

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP
Net Sales by Operating Segments, Products & Services, Geography and Markets
Three Months Ended March 29, 2025 and March 30, 2024
(In thousands)

	Three Months Ended		Percent	Impact of	Constant
	March 29, 2025	March 30, 2024	Change	Currency	Currency Growth Rate ^(a)
NET SALES - OPERATING SEGMENTS					
Waters	\$ 587,297	\$ 561,899	5%	(3%)	8%
TA	74,408	74,940	(1%)	(1%)	1%
Total	\$ 661,705	\$ 636,839	4%	(3%)	7%
NET SALES - PRODUCTS & SERVICES					
Instruments	\$ 262,893	\$ 241,944	9%	(3%)	11%
Service	261,175	260,688	0%	(3%)	3%
Chemistry	137,637	134,207	3%	(3%)	5%
Total Recurring	398,812	394,895	1%	(3%)	4%
Total	\$ 661,705	\$ 636,839	4%	(3%)	7%
NET SALES - GEOGRAPHY					
Asia	\$ 220,776	\$ 207,559	6%	(6%)	13%
Americas	255,537	241,171	6%	0%	6%
Europe	185,392	188,109	(1%)	(2%)	1%
Total	\$ 661,705	\$ 636,839	4%	(3%)	7%
NET SALES - MARKETS					
Pharmaceutical	\$ 391,051	\$ 374,207	5%	(3%)	8%
Industrial	203,365	195,334	4%	(2%)	6%
Academic & Government	67,289	67,298	0%	(3%)	3%
Total	\$ 661,705	\$ 636,839	4%	(3%)	7%

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- (a) The Company believes that referring to comparable constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Constant currency growth, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period. See description of non-GAAP financial measures contained in this release.

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP Financials
Three Months Ended March 29, 2025 and March 30, 2024
(In thousands, except per share data)

	Selling & Administrative Expenses ^(a)	Research & Development Expenses	Operating Income	Operating Income Percentage	Other Income	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
Three Months Ended March 29, 2025									
GAAP	\$ 186,593	\$ 46,622	\$ 151,745	22.9%	\$ 1,524	\$ 142,888	\$ 21,507	\$ 121,381	\$ 2.03
Adjustments:									
Purchased intangibles amortization ^(b)	(11,712)	-	11,712	1.8%	-	11,712	2,832	8,880	0.15
Restructuring costs and certain other items ^(d)	(598)	-	598	0.1%	-	598	144	454	0.01
ERP implementation and transformation costs ^(f)	(2,295)	-	2,295	0.3%	-	2,295	551	1,744	0.03
Retention bonus obligation ^(e)	(1,909)	(636)	2,545	0.4%	-	2,545	611	1,934	0.03
Adjusted Non-GAAP	<u>\$ 170,079</u>	<u>\$ 45,986</u>	<u>\$ 168,895</u>	<u>25.5%</u>	<u>\$ 1,524</u>	<u>\$ 160,038</u>	<u>\$ 25,645</u>	<u>\$ 134,393</u>	<u>\$ 2.25</u>
Three Months Ended March 30, 2024									
GAAP	\$ 196,612	\$ 44,595	\$ 133,846	21.0%	\$ 2,259	\$ 114,856	\$ 12,660	\$ 102,196	\$ 1.72
Adjustments:									
Purchased intangibles amortization ^(b)	(11,834)	-	11,834	1.9%	-	11,834	2,832	9,002	0.15
Litigation provision ^(c)	(10,242)	-	10,242	1.6%	-	10,242	2,458	7,784	0.13
Restructuring costs and certain other items ^(d)	(8,347)	-	8,347	1.3%	-	8,347	2,055	6,292	0.11
Retention bonus obligation ^(e)	(5,725)	(1,909)	7,634	1.2%	-	7,634	1,832	5,802	0.10
Adjusted Non-GAAP	<u>\$ 160,464</u>	<u>\$ 42,686</u>	<u>\$ 171,903</u>	<u>27.0%</u>	<u>\$ 2,259</u>	<u>\$ 152,913</u>	<u>\$ 21,837</u>	<u>\$ 131,076</u>	<u>\$ 2.21</u>

(a) Selling & administrative expenses include purchased intangibles amortization and litigation provisions and settlements.

(b) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.

(c) Litigation provisions and settlement gains were excluded as these items are isolated, unpredictable and not expected to recur regularly.

(d) Restructuring costs and certain other items were excluded as the Company believes that the cost to consolidate operations, reduce overhead, and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.

(e) In connection with the Wyatt acquisition, the Company started to recognize a two-year retention bonus obligation that is contingent upon the employee's providing future service and continued employment with Waters. The Company believes that these costs are not normal and do not represent future ongoing business expenses.

(f) ERP implementation and transformation costs represent costs related to the Company's initiative to transition from its legacy enterprise resource planning (ERP) system to a new global ERP solution with a cloud-based infrastructure. These costs, which do not represent normal or future ongoing business expenses, are one-time, non-recurring costs related to the establishment of our new global ERP solution that were determined to be non-capitalizable in accordance with accounting standards.

Waters Corporation and Subsidiaries
Preliminary Condensed Consolidated Statements of Cash Flows
Three Months Ended March 29, 2025 and March 30, 2024
(In thousands and unaudited)

	Three Months Ended	
	March 29, 2025	March 30, 2024
Cash flows from operating activities:		
Net income	\$ 121,381	\$ 102,196
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	12,878	10,913
Depreciation and amortization	49,369	48,514
Change in operating assets and liabilities and other, net	75,925	101,247
Net cash provided by operating activities	259,553	262,870
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(25,742)	(28,655)
Investments in unaffiliated companies	(506)	(1,064)
Net change in investments	-	(25)
Net cash used in investing activities	(26,248)	(29,744)
Cash flows from financing activities:		
Net change in debt	(170,000)	(300,000)
Proceeds from stock plans	8,246	13,932
Purchases of treasury shares	(13,934)	(13,089)
Other cash flow from financing activities, net	2,441	6,981
Net cash used in financing activities	(173,247)	(292,176)
Effect of exchange rate changes on cash and cash equivalents	(2,541)	1,264
Increase (decrease) in cash and cash equivalents	57,517	(57,786)
Cash and cash equivalents at beginning of period	325,355	395,076
Cash and cash equivalents at end of period	\$ 382,872	\$ 337,290

Reconciliation of GAAP Cash Flows from Operating Activities to Free Cash Flow ^(a)

Net cash provided by operating activities - GAAP	\$ 259,553	\$ 262,870
Adjustments:		
Additions to property, plant, equipment and software capitalization	(25,742)	(28,655)
Litigation settlements received, net	-	(375)
Free Cash Flow - Adjusted Non-GAAP	\$ 233,811	\$ 233,840

(a) The Company defines free cash flow as net cash flow from operations accounted for under GAAP less capital expenditures and software capitalizations plus or minus any unusual and non recurring items. Free cash flow is not a GAAP measurement and may not be comparable to free cash flow reported by other companies.

Waters Corporation and Subsidiaries
Reconciliation of Projected GAAP to Adjusted Non-GAAP Financial Outlook

	Twelve Months Ended December 31, 2025			Three Months Ended June 28, 2025		
	Range			Range		
Projected Sales						
Constant currency sales growth rate ^(a)	5.0%	-	7.0%	5.0%	-	7.0%
Currency translation impact	(1.0%)	-	(1.0%)	(1.0%)	-	(1.0%)
Sales growth rate as reported	4.0%	-	6.0%	4.0%	-	6.0%
	Range			Range		
Projected Earnings Per Diluted Share						
GAAP earnings per diluted share	\$ 11.88	-	\$ 12.18	\$ 2.66	-	\$ 2.76
Adjustments:						
Purchased intangibles amortization	\$ 0.60	-	\$ 0.60	\$ 0.15	-	\$ 0.15
ERP implementation and transformation costs	\$ 0.22	-	\$ 0.22	\$ 0.05	-	\$ 0.05
Retention bonus obligation	\$ 0.05	-	\$ 0.05	\$ 0.02	-	\$ 0.02
Adjusted non-GAAP earnings per diluted share	\$ 12.75	-	\$ 13.05	\$ 2.88	-	\$ 2.98

(a) Constant currency growth rates are a non-GAAP financial measure that measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period. These amounts are estimated at the current foreign currency exchange rates and based on the forecasted geographical sales in local currency, as well as an assessment of market conditions as of today, and may differ significantly from actual results.

These forward-looking adjustment estimates do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance.