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

Form 10-Q

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

For the quarterly period ended March 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECU 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	13-3668640
(State or other jurisdiction of incorporation or organization)	(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 ex on which regis
Common Stock, par value $0.01 per share	WAT	New York Stock Exc

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sectio the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data F be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 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 filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelera “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the E

Large accelerated filer	☑	Accelerated file
Non-accelerated filer	☐	Smaller reportin
		Emerging grow

If an emerging growth company, indicate by check mark if the registrant has elected not to use the e transition period for complying with any new or revised financial accounting standards provided pursuan 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 Ac No ☑

Indicate the number of shares outstanding of the registrant’s common stock as of May 3, 2024: 59,3

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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)

	March 30, 2024	Dec
	(In thousands, except pe	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 337,290	$
Investments	923	
Accounts receivable, net	626,329	
Inventories	538,634	
Other current assets	139,782	
Total current assets	1,642,958	
Property, plant and equipment, net	633,594	
Intangible assets, net	611,147	
Goodwill	1,297,826	
Operating lease assets	81,065	
Other assets	242,374	
Total assets	$ 4,508,964	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable and debt	$ 50,000	$
Accounts payable	86,219	
Accrued employee compensation	65,098	
Deferred revenue and customer advances	336,718	
Current operating lease liabilities	26,879	
Accrued income taxes	120,520	
Accrued warranty	10,853	
Other current liabilities	152,172	
Total current liabilities	848,459	
Long-term liabilities:		
Long-term debt	2,005,761	
Long-term portion of retirement benefits	48,977	
Long-term income tax liabilities	137,439	
Long-term operating lease liabilities	55,927	
Other long-term liabilities	155,876	
Total long-term liabilities	2,403,980	
Total liabilities	3,252,439	
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 March 30, 2024 and December 31, 2023	—	
Common stock, par value $0.01 per share, 400,000 shares authorized, 162,882 and 162,709 shares issued, 59,310 and 59,176 shares outstanding at March 30, 2024 and December 31, 2023, respectively	1,629	
Additional paid-in capital	2,291,103	
Retained earnings	9,253,017	

Treasury stock, at cost, 103,572 and 103,533 shares at March 30, 2024 and December 31, 2023, respectively	(10,147,341)	
Accumulated other comprehensive loss	(141,883)	
Total stockholders' equity	1,256,525	
Total liabilities and stockholders' equity	$ 4,508,964	$

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

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WATERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three Months E	
	March 30, 2024	
	(In thousands, except pe	
Revenues:		
Product sales	$	376,151
Service sales		260,688
Total net sales		636,839
Costs and operating expenses:		
Cost of product sales		153,182
Cost of service sales		108,604
Selling and administrative expenses		174,536
Research and development expenses		44,595
Purchased intangibles amortization		11,834
Litigation provision		10,242
Total costs and operating expenses		502,993
Operating income		133,846
Other income, net		2,259
Interest expense		(25,520)
Interest income		4,271
Income before income taxes		114,856
Provision for income taxes		12,660
Net income	$	102,196
Net income per basic common share	$	1.73
Weighted-average number of basic common shares		59,232
Net income per diluted common share	$	1.72
Weighted-average number of diluted common shares and equivalents		59,431

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

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

	Three Month
	March 30, 2024
	(In thousa
Net income	$ 102,196
Other comprehensive (loss) income:	
Foreign currency translation	(9,540)
Unrealized gains on derivative instruments before reclassifications	2,405
Amounts reclassified to interest income	(297)
Unrealized gains on derivative instruments before income taxes	2,108
Income tax expense	(506)
Unrealized gains on derivative instruments, net of tax	1,602
Retirement liability adjustment before reclassifications	332
Amounts reclassified to other income	(117)
Retirement liability adjustment before income taxes	215
Income tax expense	(40)
Retirement liability adjustment, net of tax	175
Other comprehensive (loss) income	(7,763)
Comprehensive income	$ 94,433

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

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

	Three Month
	March 30, 2024
Cash flows from operating activities:	(In thousa
Net income	$ 102,196
Adjustments to reconcile net income to net cash provided by operating activities:	
Stock-based compensation	10,913
Deferred income taxes	4,453
Depreciation	22,129
Amortization of intangibles	26,385
Change in operating assets and liabilities:	
Decrease in accounts receivable	62,592
Increase in inventories	(28,309)
Increase in other current assets	(4,707)
Decrease in other assets	7,369
Decrease in accounts payable and other current liabilities	(18,418)
Increase in deferred revenue and customer advances	85,901
(Decrease) increase in other liabilities	(7,634)
Net cash provided by operating activities	262,870
Cash flows from investing activities:	
Additions to property, plant, equipment and software capitalization	(28,655)
Investments in unaffiliated companies	(1,064)
Purchases of investments	(923)
Maturities and sales of investments	898
Net cash used in investing activities	(29,744)
Cash flows from financing activities:	
Proceeds from debt issuances	—
Payments on debt	(300,000)
Proceeds from stock plans	13,932
Purchases of treasury shares	(13,089)
Proceeds from derivative contracts	6,981
Net cash used in financing activities	(292,176)
Effect of exchange rate changes on cash and cash equivalents	1,264
(Decrease) increase in cash and cash equivalents	(57,786)
Cash and cash equivalents at beginning of period	395,076
Cash and cash equivalents at end of period	$ 337,290

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

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
Balance December 31, 2022	162,425	$ 1,624	$ 2,199,824	$ 8,508,587	$ (10,063,975)	$ (141,572)
Net income	—	—	—	140,923	—	—
Other comprehensive income	—	—	—	—	—	8,776
Issuance of common stock for employees:						
Employee Stock Purchase Plan	8	—	2,000	—	—	—
Stock options exercised	6	—	969	—	—	—
Treasury stock	—	—	—	—	(69,505)	—
Stock-based compensation	111	2	12,170	—	—	—
Balance April 1, 2023	162,550	$ 1,626	$ 2,214,963	$ 8,649,510	$ (10,133,480)	$ (132,796)

	Number of Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss
Balance December 31, 2023	162,709	$ 1,627	$ 2,266,265	$ 9,150,821	$ (10,134,252)	$ (134,120)
Net income	—	—	—	102,196	—	—
Other comprehensive loss	—	—	—	—	—	(7,763)
Issuance of common stock for employees:						
Employee Stock Purchase Plan	8	—	1,996	—	—	—
Stock options exercised	51	1	12,551	—	—	—
Treasury stock	—	—	—	—	(13,089)	—
Stock-based compensation	114	1	10,291	—	—	—

Balance March 30, 2024	162,882	$ 1,629	$ 2,291,103	$ 9,253,017	$ (10,147,341)	$ (141,883)

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

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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 s pioneered innovations in chromatography, mass spectrometry and thermal analysis serving life, material sciences for more than 65 years. The Company primarily designs, manufactures, sells and services high- liquid chromatography ("HPLC"), ultra-performance liquid chromatography ("UPLC" and together with H to as "LC") and mass spectrometry ("MS") technology systems and support products, including chromato 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 instru using common software platforms. LC is a standard technique and is utilized in a broad range of industri identify, monitor and measure the chemical, physical and biological composition of materials, and to puri of compounds. MS technology, principally in conjunction with chromatography, is employed in drug disco development, including clinical trial testing, the analysis of proteins in disease processes (known as "pro nutritional safety analysis and environmental testing. LC-MS instruments combine a liquid phase sample and separation system with mass spectrometric compound identification and quantification. In addition, designs, manufactures, sells and services thermal analysis, rheometry and calorimetry instruments throu Instruments product line. These instruments are used in predicting the suitability and stability of fine ch pharmaceuticals, water, polymers, metals and viscous liquids for various industrial, consumer goods and products, as well as for life science research. The Company is also a developer and supplier of advanced 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 operat subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. ("Wyatt"), for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scatterin fractionation instruments, software, accessories and services. The acquisition will expand Waters' portfo increase exposure to large molecule applications. The Company financed this transaction with a combina its balance sheet and borrowings under its Credit Facility (as defined below). The Company's financial re three months ended March 30, 2024 include the financial results of Wyatt. The Company's financial resu three months ended April 1, 2023 do not include any of the financial results of Wyatt since the closing of acquisition occurred in the second fiscal quarter of 2023. In addition, the Company has completed the pu allocation for the Wyatt acquisition and there were no material changes as compared to the Company's p purchase price allocation for the Wyatt acquisition.

The Company's interim fiscal quarter typically ends on the thirteenth Saturday of each quarter. Since the fiscal year end is December 31, the first and fourth fiscal quarters may have more or less than thirteen c The Company's first fiscal quarters for 2024 and 2023 ended on March 30, 2024 and April 1, 2023, respe

The accompanying unaudited interim consolidated financial statements have been prepared in accordanc instructions in Form 10-Q and do not include all of the information and footnote disclosures required for financial statements prepared in accordance with generally accepted accounting principles ("U.S. GAAP" States of America. The consolidated financial statements include the accounts of the Company and its su 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 Compan estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, a disclosure of contingent liabilities at the dates of the financial statements. Actual amounts may differ fro estimates under different assumptions or conditions.

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

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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, b to, global economic and financial market conditions, fluctuations in foreign currency exchange rates, fluc customer demand, development by its competitors of new technological innovations, costs of developing technologies, levels of debt and debt service requirements, risk of disruption, dependence on key person and litigation of proprietary technology, shifts in taxable income between tax jurisdictions and complianc regulations of the U.S. Food and Drug Administration and similar foreign regulatory authorities and agen

Translation of Foreign Currencies

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

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

Cash, Cash Equivalents and Investments

Cash equivalents represent highly liquid investments, with original maturities of 90 days or less, while in longer maturities are classified as investments. The Company maintains cash balances in various operati excess of federally insured limits, and in foreign subsidiary accounts in currencies other than the U.S. do March 30, 2024 and December 31, 2023, $305 million out of $338 million and $321 million out of $396 m respectively, of the Company's total cash, cash equivalents and investments were held by foreign subsidi addition, $239 million out of $338 million and $233 million out of $396 million of cash, cash equivalents a investments were held in currencies other than the U.S. dollar at March 30, 2024 and December 31, 202

Accounts Receivable and Allowance for Credit Losses

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company h use of rebates and other cash considerations payable to customers and, as a result, the transaction price does not have any material variable consideration. The Company does not consider there to be significan concentrations of credit risk with respect to trade receivables due to the short-term nature of the balanc Company having a large and diverse customer base, and the Company having a strong historical experie collecting receivables with minimal defaults. As a result, credit risk is considered low across territories a receivables are considered to be a single class of financial asset. The allowance for credit losses is based of factors and is calculated by applying a historical loss rate to trade receivable aging balances to estima reserve balance along with an additional adjustment for any specific receivables with known or anticipat affecting the likelihood of recovery. Past due balances with a probability of default based on historical da relevant available forward-looking information are included in the specific adjustment. The historical loss reviewed on at least an annual basis and the allowance for credit losses is reviewed quarterly for any reg 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 default related to a receivable that is collateralized, then the fair value of the collateral is calculated and

the cost to re-possess, refurbish and re-sell the instrument. This adjusted fair value is compared to the re
balance and the difference would be recorded as the expected credit loss.

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The following is a summary of the activity of the Company’s allowance for credit losses for the three mon
March 30, 2024 and April 1, 2023 (in thousands):

	Balance at Beginning of Period	Additions	Deductions and Other	Bala o
Allowance for Credit Losses				
March 30, 2024	$ 19,335	$ 991	$ (5,461)	$
April 1, 2023	$ 14,311	$ 1,572	$ (1,028)	$

Fair Value Measurements

In accordance with the accounting standards for fair value measurements and disclosures, certain of the assets and liabilities are measured at fair value on a recurring basis as of March 30, 2024 and December values determined by Level 1 inputs utilize observable data, such as quoted prices in active markets. Fai determined by Level 2 inputs utilize data points other than quoted prices in active markets that are obse directly or indirectly. Fair values determined by Level 3 inputs utilize unobservable data points for which 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
March 30, 2024 (in thousands):

	Total at March 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	S Un
Assets:				
Time deposits	$ 923	$ —	$ 923	$
Waters 401(k) Restoration Plan assets	30,791	30,791	—	
Interest rate cross-currency swap agreements	7,642	—	7,642	
Total	$ 39,356	$ 30,791	$ 8,565	$
Liabilities:				
Foreign currency exchange contracts	$ 75	$ —	$ 75	$
Interest rate cross-currency swap agreements	5,510	—	5,510	
Interest rate swap cash flow hedge	865	—	865	
Total	$ 6,450	$ —	$ 6,450	$

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

The following table represents the Company’s assets and liabilities measured at fair value on a recurring
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)	S Un (
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 regis
funds and have been classified as Level 1. The fair values of the assets in the plan are determined throug
observable sources from daily quoted prices on nationally recognized securities exchanges.

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

The fair values of the Company’s cash equivalents, investments, foreign currency exchange contracts, int
cross-currency swap agreements and interest rate swap cash flow hedges are determined through marke
observable sources and have been classified as Level 2. These assets and liabilities have been initially va
transaction price and subsequently valued, typically utilizing third-party pricing services. The pricing ser
inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer q
spot rates and other industry and economic events. The Company validates the prices provided by third-p
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
their short-term nature. The carrying value of the Company’s variable interest rate debt approximates fa
the variable nature of the interest rate. The carrying value of the Company’s fixed interest rate debt was
both March 30, 2024 and December 31, 2023. The fair value of the Company’s fixed interest rate debt wa
using discounted cash flow models, based on estimated current rates offered for similar debt under curre

conditions for the Company. The fair value of the Company’s fixed interest rate debt was estimated to be
both March 30, 2024 and December 31, 2023, 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, operating expenses and balance sheet amounts are significantly impacted by fluctuations in foreig
exchange rates. The Company is exposed to currency price risk on foreign currency exchange rate fluctu
translates its non-U.S. dollar foreign subsidiaries’ financial statements into U.S. dollars and when any of t
subsidiaries purchase or sell products or services in a currency other than its own currency.

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The Company's principal strategies in managing exposures to changes in foreign currency exchange rate (1) naturally hedge the foreign-currency-denominated liabilities on the Company's balance sheet against assets of the same currency, such that any changes in liabilities due to fluctuations in foreign currency ex are typically offset by corresponding changes in assets and (2) mitigate foreign exchange risk exposure o operations by hedging the variability in the movement of foreign currency exchange rates on a portion of denominated and yen-denominated net asset investments. The Company presents the derivative transact 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 o assets, liabilities or commitments on its balance sheet, other than a portion of certain third-party accoun and accounts payable, and the Company's net worldwide intercompany receivables and payables, which in consolidation. The Company periodically aggregates its net worldwide balances by currency and then foreign currency exchange contracts that mature within 90 days to hedge a portion of the remaining bala minimize some of the Company's currency price risk exposure. The foreign currency exchange contracts designated for hedge accounting treatment. Principal hedged currencies include the euro, Japanese yen, Mexican peso and Brazilian real.

Cash Flow Hedges

The Company's Credit Facility is a variable borrowing and has interest payments based on a contractuall interest rate index. The contractually specified index on the Credit Facility is the 3-month Term SOFR. Th interest payments create interest risk for the Company as interest payments will fluctuate based on chan contractually specified interest rate index over the life of the Credit Facility. In order to reduce interest r Company enters into interest rate swaps that will effectively lock-in the forecasted interest payments on rate borrowing over its term. The interest rate swaps represent cash flow hedges and are assessed for he effectiveness each reporting period. When the hedge relationship is highly effective at achieving offsettin cash flows, the Company will record the entire change in fair value of the interest rate swaps in accumul comprehensive loss. The amount in accumulated other comprehensive loss is reclassified to income in th the underlying transaction impacts consolidated income. If it becomes probable that the forecasted trans occur, the hedge relationship will be de-designated and amounts accumulated in other comprehensive lo reclassified to income in the current period. Interest settlements due to benchmark interest rate change in interest income or interest expense. For the three months ended March 30, 2024, the Company did no cash flow hedges that were deemed ineffective.

Interest Rate Cross-Currency Swap Agreements

As of March 30, 2024, the Company had entered into interest rate cross-currency swap derivative agree durations up to three years with an aggregate notional value of $625 million to hedge the variability in th foreign currency exchange rates on a portion of its euro-denominated and yen-denominated net asset inv Under hedge accounting, the change in fair value of the derivative that relates to changes in the foreign rate are recorded in the currency translation adjustment in other comprehensive income and remain in a other comprehensive loss in stockholders' equity until the sale or substantial liquidation of the foreign op difference between the interest rate received and paid under the interest rate cross-currency swap deriv agreement is recorded in interest income in the statement of operations.

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

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

	March 30, 2024		December 31
	Notional	Fair Value	Notional
Foreign currency exchange contracts:			
Other current assets	$ 5,000	$ —	$ 24,155
Other current liabilities	$ 35,314	$ 75	$ 16,000
Interest rate cross-currency swap agreements:			
Other assets	$ 285,000	$ 7,642	$ 220,000
Other liabilities	$ 340,000	$ 5,510	$ 405,000
Accumulated other comprehensive income (loss)		$ 6,942	
Interest rate swap cash flow hedges:			
Other liabilities	$ 100,000	$ 865	$ 100,000
Accumulated other comprehensive loss		$ (865)	

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

	Financial Statement Classification	Three Months Ended	
		March 30, 2024	April 1, 2023
Foreign currency exchange contracts:			
Realized gains on closed contracts	Cost of sales	$ 257	$ 30
Unrealized losses on open contracts	Cost of sales	(51)	(78)
Cumulative net pre-tax gains (losses)	Cost of sales	$ 206	$ (48)
Interest rate cross-currency swap agreements:			
Interest earned	Interest income	$ 2,537	$ 2,655
Unrealized gains (losses) on contracts, net	Accumulated other comprehensive loss	$ 14,917	$ (7,256)
Interest rate swap cash flow hedges:			
Interest earned	Interest income	$ 296	$ —
Unrealized gains on open contracts	Accumulated other comprehensive loss	$ 2,109	$ —

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Stockholders’ Equity

In December 2023, the Company’s Board of Directors authorized the extension of its existing share repu program through January 21, 2025. The Company’s remaining authorization is $1.0 billion. During the th ended April 1, 2023, the Company repurchased 0.2 million shares of the Company’s outstanding commor cost of $58 million under the Company’s share repurchase program. The Company did not make any ope repurchases in 2024. In addition, the Company repurchased $13 million and $11 million of common stocl vesting of restricted stock units during the three months ended March 30, 2024 and April 1, 2023, respe

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Product Warranty Costs

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

The following is a summary of the activity of the Company's accrued warranty liability for the three mont March 30, 2024 and April 1, 2023 (in thousands):

	Balance at Beginning of Period	Accruals for Warranties	Settlements Made
Accrued warranty liability:			
March 30, 2024	$ 12,050	$ 480	$ (1,677)
April 1, 2023	$ 11,949	$ 2,177	$ (1,815)

Restructuring

In March 2024, the Company had a reduction in workforce that impacted approximately 2% of the emplo in China due to the significant decline in sales resulting from lower customer demand, which resulted in incurring approximately $8 million of severance-related costs. During the first quarter of 2024, the Comp $8 million of severance-related costs in connection with the workforce reductions that occurred in March 2023, with the majority of the remaining costs to be paid in the second quarter of 2024. The accrued rest expense was $8 million at both March 30, 2024 and December 31, 2023 and were included in other curre on the consolidated balance sheets.

2 Revenue Recognition

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

The following is a summary of the activity of the Company's deferred revenue and customer advances fo months ended March 30, 2024 and April 1, 2023 (in thousands):

	March 30, 2024	April 1, 2023
Balance at the beginning of the period	$ 323,516	$ 285,175
Recognition of revenue included in balance at beginning of the period	(103,996)	(105,222)
Revenue deferred during the period, net of revenue recognized	187,525	193,286
Balance at the end of the period	$ 407,045	$ 373,239

The Company classified $70 million and $67 million of deferred revenue and customer advances in other liabilities at March 30, 2024 and December 31, 2023, respectively.

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

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

	March 30, 2024
Deferred revenue and customer advances expected to be recognized in:	
One year or less	$ 336,718
13-24 months	42,162
25 months and beyond	28,165
Total	$ 407,045

3 Marketable Securities

The Company's marketable securities within cash equivalents and investments included in the consolidat sheets consist of time deposits that mature in one year or less with an amortized cost and a fair value of both March 30, 2024 and December 31, 2023.

4 Inventories

Inventories are classified as follows (in thousands):

	March 30, 2024	December 31, 2023
Raw materials	$ 241,744	$ 233,952
Work in progress	23,825	20,198
Finished goods	273,065	262,086
Total inventories	$ 538,634	$ 516,236

5 Goodwill and Other Intangibles

The carrying amount of goodwill was $1.3 billion at both March 30, 2024 and December 31, 2023.

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

	March 30, 2024			December 31, 20	
	Gross Carrying Amount	Accumulated Amortization	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization
Capitalized software	$ 655,433	$ 495,177	5 years	$ 660,273	$ 495,317
Purchased intangibles	612,382	207,620	10 years	614,357	197,154
Trademarks	9,680	—	—	9,680	—
Licenses	14,673	8,698	7 years	14,798	8,429

Patents and other intangibles	113,028	82,554	8 years	111,962	80,983
Total	$ 1,405,196	$ 794,049	7 years	$ 1,411,070	$ 781,883

The Company capitalized $10 million and $14 million of intangible assets in the three months ended Mar
and April 1, 2023, respectively. The gross carrying value of intangible assets and accumulated amortizati
intangible assets decreased by $16 million and $14 million, respectively, in the three months ended Marc
to the effects of foreign currency translation. Amortization expense for intangible assets was $26 million
$12 million for the three months ended March 30, 2024 and April 1, 2023, respectively. Amortization exp
intangible assets is estimated to be $108 million per year for each of the next five years.

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6 Debt

The Company has a five-year, $2.0 billion revolving credit facility (the “Credit Facility”) that matures in S
2026. As of March 30, 2024 and December 31, 2023, the Credit Facility had a total of $0.8 billion and $1
outstanding, respectively.

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

As of both March 30, 2024 and December 31, 2023, the Company had a total of $1.3 billion of outstandin
unsecured notes. Interest on the fixed rate senior unsecured notes is payable semi-annually each year. In
floating rate senior unsecured notes is payable quarterly. The Company may prepay all or some of the se
notes at any time in an amount not less than 10% of the aggregate principal amount outstanding. In the
change in control of the Company (as defined in the note purchase agreement), the Company may be req
prepay the senior unsecured notes at a price equal to 100% of the principal amount thereof, plus accrue
interest. These senior unsecured notes require that the Company comply with an interest coverage ratio
than 3.50:1 for any period of four consecutive fiscal quarters and a leverage ratio test of not more than 3
end of any fiscal quarter. In addition, these senior unsecured notes include customary negative covenan
covenants, representations and warranties and events of default.

The Company had the following outstanding debt at March 30, 2024 and December 31, 2023 (in thousan

	March 30, 2024	December 31, 2023
Senior unsecured notes - Series G - 3.92%, due June 2024	50,000	50,000
Total notes payable and debt, current	50,000	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	(4,239)	(4,487)
Total long-term debt	2,005,761	2,305,513
Total debt	$ 2,055,761	$ 2,355,513

As of March 30, 2024 and December 31, 2023, the Company had a total amount available to borrow unde
Facility of $1.2 billion and $0.9 billion, respectively, after outstanding letters of credit. The weighted-aver
rates applicable to the senior unsecured notes and credit agreement borrowings collectively were 4.42%
March 30, 2024 and December 31, 2023, respectively. As of March 30, 2024, the Company was in compli
debt covenants.

The Company and its foreign subsidiaries also had available short-term lines of credit totaling $112 milli $114 million at March 30, 2024 and December 31, 2023, respectively, for the purpose of short-term borr issuance of commercial guarantees. None of the Company's foreign subsidiaries had outstanding short-te as of March 30, 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 S where the statutory tax rates were 21%, 12.5%, 25% and 17%, respectively, as of March 30, 2024. The C Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the concessi tax rate rather than the statutory tax rate to income arising from qualifying activities in Singapore increa Company's net income for the three months ended March 30, 2024 and April 1, 2023 by $2 million and $ respectively, and increased the Company's net income per diluted share by $0.03 and $0.05, respectively

The Company's effective tax rate for the three months ended March 30, 2024 and April 1, 2023 was 11.0 respectively. The income tax provision includes a $1 million and a $2 million income tax benefit related t compensation for the three months ended March 30, 2024 and April 1, 2023, respectively. The remaining between the effective tax rates can primarily be attributed to the impact of discrete tax benefits in the cu differences in the proportionate amounts of pre-tax income recognized in jurisdictions with different effe

The Company accounts for its uncertain tax return positions in accordance with the accounting standard taxes, which require financial statement reporting of the expected future tax consequences of uncertain positions on the presumption that all concerned tax authorities possess full knowledge of those tax repor as well as all of the pertinent facts and circumstances, but prohibit any discounting of unrecognized tax l associated with those reporting positions for the time value of money. The Company continues to classify 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 March 30, 2024 and were $15 million and $30 million, respectively. With limited exceptions, the Company is no longer subjec examinations in significant jurisdictions for the years ended on or before December 31, 2018. The Compa continuously monitors the lapsing of statutes of limitations on potential tax assessments for related chan measurement of unrecognized tax benefits, related net interest and penalties, and deferred tax assets an

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

8 Litigation

From time to time, the Company and its subsidiaries are involved in various litigation matters arising in t course of business. The Company believes it has meritorious arguments in its current litigation matters a any outcome, either individually or in the aggregate, will not be material to the Company's financial posi operations or cash flows. During the three months ended March 30, 2024, the Company recorded $10 mi litigation settlement provisions and related costs. The accrued patent litigation expense is in other curre the consolidated balance sheet at March 30, 2024.

9 Other Commitments and Contingencies

The Company licenses certain technology and software from third parties in the course of ordinary busin
minimum license fees payable under existing license agreements as of March 30, 2024 are immaterial fo
ended December 31, 2024 and thereafter.

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

10 Earnings Per Share

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

	Three Months Ended March 30, 2024		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per S Amo
Net income per basic common share	$ 102,196	59,232	$ 1
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	199	(0
Net income per diluted common share	$ 102,196	59,431	$ 1

	Three Months Ended April 1, 2023		
	Net Income (Numerator)	Weighted-Average Shares (Denominator)	Per S Amo
Net income per basic common share	$ 140,923	59,023	$ 2
Effect of dilutive stock option, restricted stock, performance stock unit and restricted stock unit securities	—	294	(0
Net income per diluted common share	$ 140,923	59,317	$ 2

For the three months ended March 30, 2024 and April 1, 2023, the Company had approximately 326,000 approximately 140,000 stock options that were antidilutive, respectively, due to having higher exercise p Company's average stock price during the applicable period. These securities were not included in the co diluted EPS. The effect of dilutive securities was calculated using the treasury stock method.

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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	Accu O Comp
Balance at December 31, 2023	$ (128,359)	$ (3,501)	$ (2,260)	$
Other comprehensive income (loss), net of tax	(9,540)	175	1,602	
Balance at March 30, 2024	$ (137,899)	$ (3,326)	$ (658)	$

12 Business Segment Information

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

The Waters operating segment is primarily in the business of designing, manufacturing, selling and servi MS instruments, columns and other precision chemistry consumables that can be integrated and used al analytical instruments. Operations of the Wyatt business are part of the Waters operating segment. The T segment is primarily in the business of designing, manufacturing, selling and servicing thermal analysis, calorimetry instruments. The Company's two operating segments have similar economic characteristics; processes; products and services; types and classes of customers; methods of distribution; and regulator environments. Because of these similarities, the two segments have been aggregated into one reporting financial statement purposes.

Net sales for the Company's products and services are as follows for the three months ended March 30, April 1, 2023 (in thousands):

	Three Months Ended	
	March 30, 2024	April 1, 2023
Product net sales:		
Waters instrument systems	$ 191,259	$ 244,211
Chemistry consumables	134,207	133,515
TA instrument systems	50,685	58,731
Total product sales	376,151	436,457
Service net sales:		
Waters service	236,433	224,349
TA service	24,255	23,868
Total service sales	260,688	248,217
Total net sales	$ 636,839	$ 684,674

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

Net sales are attributable to geographic areas based on the region of destination. Geographic sales infor
presented below for the three months ended March 30, 2024 and April 1, 2023 (in thousands):

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net Sales:		
Asia:		
China	$ 85,745	$ 116,065
Japan	35,547	46,494
Asia Other	86,267	90,522
Total Asia	207,559	253,081
Americas:		
United States	202,839	202,305
Americas Other	38,332	44,116
Total Americas	241,171	246,421
Europe	188,109	185,172
Total net sales	$ 636,839	$ 684,674

Net sales by customer class are as follows for the three months ended March 30, 2024 and April 1, 2023

	Three Months Ended	
	March 30, 2024	April 1, 2023
Pharmaceutical	$ 374,207	$ 384,898
Industrial	195,334	209,650
Academic and government	67,298	90,126
Total net sales	$ 636,839	$ 684,674

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

Net sales for the Company recognized at a point in time versus over time are as follows for the three mon
March 30, 2024 and April 1, 2023 (in thousands):

	Three Months En	
	March 30, 2024	Apr
Net sales recognized at a point in time:		
Instrument systems	$ 241,944	$
Chemistry consumables	134,207	
Service sales recognized at a point in time (time & materials)	83,325	
Total net sales recognized at a point in time	459,476	
Net sales recognized over time:		
Service and software maintenance sales recognized over time (contracts)	177,363	
Total net sales	$ 636,839	$

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 Ann
Form 10-K for the year ended December 31, 2023. Other amendments to U.S. GAAP that have been issue
or other standards-setting bodies that do not require adoption until a future date are not expected to hav
impact on our condensed consolidated financial statements upon adoption.

Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operation

Business Overview

The Company has two operating segments: Waters™ and TA™. Waters products and services primarily c performance liquid chromatography (“HPLC”), ultra-performance liquid chromatography (“UPLC™” and HPLC, referred to as “LC”), mass spectrometry (“MS”), light scattering and field-flow fractionation instru and precision chemistry consumable products and related services. TA products and services primarily c thermal analysis, rheometry and calorimetry instrument systems and service sales. The Company’s produ by pharmaceutical, biochemical, industrial, nutritional safety, environmental, academic and government These customers use the Company’s products to detect, identify, monitor and measure the chemical, phy biological composition of materials and to predict the suitability and stability of fine chemicals, pharmac 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 operat subsidiaries, Wyatt Technology Europe GmbH, Wyatt Technology France and Wyatt Technology UK Ltd. (“Wyatt”), for a total purchase price of $1.3 billion in cash. Wyatt is a pioneer in innovative light scatterin fractionation instruments, software, accessories, and services. The acquisition will expand Waters’ portfo increase exposure to large molecule applications. The Company financed this transaction with a combina its balance sheet and borrowings under its revolving credit facility. The Company’s financial results for th months ended March 30, 2024 include the financial results of Wyatt. The Company’s financial results for months ended April 1, 2023 do not include any of the financial results of Wyatt since the closing of the W acquisition occurred in the second fiscal quarter of 2023.

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Financial Overview

The Company's operating results are as follows for the three months ended March 30, 2024 and April 1,
in thousands, except per share data):

	Three Months Ended		
	March 30, 2024	April 1, 2023	% chan
Revenues:			
Product sales	$ 376,151	$ 436,457	(14
Service sales	260,688	248,217	5
Total net sales	636,839	684,674	(7
Costs and operating expenses:			
Cost of sales	261,786	284,380	(8
Selling and administrative expenses	174,536	181,956	(4
Research and development expenses	44,595	42,691	4
Purchased intangibles amortization	11,834	1,479	700
Litigation provision	10,242	—	*
Operating income	133,846	174,168	(23
Operating income as a % of sales	21.0 %	25.4 %	
Other income, net	2,259	1,388	*
Interest expense, net	(21,249)	(10,383)	105
Income before income taxes	114,856	165,173	(30
Provision for income taxes	12,660	24,250	(48
Net income	$ 102,196	$ 140,923	(27
Net income per diluted common share	$ 1.72	$ 2.38	(28

** Percentage not meaningful

The Company's net sales decreased 7% in the first quarter of 2024, as compared to the first quarter of 20
foreign currency translation decreasing total sales growth by 1%. The decrease in first quarter sales was
lower customer demand for our products across most major regions, except for sales in Europe, which in
and the U.S., which were flat and benefited from Wyatt sales contributions. The decline in customer dem
attributed to our customers delaying the purchase of our instrument systems as they remained cautious
capital spending entering 2024. The Wyatt acquisition increased sales growth by 3% for the first quarter
addition, the Company's first quarter of 2024 had one less calendar day than the first quarter of 2023.

Instrument system sales decreased 20% in the first quarter of 2024 primarily driven by weaker customer
regions of the world. The instrument system sales decline was broad-based across all of our instrument s
especially for our mass spectrometry instrument systems, where the decline was significantly greater. Ou
spectrometry system sales are higher priced instrument systems that are significantly impacted by the ti
of funding our academic and government customers receive. In addition, the Wyatt acquisition increased
system sales growth by 5% in the first quarter of 2024. Foreign currency translation did not impact instr
sales growth in the first quarter of 2024.

Recurring revenues (combined sales of precision chemistry consumables and services) increased 3% in t
of 2024, with foreign currency translation decreasing sales growth by 1%. Service revenues increased 5
quarter of 2024, with Wyatt contributing 2% to service revenue growth in the quarter. Chemistry sales in
the first quarter of 2024 and were impacted by the lower customer demand in China for our products. Ex
impact of China, the Company's chemistry sales increased 3% in the first quarter of 2024.

Operating income was $134 million in the first quarter of 2024, a decrease of 23% as compared to $174
first quarter of 2023. The decrease in operating income was primarily due to lower sales volume and the
following expenses: Wyatt acquisition-related retention expense and purchased intangible amortization,

10%; severance-related costs associated with a workforce reduction primarily in China, which added 5%; settlement provisions and related costs, which added 6%. These costs were partially offset by a 5% reduc
related to the Wyatt acquisition diligence incurred in the first quarter of 2023.

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The Company generated $263 million and $197 million of net cash from operating activities in the first th
2024 and 2023, respectively, with the $66 million increase being attributable to lower annual incentive b
and an improvement in working capital in the current year. Net cash used in investing activities included
expenditures related to property, plant, equipment and software capitalization of $29 million and $34 mil
quarter of 2024 and 2023, respectively.

Results of Operations

Sales by Geography

Geographic sales information is presented below for the three months ended March 30, 2024 and April 1
in thousands):

	Three Months Ended		
	March 30, 2024	**April 1, 2023**	**% chan**
Net Sales:			
Asia:			
China	$ 85,745	$ 116,065	(26
Japan	35,547	46,494	(24
Asia Other	86,267	90,522	(5
Total Asia	207,559	253,081	(18
Americas:			
United States	202,839	202,305	—
Americas Other	38,332	44,116	(13
Total Americas	241,171	246,421	(2
Europe	188,109	185,172	2
Total net sales	$ 636,839	$ 684,674	(7

Geographically, the Company's sales decline in the first quarter of 2024 was broad-based across most ma
except for Europe, which increased 2%, and the U.S., which was flat and benefited from Wyatt sales cont
decline in sales can be attributed to the lower demand for our instrument systems and chemistry produc
delayed the purchase of these products. Foreign currency translation decreased sales growth by 3% in A
increased sales growth by 2% in Europe in the first quarter of 2024.

Sales by Trade Class

Net sales by customer class are presented below for the three months ended March 30, 2024 and April 1
in thousands):

	Three Months Ended		
	March 30, 2024	**April 1, 2023**	**% chan**
Pharmaceutical	$ 374,207	$ 384,898	(3
Industrial	195,334	209,650	(7
Academic and government	67,298	90,126	(25
Total net sales	$ 636,839	$ 684,674	(7

During the first quarter of 2024, sales to pharmaceutical customers decreased 3%, as growth in Europe a
offset by weakness across most major regions, with foreign currency translation decreasing pharmaceuti
growth by 1% and Wyatt contributing 4% to the Company's pharmaceutical sales growth. Combined sale
customers, which include material characterization, food, environmental and fine chemical markets, decr
the first quarter of 2024, with foreign currency translation decreasing sales growth by 1% and Wyatt cor
to industrial sales growth.

Sales to our academic and government customers are highly dependent on when institutions receive fun
purchase our instrument systems and, as such, sales can vary significantly from period to period. Our co
academic and government customers decreased 25% in the first quarter of 2024, with foreign currency t
increasing sales by 2% and Wyatt contributing 3% to the Company's academic and government sales gro
overall decline in sales of 25% to our academic and government customers in the first quarter of 2024 co
38% increase in academic and government sales in the first quarter of 2023, which represents a two-year
annual growth rate of 1%.

Waters Products and Services Net Sales

Net sales for Waters products and services were as follows for the three months ended March 30, 2024 a
2023 (dollars in thousands):

	Three Months Ended			
	March 30, 2024	**% of Total**	**April 1, 2023**	**% of Total**
Waters instrument systems	$ 191,259	34 %	$ 244,211	41 %
Chemistry consumables	134,207	24 %	133,515	22 %
Total Waters product sales	325,466	58 %	377,726	63 %
Waters service	236,433	42 %	224,349	37 %
Total Waters net sales	$ 561,899	100 %	$ 602,075	100 %

Waters products and service sales decreased 7% in the first quarter of 2024, with the effect of foreign cu
translation decreasing sales growth by 1%. The Wyatt acquisition increased Waters products and service
by approximately 4% in the quarter. Waters instrument system sales decreased 22% in the first quarter o
weaker customer demand. Waters service sales increased 5% in the first quarter of 2024 due to higher se
billing in all regions except for China, partially offset by the negative impact from foreign currency trans
decreased service sales growth by 1%.

TA Product and Services Net Sales

Net sales for TA products and services were as follows for the three months ended March 30, 2024 and A
(dollars in thousands):

	Three Months Ended			
	March 30, 2024	**% of Total**	**April 1, 2023**	**% of Total**
TA instrument systems	$ 50,685	68 %	$ 58,731	71 %
TA service	24,255	32 %	23,868	29 %
Total TA net sales	$ 74,940	100 %	$ 82,599	100 %

TA sales declined 9% in the first quarter of 2024 due to lower customer demand for TA products in all re
for Latin America and India. Foreign currency translation decreased TA sales growth by 1% in the quarte

Cost of Sales

Cost of sales decreased by 8% in the first quarter 2024, primarily due to lower sales volume, changes in lower freight costs. Cost of sales is affected by many factors, including, but not limited to, foreign curren product mix, product costs of instrument systems and amortization of software platforms. At current fore exchange rates, the Company expects foreign currency translation to decrease gross profit during 2024.

Selling and Administrative Expenses

Selling and administrative expenses decreased 4% in the first quarter of 2024 primarily due to the $8 mi costs related to the Wyatt acquisition diligence incurred in the first quarter of 2023 and the decrease in s resulting from lower headcount from the reductions in workforce that occurred in March 2024. These de partially offset by the increase of $6 million in Wyatt acquisition-related retention expense and the $8 mi in severance-related costs in connection with a reduction in workforce. In the first quarter of 2024, the C reduction in workforce, primarily impacting China employees, as result of the significant sales volume de China's sales over the last year. This workforce reduction impacted approximately 2% of the Company's worldwide. The effect of foreign currency translation did not have a significant impact on selling and adm expenses in the first quarter of 2024.

As a percentage of net sales, selling and administrative expenses were 27.4% and 26.6% for the first qua and 2023, respectively.

Research and Development Expenses

Research and development expenses increased 4% in the first quarter of 2024, primarily driven by costs with the development of new product and technology initiatives as well as $2 million in Wyatt acquisition retention expense. The impact of foreign currency exchange increased expenses by 3% in the first quarte

Purchased Intangibles Amortization

The increase in purchased intangible amortization of $10 million in the first quarter of 2024 can be attrib Wyatt acquisition intangible assets.

Litigation Provisions

The Company recorded $10 million of patent litigation settlement provisions and related costs in the first 2024.

Interest Expense, net

Net interest expense in the first quarter of 2024 increased $11 million, which can be primarily attributed 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 S where the statutory tax rates were 21%, 12.5%, 25% and 17%, respectively, as of March 30, 2024. The C Development and Expansion Incentive in Singapore that provides a concessionary income tax rate of 5% types of income for the period April 1, 2021 through March 31, 2026. The effect of applying the concessi tax rate rather than the statutory tax rate to income from qualifying activities in Singapore increased the net income by $2 million and $3 million and increased the Company's net income per diluted share by $0 for the first quarter of 2024 and 2023, respectively.

The Company's effective tax rate for the first quarter of 2024 and 2023 was 11.0% and 14.7%, respective tax provision includes a $1 million and a $2 million income tax benefit related to stock-based compensati quarter of 2024 and 2023, respectively. The remaining differences between the effective tax rates can pr attributed the impact of discrete tax benefits in the current year and to differences in the proportionate a 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 for Economic Co-operation and Development related to the new Pillar Two system of global minimum tax changes in tax law did not have a material impact on the Company's financial position, results of operatio flows for the first quarter of 2024. The Company continues to monitor the adoption of the Pillar Two rule jurisdictions.

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Liquidity and Capital Resources

Condensed Consolidated Statements of Cash Flows (in thousands):

	Three Months Ended	
	March 30, 2024	April 1, 2023
Net income	$ 102,196	$ 140,923
Depreciation and amortization	48,514	31,154
Stock-based compensation	10,913	12,805
Deferred income taxes	4,453	(5,078)
Change in accounts receivable	62,592	44,047
Change in inventories	(28,309)	(42,621)
Change in accounts payable and other current liabilities	(18,418)	(71,257)
Change in deferred revenue and customer advances	85,901	77,206
Other changes	(4,972)	9,572
Net cash provided by operating activities	262,870	196,751
Net cash used in investing activities	(29,744)	(34,406)
Net cash used in financing activities	(292,176)	(159,211)
Effect of exchange rate changes on cash and cash equivalents	1,264	2,407
(Decrease) increase in cash and cash equivalents	$ (57,786)	$ 5,541

Cash Flow from Operating Activities

Net cash provided by operating activities was $263 million and $197 million during the first quarter of 2
respectively. The decrease in 2024 operating cash flow was primarily a result of lower net income and hi
levels, offset by higher cash collections and lower annual incentive bonus payments in 2024 compared to
changes within net cash provided by operating activities include the following significant changes in the
uses of net cash provided by operating activities, aside from the changes in net income:

- The changes in accounts receivable were primarily attributable to timing of payments made b
and timing of sales. Days sales outstanding was 89 days at March 30, 2024 and 91 days at Ap
- The increase in inventory can primarily be attributed to higher material costs.
- Net cash provided from deferred revenue and customer advances results from annual increas
service contracts as a higher installed base of customers renew annual service contracts.
- Other changes were attributable to variation in the timing of various provisions, expenditures
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 $30 million and $34 million in the first quarter of 2024 and 2
respectively. Additions to fixed assets and capitalized software were $29 million and $34 million in the fi
months of 2024 and 2023, respectively.

During the first three months of 2024 and 2023, the Company purchased $1 million of investments, whil
investments matured, and were used for financing activities described below.

Cash Flow from Financing Activities

The Company entered into a credit agreement in September 2021 governing the Company's five-year, $1
revolving credit facility that matures in September 2026. On March 3, 2023, the Company entered into a
amend such credit agreement. The 2023 Amendment increased the borrowing capacity by $200 million t
borrowing capacity of $2.0 billion. As of March 30, 2024, the Company had a total of $2.1 billion in outst
which consisted of $1.3 billion in outstanding senior unsecured notes and $750 million borrowed under i
agreement. The Company's net debt borrowings decreased by $300 million and $95 million during the th
ended March 30, 2024 and April 1, 2023, respectively.

As of March 30, 2024, the Company has entered into interest rate cross-currency swap derivative agreen
durations up to three years with a notional value $625 million to hedge the variability in the movement o
currency exchange rates on a portion of its euro-denominated and yen-denominated net asset investmen
of entering into these agreements, the Company lowered net interest expense by approximately $3 millio
quarter of 2024 and 2023. The Company anticipates that these swap agreements will lower net interest e
approximately $8 million in 2024.

In December 2023, the Company's Board of Directors authorized the extension of its existing share repu
program through January 21, 2025. The Company's remaining authorization is $1.0 billion. During the th
ended April 1, 2023, the Company repurchased 0.2 million shares of the Company's outstanding commo
cost of $58 million under the Company's share repurchase program. The Company did not make any ope
repurchases in 2024. In addition, the Company repurchased $13 million and $11 million of common stoc
vesting of restricted stock units during the three months ended March 30, 2024 and April 1, 2023, respe
the Company believes that it has the financial flexibility to fund these share repurchases, as well as to in
research, technology and business acquisitions, given current cash levels and debt borrowing capacity, i
temporarily suspended its share repurchases due to its recent acquisition of Wyatt.

The Company received $14 million and $2 million of proceeds from the exercise of stock options and the
shares pursuant to the Company's employee stock purchase plan during the first three months of 2024 a
respectively.

The Company had cash, cash equivalents and investments of $338 million as of March 30, 2024. The maj
Company's cash and cash equivalents are generated from foreign operations, with $305 million held by f
subsidiaries at March 30, 2024, of which $239 million was held in currencies other than U.S. dollars.

Contractual Obligations, Commercial Commitments, Contingent Liabilities and Dividends

A summary of the Company's contractual obligations and commercial commitments is included in the Co
Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 2
Company reviewed its contractual obligations and commercial commitments as of March 30, 2024 and d
there were no material changes outside the ordinary course of business from the information set forth in
Report on Form 10-K.

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

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

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

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 S
February 27, 2024, the Company's most critical accounting policies and estimates upon which its financi
depends were identified as those relating to revenue recognition, valuation of long-lived assets, intangib
goodwill, income taxes, uncertain tax positions and business combinations and asset acquisitions. The C
reviewed its policies and determined that those policies remain the Company's most critical accounting p
three months ended March 30, 2024. The Company did not make any changes in those policies during th
ended March 30, 2024.

New Accounting Pronouncements

Please refer to Note 13, Recent Accounting Standard Changes and Developments, in the Condensed Not
Consolidated Financial Statements.

Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the information incorporated by reference herein, contai
looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Se
and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements t
statements of historical fact may be deemed forward-looking statements. You can identify these forward-
statements by the use of the words "feels", "believes", "anticipates", "plans", "expects", "may", "will", "v
"intends", "suggests", "appears", "estimates", "projects", "should" and similar expressions, whether in th
affirmative. These forward-looking statements are subject to various risks and uncertainties, many of wh
the control of the Company, including, and without limitation:

- foreign currency exchange rate fluctuations potentially affecting translation of the Company's non-U.S. operating results, particularly when a foreign currency weakens against the U.S. doll
- current global economic, sovereign and political conditions and uncertainties, including the e proposed tariff or trade regulations, as well as other new or changed domestic and foreign lav and policies, changes in inflation and interest rates, the impacts and costs of war, in particula the ongoing conflicts between Russia and Ukraine and in the Middle East, and the possibility escalation resulting in new geopolitical and regulatory instability and the Chinese governmen 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 conditions;
- risks related to the effects of any pandemic on our business, financial condition, results of ope prospects;
- changes in timing and demand for the Company's products among the Company's customers market sectors, particularly as a result of fluctuations in their expenditures or ability to obtai
- the ability to realize the expected benefits related to the Company's various cost-saving initia workforce reductions and organizational restructurings;
- the introduction of competing products by other companies and loss of market share, as well prices from competitors and/or customers;
- changes in the competitive landscape as a result of changes in ownership, mergers and conti consolidation among the Company's competitors;
- regulatory, economic and competitive obstacles to new product introductions, lack of accepta 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 including risks associated with achieving the anticipated financial results and operational syn contingent purchase price payments; and expansion of our business into new or developing m
- risks associated with unexpected disruptions in operations;
- failure to adequately protect the Company's intellectual property, infringement of intellectual rights of third parties and inability to obtain licenses on commercially reasonable terms;

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- the Company’s ability to acquire adequate sources of supply and its reliance on outside contra 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 t operates as well as shifts in taxable income among jurisdictions with different effective tax rat outcome of ongoing and future tax examinations and changes in legislation affecting the Comp 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 defe measures of the Company and its third-party partners;
- increased regulatory burdens as the Company’s business evolves, especially with respect to th and Drug Administration and U.S. Environmental Protection Agency, among others, and in co government contracts;
- regulatory, environmental and logistical obstacles affecting the distribution of the Company’s completion of purchase order documentation and the ability of customers to obtain letters of c 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 o Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on 2024. Actual results or events could differ materially from the plans, intentions and expectations disclose forward-looking statements, whether because of these factors or for other reasons. All forward-looking s speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entir cautionary statements included in this report. Except as required by law, the Company does not assume a 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 f operations. Investments with maturities greater than 90 days are classified as investments and are held p U.S. dollar-denominated treasury bills and commercial paper, bank deposits and corporate debt securitie March 30, 2024, the Company estimates that a hypothetical adverse change of 100 basis points across al 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 bala various operating accounts in excess of federally insured limits, and in foreign subsidiary accounts in cur than the U.S. dollar. As of March 30, 2024 and December 31, 2023, $305 million out of $338 million and $ out of $396 million, respectively, of the Company’s total cash, cash equivalents and investments were hel subsidiaries. In addition, $239 million out of $338 million and $233 million out of $396 million of cash, ca and investments were held in currencies other than the U.S. dollar at March 30, 2024 and December 31, respectively. As of March 30, 2024, the Company had no holdings in auction rate securities or commercia by structured investment vehicles.

Assuming a hypothetical adverse change of 10% in year-end exchange rates (a strengthening of the U.S. market value of the Company’s cash, cash equivalents and investments held in currencies other than the of March 30, 2024 would decrease by approximately $24 million, of which the majority would be recorde currency translation in other comprehensive income within stockholders’ equity.

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

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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 principa officer), with the participation of management, evaluated the effectiveness of the Company’s disclosure c procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the pe this Quarterly Report on Form 10-Q. Based on this evaluation, the Company’s chief executive officer and officer concluded that the Company’s disclosure controls and procedures were effective as of March 30, ensure that information required to be disclosed by the Company, including its consolidated subsidiaries, that it files or submits under the Exchange Act is accumulated and communicated to the Company’s man including its chief executive officer and chief financial officer, to allow timely decisions regarding the req disclosure and (2) to provide reasonable assurance that information required to be disclosed by the Com reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported 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 15d-15(f) under the Exchange Act) during the quarter ended March 30, 2024 that has materially affected 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 three months ended 2024 as described in Item 3 of Part I of the Company’s Annual Report on Form 10-K for the year ended D 2023, as filed with the SEC on February 27, 2024, other than the $10 million patent litigation settlement related costs recorded in the three months ended March 30, 2024.

Item 1A: Risk Factors

Information regarding risk factors of the Company is set forth under the heading “Risk Factors” under Pa in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the S February 27, 2024. The Company reviewed its risk factors as of March 30, 2024 and determined that the material changes from the ones set forth in the Form 10-K. Note, however, the discussion of certain facto subheading “Special Note Regarding Forward-Looking Statements” in Part I, Item 2 of this Quarterly Rep 10-Q. These risks are not the only ones facing the Company. Additional risks and uncertainties not curren the Company or that the Company currently deems to be immaterial may have a material adverse effect 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

In January 2019, the Company’s Board of Directors authorized the Company to repurchase up to $4 billio outstanding common stock in open market or private transactions over a two-year period. This program r remaining amounts available under the pre-existing authorization. In December 2020, the Company’s Bo Directors authorized the extension of the share repurchase program through January 21, 2023. In Decem Company’s Board of Directors amended and extended this repurchase program’s term by one year such on January 21, 2024 and increased the total authorization level to $4.8 billion, an increase of $750 millio 2023, the Company’s Board of Directors authorized the extension of the share repurchase program throu 2025. As of March 30, 2024, the Company had repurchased an aggregate of 15.2 million shares at a cost under the January 2019 repurchase program and had a total of $1.0 billion authorized for future repurch and timing of these purchases, if any, will depend on our stock price and market and business conditions other factors.

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maxim Value That M Purcha the I
January 1, 2024 to January 27, 2024	—	$ —	—	$
January 28, 2024 to February 24, 2024	9	$ 329.26	—	$
February 25, 2024 to March 30, 2024	30	$ 335.87	—	$
Total	39	$ 334.34	—	$

(1) The Company repurchased approximately 39,000 shares of common stock at a cost of $13 million re vesting of restricted stock during the three months ended March 30, 2024.

Item 5: Other Information

Insider Trading Arrangements and Related Disclosures

None.

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Item 6: Exhibits

Exhibit Number	Description of Document
31.1	Chief Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 20
31.2	Chief Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 20
32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuan 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 Pursuan 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 qu March 30, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Balance Sheets (unaudited), (ii) the Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) the Consolidated Stater Flows (unaudited) and (vi) Condensed Notes to Consolidated Financial Statements (unaudite
104	Cover Page Interactive Date File (formatted in iXBRL and contained in Exhibit 101).

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrar
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 Ch
Officer
(Principal Financial Of
(Principal Accounting C

Date: May 7, 2024