	July 1, 2023
Balance at the beginning of the period	$ 323,516	$ 285,175
Recognition of revenue included in balance at beginning of the period	(192,050)	(176,508)
Revenue deferred during the period, net of revenue recognized	251,599	284,863
Balance at the end of the period	$ 383,065	$ 393,530

The Company classified $66 million and $67 million of deferred revenue and customer advances in other long-term liabilities at June 29, 2024 and December 31, 2023, respectively.

The amount of deferred revenue and customer advances equals the transaction price allocated to unfulfilled performance obligations for the period presented. Such amounts are expected to be recognized in the future as follows (in thousands):

	June 29, 2024
Deferred revenue and customer advances expected to be recognized in:	
One year or less	$ 316,933
13-24 months	41,395
25 months and beyond	24,737
Total	$ 383,065

3 Marketable Securities

The Company’s marketable securities within cash equivalents and investments included in the consolidated balance sheets consist of time deposits that mature in one year or less with an amortized cost and a fair value of $0.9 million at both June 29, 2024 and December 31, 2023.

4 Inventories

Inventories are classified as follows (in thousands):

	June 29, 2024	December 31, 2023
Raw materials	$ 236,091	$ 233,952
Work in progress	24,976	20,198
Finished goods	261,860	262,086
Total inventories	$ 522,927	$ 516,236

5 Goodwill and Other Intangibles

The carrying amount of goodwill was $1.3 billion at both June 29, 2024 and December 31, 2023.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

The Company's intangible assets included in the consolidated balance sheets are detailed as follows (dollars in thousands):

	June 29, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period
Capitalized software	$ 657,175	$ 499,290	5 years	$ 660,273	$ 495,317	5 years
Purchased intangibles	611,721	218,781	10 years	614,357	197,154	10 years
Trademarks	9,680	—	—	9,680	—	—
Licenses	14,665	9,029	7 years	14,798	8,429	7 years
Patents and other intangibles	114,537	84,280	8 years	111,962	80,983	8 years
Total	$1,407,778	$ 811,380	7 years	$1,411,070	$ 781,883	7 years

The Company capitalized intangible assets in the amounts of $10 million and $431 million in the three months ended June 29, 2024 and July 1, 2023, respectively, and $20 million and $445 million in the six months ended June 29, 2024 and July 1, 2023, respectively. The increases in intangible assets in the three and six months ended July 1, 2023 were a result of the Wyatt acquisition.

The gross carrying value of intangible assets and accumulated amortization for intangible assets decreased by $23 million and $22 million, respectively, in the six months ended June 29, 2024 due to the effects of foreign currency translation.

Amortization expense for intangible assets was $25 million and $18 million for the three months ended June 29, 2024 and July 1, 2023. Amortization expense for intangible assets was $51 million and $30 million for the six months ended June 29, 2024 and July 1, 2023, respectively. Amortization expense for intangible assets is estimated to be $105 million per year for each of the next five years.

6 Debt

The Company has a five-year, $2.0 billion revolving credit facility (the "Credit Facility") that matures in September 2026. As of June 29, 2024 and December 31, 2023, the Credit Facility had a total of $0.8 billion and $1.1 billion outstanding, respectively.

The interest rates applicable under the Credit Facility are, at the Company's option, equal to either the alternate base rate (which is a rate per annum equal to the greatest of (1) the prime rate in effect on such day, (2) the Federal Reserve Bank of New York Rate on such day plus ½ of 1% per annum and (3) the adjusted Term SOFR rate for a one-month interest period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a U.S. Government Securities Business Day, the immediately preceding U.S. Government Securities Business Day), plus 1% annum) or the applicable 1, 3 or 6 month adjusted Term SOFR or EURIBO rate for euro-denominated loans, in each case, plus an interest rate margin based upon the Company's leverage ratio, which can range between 0 and 12.5 basis points for alternate base rate loans and between 80 and 112.5 basis points for Term SOFR or EURIBO rate loans. The facility fee on the Credit Facility ranges between 7.5 and 25 basis points per annum, based on the leverage ratio, of the amount of the revolving facility commitments and the outstanding term loan. The Credit Facility requires that the Company comply with an interest coverage ratio test of not less than 3.50:1 as of the end of any fiscal quarter for any period of four consecutive fiscal quarters and a leverage ratio test of not more than 3.50:1 as of the end of any fiscal quarter. In addition, the Credit Facility includes negative covenants, affirmative covenants, representations and warranties and events of default that are customary for investment grade credit facilities.

As of both June 29, 2024 and December 31, 2023, the Company had a total of $1.3 billion of outstanding senior unsecured notes. Interest on the fixed rate senior unsecured notes is payable semi-annually each year. Interest on the floating rate senior unsecured notes is payable quarterly. The Company may prepay all or some of the senior unsecured notes at any time in an amount not less than 10% of the aggregate principal amount outstanding. In the event of a

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

change in control of the Company (as defined in the note purchase agreement), the Company may be required to prepay the senior unsecured notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest. These senior unsecured notes require that the Company comply with an interest coverage ratio test of not less than 3.50:1 for any period of four consecutive fiscal quarters and a leverage ratio test of not more than 3.50:1 as of the end of any fiscal quarter. In addition, these senior unsecured notes include customary negative covenants, affirmative covenants, representations and warranties and events of default.

The Company had the following outstanding debt at June 29, 2024 and December 31, 2023 (in thousands):

	June 29, 2024	December 31, 2023
Senior unsecured notes - Series G - 3.92%, due June 2024	—	50,000
Total notes payable and debt, current	—	50,000

Senior unsecured notes - Series K - 3.44%, due May 2026	160,000	160,000
Senior unsecured notes - Series L - 3.31%, due September 2026	200,000	200,000
Senior unsecured notes - Series M - 3.53%, due September 2029	300,000	300,000
Senior unsecured notes - Series N - 1.68%, due March 2026	100,000	100,000
Senior unsecured notes - Series O - 2.25%, due March 2031	400,000	400,000
Senior unsecured notes - Series P - 4.91%, due May 2028	50,000	50,000
Senior unsecured notes - Series Q - 4.91%, due May 2030	50,000	50,000
Credit agreement	750,000	1,050,000
Unamortized debt issuance costs	(3,991)	(4,487)
Total long-term debt	2,006,009	2,305,513
Total debt	$ 2,006,009	$ 2,355,513

As of June 29, 2024 and December 31, 2023, the Company had a total amount available to borrow under the Credit Facility of $1.2 billion and $0.9 billion, respectively, after outstanding letters of credit. The weighted-average interest rates applicable to the senior unsecured notes and credit agreement borrowings collectively were 4.44% and 4.69% at June 29, 2024 and December 31, 2023, respectively. As of June 29, 2024, the Company was in compliance with all debt covenants.

The Company and its foreign subsidiaries also had available short-term lines of credit totaling $111 million and $114 million at June 29, 2024 and December 31, 2023, respectively, for the purpose of short-term borrowing and issuance of commercial guarantees. None of the Company’s foreign subsidiaries had outstanding short-term borrowings as of June 29, 2024 or December 31, 2023.

7 Income Taxes

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the U.K. and Singapore, where the statutory tax rates were 21%, 12.5%, 25% and 17%, respectively, as of June 29, 2024. The Company has a Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% on certain types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the concessionary income tax rate rather than the statutory tax rate to income arising from qualifying activities in Singapore increased the Company’s net income for the six months ended June 29, 2024 and July 1, 2023 by $5 million and $7 million, respectively, and increased the Company’s net income per diluted share by $0.09 and $0.11, respectively.

The Company’s effective tax rate for the three months ended June 29, 2024 and July 1, 2023 was 15.7% and 16.5%, respectively. The decrease between the effective tax rates can be primarily attributed to a higher tax benefit related to stock-based compensation in the three months ended June 29, 2024, with the remaining difference due to the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

The Company's effective tax rate for the six months ended June 29, 2024 and July 1, 2023 was 13.8% and 15.6%, respectively. The decrease between the effective tax rates can primarily be attributed to a higher tax benefit related to stock-based compensation in 2024, the impact of discrete tax benefits in the current year and differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

The Company accounts for its uncertain tax return positions in accordance with the accounting standards for income taxes, which require financial statement reporting of the expected future tax consequences of uncertain tax reporting positions on the presumption that all concerned tax authorities possess full knowledge of those tax reporting positions, as well as all of the pertinent facts and circumstances, but prohibit any discounting of unrecognized tax benefits associated with those reporting positions for the time value of money. The Company continues to classify interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes.

The Company's gross unrecognized tax benefits, excluding interest and penalties, at June 29, 2024 and July 1, 2023 were $15 million and $30 million, respectively. With limited exceptions, the Company is no longer subject to tax audit examinations in significant jurisdictions for the years ended on or before December 31, 2018. The Company continuously monitors the lapsing of statutes of limitations on potential tax assessments for related changes in the measurement of unrecognized tax benefits, related net interest and penalties, and deferred tax assets and liabilities.

Effective in 2024, various foreign jurisdictions began implementing aspects of the guidance issued by the Organization for Economic Co-operation and Development related to the new Pillar Two system of global minimum tax rules. These changes in tax law did not have a material impact on the Company's financial position, results of operations and cash flows for the three and six months ended June 29, 2024. The Company continues to monitor the adoption of the Pillar Two rules in additional jurisdictions.

8 Litigation

From time to time, the Company and its subsidiaries are involved in various litigation matters arising in the ordinary course of business. The Company believes it has meritorious arguments in its current litigation matters and believes any outcome, either individually or in the aggregate, will not be material to the Company's financial position, results of operations or cash flows. During the six months ended June 29, 2024, the Company recorded and paid $10 million of patent litigation settlement and related costs.

9 Other Commitments and Contingencies

The Company licenses certain technology and software from third parties in the course of ordinary business. Future minimum license fees payable under existing license agreements as of June 29, 2024 are immaterial for the years ended December 31, 2024 and thereafter.

The Company enters into standard indemnification agreements in its ordinary course of business. Pursuant to these agreements, the Company indemnifies, holds harmless and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party, generally the Company's business partners or customers, in connection with patent, copyright or other intellectual property infringement claims by any third party with respect to its current products, as well as claims relating to property damage or personal injury resulting from the performance of services by the Company or its subcontractors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. Historically, the Company's costs to defend lawsuits or settle claims relating to such indemnity agreements have been minimal and management accordingly believes the estimated fair value of these agreements is immaterial.

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10 Earnings Per Share

Basic and diluted EPS calculations are detailed as follows (in thousands, except per share data):

	Three Months Ended June 29, 2024		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 142,737	59,339	$ 2.41
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	112	(0.01)
Net income per diluted common share	$ 142,737	59,451	$ 2.40

	Three Months Ended July 1, 2023		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 150,554	58,857	$ 2.56
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	153	(0.01)
Net income per diluted common share	$ 150,554	59,010	$ 2.55

	Six Months Ended June 29, 2024		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 244,933	59,287	$ 4.13
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	158	(0.01)
Net income per diluted common share	$ 244,933	59,445	$ 4.12

	Six Months Ended July 1, 2023		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per Share Amount
Net income per basic common share	$ 291,477	58,703	$ 4.97
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	206	(0.02)
Net income per diluted common share	$ 291,477	58,909	$ 4.95

The Company had 270 thousand and 128 thousand stock options that were antidilutive due to having higher exercise prices than the Company's average stock price during the three and six months ended June 29, 2024, respectively. For the three and six months ended July 1, 2023, the Company had 362 thousand and 260 thousand stock options that were antidilutive, respectively. These securities were not included in the computation of diluted EPS. The effect of dilutive securities was calculated using the treasury stock method.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

11 Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss are detailed as follows (in thousands):

	Currency Translation	Unrealized Loss on Retirement Plans	Unrealized Loss on Derivative Instruments	Accumulated Other Comprehensive Loss
Balance at December 31, 2023	$(128,359)	$ (3,501)	$ (2,260)	$ (134,120)
Other comprehensive income (loss), net of tax	(16,215)	111	2,022	(14,082)
Balance at June 29, 2024	$(144,574)	$ (3,390)	$ (238)	$ (148,202)

12 Business Segment Information

The Company's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the Company determined that it has two operating segments: Waters™ and TA™.

The Waters operating segment is primarily in the business of designing, manufacturing, selling and servicing LC and MS instruments, columns and other precision chemistry consumables that can be integrated and used along with other analytical instruments. Operations of the Wyatt business are part of the Waters operating segment. The TA operating segment is primarily in the business of designing, manufacturing, selling and servicing thermal analysis, rheometry and calorimetry instruments. The Company's two operating segments have similar economic characteristics; product processes; products and services; types and classes of customers; methods of distribution; and regulatory environments. Because of these similarities, the two segments have been aggregated into one reporting segment for financial statement purposes.

Net sales for the Company's products and services are as follows for the three and six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Product net sales:				
Waters instrument systems	$ 235,228	$ 279,940	$ 426,487	$ 524,151
Chemistry consumables	141,085	135,919	275,292	269,434
TA instrument systems	58,831	62,067	109,516	120,798
Total product sales	435,144	477,926	811,295	914,383
Service net sales:				
Waters service	246,248	237,376	482,681	461,725
TA service	27,137	25,274	51,392	49,142
Total service sales	273,385	262,650	534,073	510,867
Total net sales	$ 708,529	$ 740,576	$ 1,345,368	$1,425,250

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited) – (Continued)

Net sales are attributable to geographic areas based on the region of destination. Geographic sales information is presented below for the three and six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net Sales:				
Asia:				
China	$ 100,105	$ 114,981	$ 185,850	$ 231,046
Japan	33,352	37,380	68,899	83,874
Asia Other	103,974	102,262	190,241	192,784
Total Asia	237,431	254,623	444,990	507,704
Americas:				
United States	231,931	238,955	434,770	441,260
Americas Other	42,537	43,972	80,869	88,088
Total Americas	274,468	282,927	515,639	529,348
Europe	196,630	203,026	384,739	388,198
Total net sales	$ 708,529	$ 740,576	$ 1,345,368	$1,425,250

Net sales by customer class are as follows for the three and six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Pharmaceutical	$ 415,747	$ 426,744	$ 789,954	$ 811,642
Industrial	221,385	229,655	416,719	439,305
Academic and government	71,397	84,177	138,695	174,303
Total net sales	$ 708,529	$ 740,576	$ 1,345,368	$1,425,250

Net sales for the Company recognized at a point in time versus over time are as follows for the three and six months ended June 29, 2024 and July 1, 2023 (in thousands):

	Three Months Ended		Six Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales recognized at a point in time:				
Instrument systems	$ 294,059	$ 342,007	$ 536,003	$ 644,949
Chemistry consumables	141,085	135,919	275,292	269,434
Service sales recognized at a point in time (time & materials)	92,075	92,711	175,400	180,918
Total net sales recognized at a point in time	527,219	570,637	986,695	1,095,301
Net sales recognized over time:				
Service and software maintenance sales recognized over time (contracts)	181,310	169,939	358,673	329,949
Total net sales	$ 708,529	$ 740,576	$ 1,345,368	$1,425,250

13 Recent Accounting Standard Changes and Developments

Recently Issued Accounting Standards

There were no additions to the new accounting pronouncements not yet adopted as described in our Annual Report on Form 10-K for the year ended December 31, 2023. Other amendments to U.S. GAAP that have been issued by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on our condensed consolidated financial statements upon adoption.

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

Business Overview

The Company has two operating segments: Waters™ and TA™. Waters products and services primarily consist of high-performance liquid chromatography ("HPLC"), ultra-performance liquid chromatography ("UPLC™" and, together with HPLC, referred to as "LC"), mass spectrometry ("MS"), light scattering and field-flow fractionation instruments (Wyatt), and precision chemistry consumable products and related services. TA products and services primarily consist of thermal analysis, rheometry and calorimetry instrument systems and service sales. The Company's products are used by pharmaceutical, biochemical, industrial, nutritional safety, environmental, academic and government customers. These customers use the Company's products to detect, identify, monitor and measure the chemical, physical and biological composition of materials and to predict the suitability and stability of fine chemicals, pharmaceuticals, water, polymers, metals and viscous liquids in various industrial, consumer goods and healthcare products.

Wyatt Acquisition

On May 16, 2023, the Company completed the acquisition of Wyatt Technology, LLC and its three operating subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. (collectively, "Wyatt"), for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories, and services. The acquisition expanded Waters' portfolio and increase exposure to large molecule applications. The Company financed this transaction with a combination of cash on its balance sheet and borrowings under its revolving credit facility. The Company's financial results for the three and six months ended June 29, 2024 include the financial results of Wyatt. The Company's financial results for the three and six months ended July 1, 2023 only include one-and-a-half months of Wyatt's financial results as the closing of the acquisition occurred during the second quarter of 2023.

Financial Overview

The Company's operating results are as follows for the three and six months ended June 29, 2024 and July 1, 2023 (dollars in thousands, except per share data):

	Three Months Ended			Six Months Ended		
	June 29, 2024	**July 1, 2023**	***% change***	**June 29, 2024**	**July 1, 2023**	***% change***
Revenues:						
Product sales	$435,144	$477,926	*(9%)*	$ 811,295	$ 914,383	*(11%)*
Service sales	273,385	262,650	*4%*	534,073	510,867	*5%*
Total net sales	708,529	740,576	*(4%)*	1,345,368	1,425,250	*(6%)*
Costs and operating expenses:						
Cost of sales	288,244	301,076	*(4%)*	550,030	585,456	*(6%)*
Selling and administrative expenses	173,247	186,953	*(7%)*	347,783	368,909	*(6%)*
Research and development expenses	46,182	45,873	*1%*	90,777	88,564	*2%*
Purchased intangibles amortization	11,744	6,815	*72%*	23,578	8,294	*184%*
Litigation provision	—	—	—	10,242	—	*100%*
Operating income	189,112	199,859	*(5%)*	322,958	374,027	*(14%)*
Operating income as a % of sales	*26.7%*	*27.0%*		*24.0%*	*26.2%*	
Other income, net	(302)	(352)	*(14%)*	1,957	1,036	*89%*
Interest expense, net	(19,398)	(19,232)	*1%*	(40,647)	(29,615)	*37%*
Income before income taxes	169,412	180,275	*(6%)*	284,268	345,448	*(18%)*
Provision for income taxes	26,675	29,721	*(10%)*	39,335	53,971	*(27%)*
Net income	$142,737	$150,554	*(5%)*	$ 244,933	$ 291,477	*(16%)*
Net income per diluted common share	$ 2.40	$ 2.55	*(6%)*	$ 4.12	$ 4.95	*(17%)*

The Company’s net sales decreased 4% in the second quarter of 2024, as compared to the second quarter of 2023, with foreign currency translation decreasing total sales growth by 2%. For the first half of 2024, the Company’s net sales decreased 6% with the effect of foreign currency translation decreasing sales growth by 1% as compared to the first half of 2023. In both the second quarter and first half of 2024, the Company’s net sales were negatively impacted by our customers delaying the purchase of our instrument systems as they remained cautious with their capital spending during the first half of 2024. The Wyatt acquisition increased sales growth by 2% and 3% for the second quarter and first half of 2024, respectively. In addition, the Company’s first half of 2024 had one less calendar day than the first half of 2023. At current foreign currency exchange rates, the Company expects that foreign currency translation will have a negative impact on sales for the remainder of 2024.

Instrument system sales decreased 14% and 17% for the second quarter and first half of 2024, respectively, primarily driven by weaker customer demand across all major regions. The decline in instrument system sales was broad-based across all of our instrument systems and was led by our mass spectrometry instrument systems, which are higher priced instruments that are significantly impacted by the timing and level of funding our academic and government customers receive. The Wyatt acquisition increased instrument system sales growth by 4% for both the second quarter and first half of 2024. Foreign currency translation decreased instrument system sales growth by 1% in the second quarter of 2024 but had no impact in the first half of 2024.

Recurring revenues (combined sales of precision chemistry consumables and services) increased 4% for both the second quarter and first half of 2024, with foreign currency translation decreasing sales growth by 2% in both the second quarter and first half of 2024. Service revenues increased 4% and 5% for the second quarter and first half of 2024, respectively. Wyatt contributed 1% and 2% to service revenue growth for the second quarter and first half of 2024, respectively. Chemistry sales growth increased 4% and 2% for the second quarter and first half of 2024, respectively, and was impacted by the lower customer demand in China for our products.

Operating income decreased for the second quarter and first half of 2024, primarily due to lower sales volume as well as the Wyatt acquisition-related retention expenses and purchased intangibles amortization, which collectively decreased operating income by 8% and 10%, respectively. In addition, operating income for the first half of 2024 was impacted by first quarter of 2024 severance-related costs associated with a workforce reduction primarily in China and a litigation settlement, which collectively decreased operating income by 5%. These costs were partially offset by cost savings from recent workforce reductions and the absence of transaction costs related to the Wyatt acquisition. The negative effect of foreign currency translation lowered operating income by approximately $9 million and $16 million for the second quarter and first half of 2024, respectively.

The Company generated $317 million and $215 million of net cash from operating activities in the first half of 2024 and 2023, respectively, with the $102 million increase being attributable to lower annual incentive bonus payments and an improvement in working capital in the current year. Net cash used in investing activities included capital expenditures related to property, plant, equipment and software capitalization of $65 million and $81 million in the first half of 2024 and 2023, respectively.

Results of Operations

Sales by Geography

Geographic sales information is presented below for the three and six months ended June 29, 2024 and July 1, 2023 (dollars in thousands):

	Three Months Ended			Six Months Ended		
	June 29, 2024	July 1, 2023	% change	June 29, 2024	July 1, 2023	% change
Net Sales:						
Asia:						
China	$100,105	$ 114,981	(13%)	$ 185,850	$ 231,046	(20%)
Japan	33,352	37,380	(11%)	68,899	83,874	(18%)
Asia Other	103,974	102,262	2%	190,241	192,784	(1%)
Total Asia	237,431	254,623	(7%)	444,990	507,704	(12%)
Americas:						
United States	231,931	238,955	(3%)	434,770	441,260	(1%)
Americas Other	42,537	43,972	(3%)	80,869	88,088	(8%)
Total Americas	274,468	282,927	(3%)	515,639	529,348	(3%)
Europe	196,630	203,026	(3%)	384,739	388,198	(1%)
Total net sales	$708,529	$ 740,576	(4%)	$ 1,345,368	$1,425,250	(6%)

Geographically, the decline in the Company's sales in the second quarter and first half of 2024 was broad-based across most major regions, led by China and Japan, while sales in India increased 11% and 13% in the second quarter and first half of 2024, respectively. The broad-based decline in sales can be attributed to the lower demand for our instrument systems as customers delayed the purchase of these products. Excluding China sales, the Company's sales declined 3% for both the second quarter and first half of 2024. Foreign currency translation decreased sales growth in Asia by 5% and 4% for the second quarter and first half of 2024 respectively. Foreign currency translation decreased sales growth in Japan by 12% and 9% for the second quarter and first half of 2024, respectively.

Sales by Trade Class

Net sales by customer class are presented below for the three and six months ended June 29, 2024 and July 1, 2023 (dollars in thousands):

	Three Months Ended			Six Months Ended		
	June 29, 2024	July 1, 2023	% change	June 29, 2024	July 1, 2023	% change
Pharmaceutical	$415,747	$ 426,744	(3%)	$ 789,954	$ 811,642	(3%)
Industrial	221,385	229,655	(4%)	416,719	439,305	(5%)
Academic and government	71,397	84,177	(15%)	138,695	174,303	(20%)
Total net sales	$708,529	$ 740,576	(4%)	$1,345,368	$1,425,250	(6%)

During the second quarter of 2024, sales to pharmaceutical customers decreased 3%, as growth in India was offset by weakness across most other major regions, with foreign currency translation decreasing pharmaceutical sales growth by 2% and Wyatt contributing 3% to the Company's pharmaceutical sales growth. Combined sales to industrial customers, which include material characterization, food, environmental and fine chemical markets, decreased 4% in the second quarter of 2024, with foreign currency translation decreasing sales growth by 1% and Wyatt contributing 1% to industrial sales growth. Combined sales to academic and government customers decreased 15% in the second quarter of 2024, with foreign currency translation decreasing sales growth by 1% and Wyatt contributing 2% to the Company's academic and government sales growth.

During the first half of 2024, sales to pharmaceutical customers decreased 3%, primarily driven by weakness in customer demand in China, with foreign currency translation decreasing pharmaceutical sales growth by 1% and Wyatt contributing 4%. Combined sales to industrial customers decreased 5%, with foreign currency translation decreasing sales growth by 1% and Wyatt contributing 1% to industrial sales growth. Sales to our academic and government customers are highly dependent on when institutions receive funding to purchase our instrument systems and, as such, sales can vary significantly from period to period. Combined sales to academic and government customers decreased 20%, with foreign currency translation having minimal impact on sales growth and Wyatt contributing 3% to the Company's academic and government sales growth. This overall decline in sales of 20% to our academic and government customers in the first half of 2024 compares to a 30% increase in academic and government sales in the first half of 2023, which represents a two-year compound annual growth rate of 2%.

Waters Products and Services Net Sales

Net sales for Waters products and services were as follows for the three and six months ended June 29, 2024 and July 1, 2023 (dollars in thousands):

	Three Months Ended				
	June 29, 2024	% of Total	July 1, 2023	% of Total	% change
Waters instrument systems	$ 235,228	*38%*	$ 279,940	*43%*	*(16%)*
Chemistry consumables	141,085	*22%*	135,919	*21%*	*4%*
Total Waters product sales	376,313	*60%*	415,859	*64%*	*(10%)*
Waters service	246,248	*40%*	237,376	*36%*	*4%*
Total Waters net sales	$ 622,561	*100%*	$ 653,235	*100%*	*(5%)*

	Six Months Ended				
	June 29, 2024	% of Total	July 1, 2023	% of Total	% change
Waters instrument systems	$ 426,487	*36%*	$ 524,151	*42%*	*(19%)*
Chemistry consumables	275,292	*23%*	269,434	*21%*	*2%*
Total Waters product sales	701,779	*59%*	793,585	*63%*	*(12%)*
Waters service	482,681	*41%*	461,725	*37%*	*5%*
Total Waters net sales	$ 1,184,460	*100%*	$1,255,310	*100%*	*(6%)*

Waters products and service sales decreased 5% and 6% for the second quarter and first half of 2024, respectively, with the effect of foreign currency translation decreasing sales growth by 2% and 1% for the second quarter and first half of 2024, respectively. The contribution from Wyatt increased Waters products and service sales growth by 3% for both the second quarter and first half of 2024. Waters instrument system sales decreased by 16% and 19% for the second quarter and first half of 2024, respectively, due to weaker customer demand across most major regions. Wyatt's instrument system sales contributed 5% to Waters instrument system sales growth for both the second quarter and first half of 2024. The increase in Waters chemistry consumables sales was primarily due to the continued demand in most major geographies, driven by the uptake in columns and application-specific testing kits to pharmaceutical customers, partially offset by the negative impact from foreign currency translation which decreased sales growth by 1% in both the second quarter and first half of 2024. Waters service sales increased 4% and 5% for the second quarter and first half of 2024, respectively, due to higher service demand billing in all regions except for China, partially offset by the negative impact from foreign currency translation which decreased service sales growth by 2% and 1% in the second quarter and first half of 2024, respectively. Wyatt service revenues added 1% and 2% to Waters service revenue growth for the second quarter and first half of 2024, respectively.

TA Product and Services Net Sales

Net sales for TA products and services were as follows for the three and six months ended June 29, 2024 and July 1, 2023 (dollars in thousands):

	Three Months Ended				
	June 29, 2024	% of Total	July 1, 2023	% of Total	% change
TA instrument systems	$ 58,831	*68%*	$ 62,067	*71%*	*(5%)*
TA service	27,137	*32%*	25,274	*29%*	*7%*
Total TA net sales	$ 85,968	*100%*	$ 87,341	*100%*	*(2%)*

	Six Months Ended				
	June 29, 2024	% of Total	July 1, 2023	% of Total	% change
TA instrument systems	$ 109,516	*68%*	$ 120,798	*71%*	*(9%)*
TA service	51,392	*32%*	49,142	*29%*	*5%*
Total TA net sales	$ 160,908	*100%*	$ 169,940	*100%*	*(5%)*

TA sales declined 2% and 5% for the second quarter and first half of 2024, respectively, due to lower customer demand for TA instrument systems across most major regions. Foreign currency translation decreased sales by 2% for both the second quarter and first half of 2024.

Cost of Sales

Cost of sales decreased by 4% and 6% in the second quarter and first half of 2024, respectively. The decrease in these periods is primarily due to lower sales volume and changes in sales mix. Cost of sales is affected by many factors, including, but not limited to, foreign currency translation, product mix, product costs of instrument systems and amortization of software platforms. At current foreign currency exchange rates, the Company expects foreign currency translation to decrease gross profit during 2024.

Selling and Administrative Expenses

Selling and administrative expenses decreased 7% and 6% in the second quarter and first half of 2024, respectively. The decrease in these periods is primarily due to the decline in salary expense resulting from lower headcount from the recent reductions in workforce and a decrease in the Wyatt acquisition diligence and integration costs incurred in the second quarter and first half of 2023, which declined $4 million and $12 million, respectively. These decreases were partially offset by the increases of $2 million and $9 million related to Wyatt acquisition-related retention expenses in the second quarter and first half of 2024, respectively. The effect of foreign currency translation increased selling and administrative expenses by 1% for both the second quarter and first half of 2024.

As a percentage of net sales, selling and administrative expenses were 24.5% and 25.9% for the second quarter and first half of 2024, respectively, and 25.2% and 25.9% for the second quarter and first half of 2023, respectively.

Research and Development Expenses

Research and development expenses increased 1% and 2% in the second quarter and first half of 2024, respectively. The increase in these periods was driven by costs associated with the development of new product and technology initiatives. The impact of foreign currency exchange increased expenses by 1% for both the second quarter and first half of 2024.

Purchased Intangibles Amortization

The increase in purchased intangibles amortization of $5 million and $15 million in the second quarter and first half of 2024, respectively, is primarily due to the Wyatt acquisition intangible assets.

Litigation Provisions

The Company incurred a $10 million patent litigation settlement in the first half of 2024.

Interest Expense, net

The increase in interest expense for both the second quarter and first half of 2024 can be primarily attributed to the additional borrowings by the Company to fund the Wyatt acquisition.

Provision for Income Taxes

The four principal jurisdictions in which the Company manufactures are the U.S., Ireland, the U.K. and Singapore, where the statutory tax rates were 21%, 12.5%, 25% and 17%, respectively, as of June 29, 2024. The Company has a Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% on certain types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the concessionary income tax rate rather than the statutory tax rate to income from qualifying activities in Singapore increased the Company's net income by $5 million and $7 million and increased the Company's net income per diluted share by $0.09 and $0.11 for the second quarter of 2024 and 2023, respectively.

The Company's effective tax rate for the second quarter of 2024 and 2023 was 15.7% and 16.5%, respectively. The decrease in the effective tax rate can be primarily attributed to a higher tax benefit related to stock-based compensation in the second quarter of 2024, with the remaining difference due to the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

The Company's effective tax rate for the first half of 2024 and 2023 was 13.8% and 15.6%, respectively. The decrease in the effective tax rate can be attributed to a higher tax benefit related to stock-based compensation in 2024, the impact of discrete tax benefits in the current year and differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effective tax rates.

Effective in 2024, various foreign jurisdictions began implementing aspects of the guidance issued by the Organization for Economic Co-operation and Development related to the new Pillar Two system of global minimum tax rules. These changes in tax law did not have a material impact on the Company's financial position, results of operations and cash flows for the second quarter and first half of 2024. The Company continues to monitor the adoption of the Pillar Two rules in additional jurisdictions.

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Liquidity and Capital Resources

Condensed Consolidated Statements of Cash Flows (in thousands):

	Six Months Ended	
	June 29, 2024	July 1, 2023
Net income	$ 244,933	$ 291,477
Depreciation and amortization	95,743	70,038
Stock-based compensation	22,346	23,734
Deferred income taxes	3,958	(6,435)
Change in accounts receivable	69,642	50,273
Change in inventories	(16,709)	(63,607)
Change in accounts payable and other current liabilities	(31,206)	(122,836)
Change in deferred revenue and customer advances	69,352	81,659
Other changes	(140,655)	(109,434)
Net cash provided by operating activities	317,404	214,869
Net cash used in investing activities	(65,859)	(1,366,920)
Net cash (used in) provided by financing activities	(326,213)	998,963
Effect of exchange rate changes on cash and cash equivalents	6,019	2,252
Decrease in cash and cash equivalents	$ (68,649)	$ (150,836)

Cash Flow from Operating Activities

Net cash provided by operating activities was $317 million and $215 million during the first half of 2024 and 2023, respectively. The increase in 2024 operating cash flow was primarily a result of higher cash collections, lower inventory levels and lower incentive bonus payments, partially offset by lower net income. The changes within net cash provided by operating activities include the following significant changes in the sources and uses of net cash provided by operating activities, aside from the changes in net income:

- The changes in accounts receivable were primarily attributable to the timing of payments made by customers and timing of sales. Days sales outstanding was 78 days at June 29, 2024 and 85 days at July 1, 2023.
- The change in inventory can primarily be attributed to the reduction in our production plan as a result of the decline in sales.
- Net cash provided from deferred revenue and customer advances results from annual increases in new service contracts as a higher installed base of customers renew annual service contracts.
- A decrease in income tax payments of $32 million as compared to the prior year and the payment of $20 million in Wyatt acquisition-related retention payments.
- Other changes were attributable to variation in the timing of various provisions, expenditures, prepaid income taxes and accruals in other current assets, other assets and other liabilities.

Cash Flow from Investing Activities

Net cash used in investing activities totaled $66 million and $1.4 billion in the first half of 2024 and 2023, respectively. Additions to fixed assets and capitalized software were $65 million and $81 million in the first half of 2024 and 2023, respectively.

During the first half of 2024 and 2023, the Company purchased $2 million and $1 million of investments, respectively, while $2 million and $1 million of investments matured, respectively, and were used for financing activities described below.

On May 16, 2023, the Company completed the acquisition of Wyatt for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scattering and field-flow fractionation instruments, software, accessories, and services. The acquisition will expand Waters' portfolio and increase exposure to large molecule applications.

Cash Flow from Financing Activities

The Company has a credit agreement with an aggregate borrowing capacity of $2.0 billion. As of June 29, 2024, the Company had a total of $2.0 billion in outstanding debt, which consisted of $1.3 billion in outstanding senior unsecured notes and $750 million borrowed under its credit agreement. The Company's net debt borrowings decreased by $350 million and increased by $1.1 billion during the first half of 2024 and 2023, respectively, with the prior year increase primarily being due to the funding of the Wyatt acquisition.

As of June 29, 2024, the Company had entered into interest rate cross-currency swap derivative agreements with durations up to three years with an aggregate notional value of $625 million to hedge the variability in the movement of foreign currency exchange rates on a portion of its euro-denominated and yen-denominated net asset investments. As a result of entering into these agreements, the Company lowered net interest expense by approximately $5 million during both the first half of 2024 and 2023. The Company anticipates that these swap agreements will lower net interest expense by approximately $10 million in 2024.

In December 2023, the Company's Board of Directors authorized the extension of its existing share repurchase program through January 21, 2025. The Company's remaining authorization is $1.0 billion. During the first half of 2023, the Company repurchased $58 million of the Company's outstanding common stock under the Company's share repurchase program. In addition, the Company repurchased $13 million and $11 million of common stock related to the vesting of restricted stock units during the first half of 2024 and 2023, respectively. The Company believes that it has the financial flexibility to fund these share repurchases, as well as to invest in research, technology and business acquisitions, given current cash levels and debt borrowing capacity.

The Company received $22 million and $9 million of proceeds from the exercise of stock options and the purchase of shares pursuant to the Company's employee stock purchase plan during the first half of 2024 and 2023, respectively.

The Company had cash, cash equivalents and investments of $327 million as of June 29, 2024. The majority of the Company's cash and cash equivalents are generated from foreign operations, with $290 million held by foreign subsidiaries at June 29, 2024, of which $228 million was held in currencies other than U.S. dollars.

On July 12, 2024, the Company entered into a Master Note Facility Agreement pursuant to which the Company may, at its option, authorize the issuance and sale of senior promissory notes up to an aggregate principal amount of $200 million with a maturity date not to exceed 15 years after the issuance date.

Contractual Obligations, Commercial Commitments, Contingent Liabilities and Dividends

A summary of the Company's contractual obligations and commercial commitments is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024. The Company reviewed its contractual obligations and commercial commitments as of June 29, 2024 and determined that there were no material changes outside the ordinary course of business from the information set forth in the Annual Report on Form 10-K.

From time to time, the Company and its subsidiaries are involved in various litigation matters arising in the ordinary course of business. The Company believes that it has meritorious arguments in its current litigation matters and that any outcome, either individually or in the aggregate, will not be material to the Company's financial position or results of operations.

During fiscal year 2024, the Company expects to contribute a total of approximately $3 million to $6 million to its defined benefit plans.

The Company has not paid any dividends and has no plans, at this time, to pay any dividends in the future.

Critical Accounting Policies and Estimates

In the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024, the Company's most critical accounting policies and estimates upon which its financial status depends were identified as those relating to revenue recognition, valuation of long-lived assets, intangible assets and goodwill, income taxes, uncertain tax positions and business combinations and asset acquisitions. The Company reviewed its policies and determined that those policies remain the Company's most critical accounting policies for the six months ended June 29, 2024. The Company did not make any changes in those policies during the six months ended June 29, 2024.

New Accounting Pronouncements

Please refer to Note 13, Recent Accounting Standard Changes and Developments, in the Condensed Notes to Consolidated Financial Statements.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the information incorporated by reference herein, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements that are not statements of historical fact may be deemed forward-looking statements. You can identify these forward-looking statements by the use of the words “feels”, “believes”, “anticipates”, “plans”, “expects”, “may”, “will”, “would”, “intends”, “suggests”, “appears”, “estimates”, “projects”, “should” and similar expressions, whether in the negative or affirmative. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the control of the Company, including, and without limitation:

- foreign currency exchange rate fluctuations potentially affecting translation of the Company’s future non-U.S. operating results, particularly when a foreign currency weakens against the U.S. dollar;
- current global economic, sovereign and political conditions and uncertainties, including the effect of new or proposed tariff or trade regulations, as well as other new or changed domestic and foreign laws, regulations and policies, changes in inflation and interest rates, the impacts and costs of war, in particular as a result of the ongoing conflicts between Russia and Ukraine and in the Middle East, and the possibility of further escalation resulting in new geopolitical and regulatory instability and the Chinese government’s ongoing tightening of restrictions on procurement by government-funded customers;
- the Company’s ability to access capital, maintain liquidity and service the Company’s debt in volatile market conditions;
- risks related to the effects of any pandemic on our business, financial condition, results of operations and prospects;
- changes in timing and demand for the Company’s products among the Company’s customers and various market sectors, particularly as a result of fluctuations in their expenditures or ability to obtain funding;
- the ability to realize the expected benefits related to the Company’s various cost-saving initiatives, including workforce reductions and organizational restructurings;
- the introduction of competing products by other companies and loss of market share, as well as pressures on prices from competitors and/or customers;
- changes in the competitive landscape as a result of changes in ownership, mergers and continued consolidation among the Company’s competitors;
- regulatory, economic and competitive obstacles to new product introductions, lack of acceptance of new products and inability to grow organically through innovation;
- rapidly changing technology and product obsolescence;
- risks associated with previous or future acquisitions, strategic investments, joint ventures and divestitures, including risks associated with achieving the anticipated financial results and operational synergies; contingent purchase price payments; and expansion of our business into new or developing markets;
- risks associated with unexpected disruptions in operations;

- failure to adequately protect the Company's intellectual property, infringement of intellectual property rights of third parties and inability to obtain licenses on commercially reasonable terms;
- the Company's ability to acquire adequate sources of supply and its reliance on outside contractors for certain components and modules, as well as disruptions to its supply chain;
- risks associated with third-party sales intermediaries and resellers;
- the impact and costs of changes in statutory or contractual tax rates in jurisdictions in which the Company operates as well as shifts in taxable income among jurisdictions with different effective tax rates, the outcome of ongoing and future tax examinations and changes in legislation affecting the Company's effective tax rate;
- the Company's ability to attract and retain qualified employees and management personnel;
- risks associated with cybersecurity and technology, including attempts by third parties to defeat the security measures of the Company and its third-party partners;
- increased regulatory burdens as the Company's business evolves, especially with respect to the U.S. Food and Drug Administration and U.S. Environmental Protection Agency, among others, and in connection with government contracts;
- regulatory, environmental and logistical obstacles affecting the distribution of the Company's products, completion of purchase order documentation and the ability of customers to obtain letters of credit or other financing alternatives;
- risks associated with litigation and other legal and regulatory proceedings; and
- the impact and costs incurred from changes in accounting principles and practices.

Certain of these and other factors are discussed under the heading "Risk Factors" under Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements, whether because of these factors or for other reasons. All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this report. Except as required by law, the Company does not assume any obligation to update any forward-looking statements.

Item 3: *Quantitative and Qualitative Disclosures About Market Risk*

The Company is exposed to the risk of interest rate fluctuations from the investments of cash generated from operations. Investments with maturities greater than 90 days are classified as investments and are held primarily in U.S. dollar-denominated treasury bills and commercial paper, bank deposits and corporate debt securities. As of June 29, 2024, the Company estimates that a hypothetical adverse change of 100 basis points across all maturities would not have a material effect on the fair market value of its portfolio.

The Company is also exposed to the risk of exchange rate fluctuations. The Company maintains cash balances in various operating accounts in excess of federally insured limits, and in foreign subsidiary accounts in currencies other than the U.S. dollar. As of June 29, 2024 and December 31, 2023, $290 million out of $327 million and $321 million out of $396 million, respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidiaries. In addition, $228 million out of $327 million and $233 million out of $396 million of cash, cash equivalents and investments were held in currencies other than the U.S. dollar at June 29, 2024 and December 31, 2023, respectively. As of June 29, 2024, the Company had no holdings in auction rate securities or commercial paper issued by structured investment vehicles.

Assuming a hypothetical adverse change of 10% in year-end exchange rates (a strengthening of the U.S. dollar), the fair market value of the Company's cash, cash equivalents and investments held in currencies other than the U.S. dollar as of June 29, 2024 would decrease by approximately $23 million, of which the majority would be recorded to foreign currency translation in other comprehensive income within stockholders' equity.

There have been no other material changes in the Company's market risk during the six months ended June 29, 2024. For information regarding the Company's market risk, refer to Item 7A of Part II of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024.

Item 4: *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

The Company's chief executive officer and chief financial officer (principal executive officer and principal financial officer), with the participation of management, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of June 29, 2024 (1) to ensure that information required to be disclosed by the Company, including its consolidated subsidiaries, in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its chief executive officer and chief financial officer, to allow timely decisions regarding the required disclosure and (2) to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control Over Financial Reporting

No change was identified in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 29, 2024 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II: *Other Information*

Item 1: Legal Proceedings

There have been no material changes in the Company's legal proceedings during the six months ended June 29, 2024 as described in Item 3 of Part I of the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024, other than the $10 million patent litigation settlement and related costs recorded and paid in the six months ended June 29, 2024.

Item 1A: *Risk Factors*

Information regarding risk factors of the Company is set forth under the heading "Risk Factors" under Part I, Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024. The Company reviewed its risk factors as of June 29, 2024 and determined that there were no material changes from the ones set forth in the Form 10-K. Note, however, the discussion of certain factors under the subheading "Special Note Regarding Forward-Looking Statements" in Part I, Item 2 of this Quarterly Report on Form 10-Q. These risks are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may have a material adverse effect on the Company's business, financial condition and operating results.

Item 2: *Unregistered Sales of Equity Securities and Use of Proceeds*

Purchases of Equity Securities by the Issuer

During the three months ended June 29, 2024, the Company purchased 202, 367 and 162 shares at a cost of $68 thousand, $125 thousand and $52 thousand with average prices paid of $335.94, $341.33 and $320.54 during fiscal April, May and June, respectively, of equity securities registered by the Company under the Exchange Act.

In January 2019, the Company's Board of Directors authorized the Company to repurchase up to $4 billion of its outstanding common stock in open market or private transactions over a two-year period. This program replaced the remaining amounts available under the pre-existing authorization. In December 2020, the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2023. In December 2022, the Company's Board of Directors amended and extended this repurchase program's term by one year such that it expired on January 21, 2024 and increased the total authorization level to $4.8 billion, an increase of $750 million. In December 2023, the Company's Board of Directors authorized the extension of the share repurchase program through January 21, 2025. As of June 29, 2024, the Company had repurchased an aggregate of 15.2 million shares at a cost of $3.8 billion under the January 2019 repurchase program and had a total of $1.0 billion authorized for future repurchases. The size and timing of these purchases, if any, will depend on our stock price and market and business conditions, as well as other factors.

Item 5: *Other Information*

Insider Trading Arrangements and Related Disclosures

None.

Item 6: ***Exhibits***

Exhibit Number	Description of Document
3.1	Certificate of Amendment of Second Amended and Restated Certificate of Incorporation of Waters Corporation.
10.1	Master Note Facility Agreement, dated as of July 12, 2024, by and between Waters Corporation and NYL Investors LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 18, 2024).
10.2	Offer Letter, dated May 28, 2024, between Waters Corporation and Robert Carpio.(+)
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(*)
32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.(*)
101	The following materials from Waters Corporation's Quarterly Report on Form 10-Q for the quarter ended June 29, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets (unaudited), (ii) the Consolidated Statements of Operations (unaudited), (iii) the Consolidated Statements of Comprehensive Income (unaudited), (iv) the Consolidated Statements of Cash Flows (unaudited) and (vi) Condensed Notes to Consolidated Financial Statements (unaudited).
104	Cover Page Interactive Date File (formatted in iXBRL and contained in Exhibit 101).

(+) Management contract or compensatory plan required to be filed as an Exhibit to this Quarterly Report on Form 10-Q.

(*) This exhibit shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any filing, except to the extent the Company specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

WATERS CORPORATION

/s/ Amol Chaubal

Amol Chaubal
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)
(Principal Accounting Officer)

Date: July 31, 2024

Exhibit 3.1

CERTIFICATE OF AMENDMENT

OF

SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

WATERS CORPORATION

WATERS CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), does hereby certify, pursuant to Section 242 of the General Corporation Law of the State of Delaware, that:

FIRST: The name of the Corporation is Waters Corporation.

SECOND: The Certificate of Incorporation of the Corporation was originally filed with the Secretary of State of Delaware on December 6, 1991 under the name WCD Investors Inc.

THIRD: Article EIGHTH of the Second Amended and Restated Certificate of Incorporation, as amended, of the Corporation shall be amended to read in its entirety as follows:

> To the fullest extent permitted by the Delaware General Corporation Law as the same exists or may hereafter be amended, a Director or officer of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director or officer, as applicable. No amendment to or repeal of this provision shall apply to, or have any effect on, the liability or alleged liability of any Director or officer for, or with respect to, any acts or omissions of such Director or officer occurring prior to such amendment or repeal.

FOURTH: This amendment of the Second Amended and Restated Certificate of Incorporation, as amended, has been duly adopted by the vote of the Board of Directors of the Corporation, at a duly called Regular Meeting of the Board, and thereafter duly adopted by the vote of the Corporation's stockholders at the Annual Meeting of Stockholders.

FIFTH: This amendment has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Waters Corporation has caused this certificate to be signed by Keeley A. Aleman, its Senior Vice President, General Counsel and Secretary, as of this 24th day of June, 2024.

WATERS CORPORATION

By: /s/ Keeley A. Aleman
Name: Keeley A. Aleman
Title: Senior Vice President, General Counsel and Secretary

Exhibit 10.2

May 28, 2024

Robert Carpio
5990 Whitestone Lane
Suwanee, GA 30024

Dear Robert,

On behalf of Waters Technologies Corporation (the "Company"), I am pleased to extend this offer of employment to you. This letter (the "Agreement") confirms the terms and conditions of your employment with the Company and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof, and such agreements and understandings are expressly terminated and of no further force or effect.

1. Position and Duties.

(a) We anticipate that you will commence your employment on June 24, 2024, or such other date mutually agreed upon between you and the Company (the actual date of such commencement, the "Start Date"). As of the Start Date you will be employed by the Company, on a full-time basis, as Senior Vice President Waters Division and report to the President and Chief Executive Officer of the Company. In addition to serving as the Company's Senior Vice President Waters Division, you may be asked from time to time to serve as a director or officer of one or more of the Company's Affiliates, in each case, without further compensation. For purposes of this Agreement, "Affiliates" means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company.

(b) You agree to perform the duties of your position and such other duties and responsibilities as may be reasonably assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them. Notwithstanding the foregoing, you shall be permitted to engage in civic, charitable and philanthropic activities, and to manage your passive personal investments and, with the consent of the Board of Directors of the Company (the "Board") or a committee thereof, to serve on the board of directors of for-profit and not-for-profit companies or organizations; provided that, in the aggregate, such activities do not interfere or conflict with your duties to the Company.

(c) Further, you agree that, while employed by the Company, you will comply with all written Company policies, practices and procedures and all codes of ethics or business conduct policies applicable to your position, as in effect from time to time, including, without limitation, the Waters Corporation Mandatory Clawback Policy.

2. Compensation and Benefits. During the period of your employment by the Company, as compensation for all services performed by you for the Company and its Affiliates, the Company will provide you the following pay and benefits:

(a) Base Salary. The Company shall pay you an annualized base salary equal to $580,000, payable subject to standard federal and state payroll withholding requirements in accordance with the regular payroll practices of the Company (which is currently a semi-monthly pay cycle) and subject to annual review by the Compensation Committee of the Board (the "Compensation Committee") (such base salary, as in effect from time to time, "Base Salary").

(b) Annual Incentive Compensation. For each fiscal year completed during your employment with the Company, including the 2024 fiscal year, you will be eligible to earn annual incentive compensation under the Company's Annual Incentive Plan, or such other bonus plan in which Company executives participate generally (such plan, as in effect from time to time, the "AIP"). Your target annual incentive compensation opportunity under the AIP will be 75% of your Base Salary. The actual amount payable in respect of your annual incentive compensation opportunity, if any, for any fiscal year will be determined by the Compensation Committee based on the achievement of performance goals previously established by the Compensation Committee in its discretion and your remaining employed by the Company on the date that such annual incentive compensation is paid. Any annual incentive compensation due hereunder will be paid in accordance with the terms of the AIP and on or before March 15th of the year following the fiscal year with respect to which the annual incentive compensation is earned, subject to your remaining employed by the Company on the date that such annual incentive compensation is paid. Notwithstanding the foregoing, if your Start Date begins on or before September 30th, the actual amount payable will be prorated based upon your Start Date, and if your Start Date is after September 30th, you will only be eligible to participate in the AIP at the beginning of the following calendar year.

(c) Initial Annual Equity Grant. On the Start Date, you will be granted equity-based awards under the Company's 2020 Equity Incentive Plan (as in effect from time to time, the "EIP") with respect to shares of the Company's common stock, par value $0.01 per share ("Common Stock"), having a total target grant date value of approximately $1,300,000 (collectively, the "Initial Awards"). It is expected that the Initial Awards will be granted 50% in the form of non-qualified stock options and 50% in the form of time-based restricted stock units. The Initial Awards will be subject to the EIP and the applicable award agreements evidencing such awards. You agree to execute the Company's applicable forms of grant notice and award agreement to finalize our agreement as to the Initial Awards.

(d) Future Annual Equity Grants. You will be eligible for future annual equity grants under the EIP at such times and in such form as determined by the Compensation Committee in its discretion.

(e) Sign-On Bonus. On or as soon as practicable following the Start Date, subject to your continued employment with the Company through the payment date, you will be paid a lump sum cash bonus of $200,000 (the "Sign-On Bonus"). Notwithstanding the foregoing, in the event that your employment with the Company is terminated by the Company for Cause or by you without Good Reason (each as defined below) (i) prior to the one (1)-year anniversary of the Start Date, you will be required to repay to the Company one-hundred percent (100%) of the Sign-On Bonus within thirty (30) days following such date of termination; or (ii) within the period commencing on the one (1)-year anniversary of the Start Date and ending on the two (2)-year anniversary of the Start Date, you will be required to repay to the Company fifty percent (50%) of the Sign-On Bonus within thirty (30) days following such date of termination.

(f) Participation in Employee Benefit Plans. You will be entitled to participate in all applicable employee benefit plans or programs from time to time in effect for executives of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided to you under this Agreement. Your participation will be subject to the terms of the applicable plan or program documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law. The Company reserves the right to change, alter, or terminate any benefit plan in its sole discretion.

(g) Vacation. You will be entitled to five weeks' vacation per year during your employment, in addition to holidays observed by the Company. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.

(h) Business Expenses. The Company will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any restrictions on such expenses set by the Company and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year; (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred; and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

(i) Relocation. You will be required to relocate to the Milford, MA area or another approved Company location at such time as mutually agreed between you and the CEO or the Board. You will be entitled to relocation assistance pursuant to the Company's executive relocation program, as may be amended from time to time.

3. Confidential Information, Inventions Assignment, and Restricted Activities. As a condition of your employment with the Company as contemplated herein, you agree to execute and abide by the confidential information, inventions assignment and restrictive covenants agreement ("Confidentiality, IA, and Restrictive Covenants Agreement") enclosed herein, which may be amended by us from time to time without regard to this Agreement. The Confidentiality, IA, and Restrictive Covenants Agreement contains provisions that are intended by us to survive and do survive termination of this Agreement.

4. Employment At-Will. This Agreement is not intended to constitute a contract of employment for a definite term. Your employment with the Company will be at-will. This means that if you accept this offer both you and the Company will retain the right to terminate our employment relationship at any time, subject to the terms of this Agreement.

5. Termination of Employment.

(a) Final Compensation. In the event of termination of your employment with the Company for any reason or no reason, the Company shall pay you (i) your Base Salary for the final payroll period of your employment, through the date your employment terminates; (ii) any vacation time earned but not used as of the date your employment terminates, subject to applicable law and the applicable policies of the Company, as in effect from time to time; (iii) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided that you submit all expenses and supporting documentation required within thirty (30) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect; and (iv) any amounts or benefits due to you under any benefit plan, program or arrangement of the Company in accordance with the terms of such plan, program or arrangement (all of the foregoing, "Final Compensation"). The Final Compensation shall be paid within thirty (30) days following the termination of your employment, or earlier if required by applicable law.

(b) Severance. In the event of a termination of your employment with the Company by the Company without Cause or by you for Good Reason, subject to the Change of Control Agreement (as defined below), the Company will pay you, in addition to Final Compensation, (i) salary continuation in an amount equal to your annual Base Salary (the "Severance Payments"); and (ii) in a lump sum, an amount equal to the amount the Company would have paid in premiums under the life, accident, health and dental insurance plans of the Company in which you and your dependents were participating immediately prior to the termination of your employment for the twelve (12)-month period following the date of termination of your employment, with such lump sum amount payable pursuant to this Section 5(b) to be determined based on the premium rates in effect at the time of the termination of your employment (the "Health Payment").

(c) Conditions to and Timing of Severance. Notwithstanding any other provision of this Agreement to the contrary, the Severance Payments and the Health Payment shall be paid or provided to you only if you enter into a general release of claims in the form provided by the Company that contains non-competition, non-solicitation and other restrictive covenants substantially similar to those contained in this Agreement (the "Release") within a period of time not to exceed forty-five (45) days from the date of termination of your employment, and you do not revoke the Release. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. The Health Payment will be paid in a lump sum. Except as provided in Section 7 of this Agreement, the Severance Payments will commence and the Health Payment will be made, in each case, on the Company's next regular payday following the date the Release becomes effective, but no later than the date that is sixty (60) days following the date your employment terminates. Notwithstanding the foregoing, if the date your employment terminates occurs in one taxable year and the date that is sixty (60) days following such termination date occurs in a second taxable year, to the extent required by Section 409A of the Internal Revenue Code, as amended and the regulations and guidance promulgated thereunder (collectively, "Section 409A"), such payment shall not be made prior to the first day of the second taxable year. For the avoidance of doubt, if you do not execute the Release within the period specified in this Section 5(c) or if you revoke the executed Release within the time period permitted by law, you will not be entitled to any payments or benefits set forth in this Section, and neither the Company nor any of its Affiliates will have any further obligations to you under this Agreement or otherwise. Further the obligation of the Company to make payments to you under this Section 5(c) and your right to retain the same, are conditioned upon your continued compliance with Section 3 of this Agreement.

(d) Definitions. For purposes of this Agreement,

(i) "Cause" shall mean: (A) your indictment for, or the pleading of guilty or nolo contendere to, any felony or any crime involving moral turpitude; (B) your gross negligence, breach of fiduciary duty, breach of any non-competition, non-solicitation or developments agreement or covenant in favor of the Company or material breach of any confidentiality agreement or covenant in favor of the Company; (C) you shall have willfully and continually failed to substantially perform your duties with the Company after a written demand for substantial performance is delivered by the Company, which demand specifically identifies the manner in which the Company believes that you have not substantially performed your duties pursuant to the disciplinary procedures of the Company, and such failure of substantial performance shall have continued for a period of thirty (30) days after such written demand; (D) you have been chronically absent from work (excluding vacations, illnesses or leaves of absences); (E) the commission by you of an act of fraud, embezzlement or misappropriation against the Company; (F) you shall have refused, after explicit notice, to obey any lawful resolution or direction by the Board or a committee thereof or the President and Chief Executive Officer of the Company, in either case, which is consistent with your duties as an officer of the Company; (G) a breach by you of the Confidentiality, IA, and Restrictive Covenants Agreement, or of any written Company policy, practice or procedure relating to the protection of Confidential Information (as defined in the Confidentiality, IA, and Restrictive Covenants Agreement) or to the non-use or disclosure to or on behalf of the Company of confidential or proprietary information of a third party; or (H) a material breach by you of this Agreement, which breach (if curable) has remained uncured for a period of thirty (30) days following the Company's delivery of written notice to you specifying the manner in which the Agreement has been materially breached.

(ii) "Good Reason" shall mean (if occurring without your consent): (A) a material diminution in your duties or responsibilities; (B) a material reduction in your Base Salary (except for salary reductions similarly affecting all senior executives of the Company); (C) a material change in your place of business (provided, however, that travel for business purposes shall not be considered a change in your place of business for the purpose of this clause (C)); or (D) a material breach by the Company of this Agreement; provided, that the occurrence of any of the foregoing events shall not constitute Good Reason unless (x) (1) you provide written notice of the event to the Company within ninety (90) days after it first existed; (2) the Company fails to remedy the condition within thirty (30) days after the notice; and (3) you actually terminate employment within thirty (30) days after the expiration of the Company's cure period or (y) if the event follows an event or action by you that would constitute Cause (as defined herein) for termination.

6. Termination of Employment in Connection with a Change of Control. On or as soon as reasonably practicable following the Start Date, you will be offered the opportunity to enter into a Change of Control/Severance Agreement (the "Change of Control Agreement") with the Company. The Change of Control Agreement will be provided to you under separate cover. For the avoidance of doubt, any rights you may have to payments or benefits upon a termination of your employment in connection with a change of control of the Company will be as set forth in the Change of Control Agreement, and will be subject to your execution of the Change of Control Agreement.

7. **Timing of Payments and Section 409A.**

(a) Notwithstanding anything to the contrary in this Agreement, if at the time your employment terminates, you are a "specified employee," as defined below, any and all amounts payable under this Agreement or the Change of Control Agreement, as applicable, on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6)-month period or, if earlier, upon your death, except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A.

(b) For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

(c) Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

(d) It is the intent of the parties hereto that the payments and benefits under this Agreement be exempt from or comply with Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted in accordance therewith. In no event, however, shall the Company or any of its Affiliates have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

8. Conflicting Agreements. You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under it will not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company or its Affiliates any confidential or proprietary information of a third party without that party's consent.

9. Withholding. All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.

10. Assignment. Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to an entity with which the Company shall hereafter effect a reorganization, consolidate with, or merge into or to which it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of your and the Company's respective successors, executors, administrators, heirs and permitted assigns.

11. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

12. Miscellaneous. This Agreement, together with the Confidentiality, IA, and Restrictive Covenants Agreement and the Change of Control Agreement, set forth the entire agreement between you and the Company, and replace all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment, except any agreements specifically referenced herein, which will remain in effect subsequent to the execution of this Agreement. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized officer of the Company. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Provisions of this Agreement shall survive any termination or expiration hereof or any termination of your employment if so provided in this Agreement or necessary or desirable to accomplish the purpose of other surviving provisions. This is a Commonwealth of Massachusetts contract and shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction. You and the Company may enter into separate agreements related to equity, confidentiality, inventions assignment, and/or restrictive covenants. These separate agreements shall govern other aspects of the relationship between you and the Company, may have provisions that survive termination of your employment, shall be amended or superseded without regard to this Agreement, and shall be enforceable according to their terms without regard to the enforcement provision of this Agreement. You and the Company agree to submit to the exclusive jurisdiction of the courts of the Commonwealth of Massachusetts in connection with any dispute arising out of this Agreement or your employment with the Company.

13. Notices. Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chief Human Resources Officer, or to such other address as either party may specify by notice to the other actually received.

14. Counsel; Review Period. You acknowledge that the Company provided you with this Agreement (in draft form) by the earlier of (i) the date of a formal offer of employment from the Company or (ii) ten (10) business days before the Start Date. You acknowledge that you have been and are hereby advised of your right to consult an attorney before signing this Agreement.

15. Contingencies. This offer is valid until withdrawn or for five (5) days, whichever is shorter, and is contingent upon satisfactory completion of background and reference checks and your compliance with the Immigration Reform and Control Act of 1986.

We look forward to having you join the Waters team and anticipate that this will be a mutually beneficial relationship. If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me, along with your signed Confidentiality, IA, and Restrictive Covenants Agreement.

Sincerely yours,

Waters Technologies Corporation

By: /s/ Udit Batra
Udit Batra
President and Chief Executive Officer

Accepted and Agreed:

E-Signature Signature: /s/ Robert L. Carpio III

E-Signature Date: 29 May 2024

I hereby acknowledge that I have read, understood and agreed to the terms and conditions set forth therein and accept this Agreement. I further declare that all information provided to the Company including my resume are true and accurate and I am in good health to perform necessary duties required by employment by Company. I understand that the submission of any false information or misrepresentation to the Company may result in immediate termination of my employment with Company. This Agreement supersedes all previously agreed terms and conditions between the parties in respect of employment offer, whether written, oral or implied.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Udit Batra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Waters 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(s) 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(s) 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: July 31, 2024

/s/ Udit Batra, Ph.D.

Udit Batra, Ph.D.
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Amol Chaubal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Waters 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(s) 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(s) 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: July 31, 2024

/s/ Amol Chaubal
Amol Chaubal
Chief Financial Officer

Exhibit 32.1

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Waters Corporation (the "Company") on Form 10-Q for the period ended June 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Udit Batra, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: July 31, 2024

By: /s/ Udit Batra, Ph.D.

Udit Batra, Ph.D.
Chief Executive Officer

Exhibit 32.2

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

The certification set forth below is hereby made solely for the purpose of satisfying the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 and may not be relied upon or used for any other purposes.

In connection with the Quarterly Report of Waters Corporation (the “Company”) on Form 10-Q for the period ended June 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Amol Chaubal, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

Date: July 31, 2024

By: /s/ Amol Chaubal

Amol Chaubal
Chief Financial Officer