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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 Or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 16, 2026

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

Delaware
(State or Other Jurisdiction
of Incorporation)

001-14010
(Commission
File Number)

13-3668640
(I.R.S. Employer
Identification No.)

34 Maple Street
Milford, Massachusetts 01757
(Address of Principal Executive Offices) (Zip Code)

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

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 8.01 Other Events.

In connection with a registration statement on Form S-3 that Waters Corporation, a Delaware corporation (“Waters”), expects to file with the United States Securities and Exchange Commission promptly after the filing of this Current Report on Form 8-K (this “Current Report”), Waters is providing: (i) the unaudited condensed combined financial statements as of December 31, 2025 and September 30, 2025 and for the three months ended December 31, 2025 and 2024 of Becton, Dickinson and Company’s former Biosciences and Diagnostic Solutions business (the “SpinCo Business”) acquired by Waters on February 9, 2026, which are filed as Exhibit 99.1 to this Current Report and incorporated by reference herein; (ii) the Management’s Discussion and Analysis of Financial Condition and Results of Operations for the SpinCo Business for the fiscal years ended September 30, 2025, 2024 and 2023, which is filed as Exhibit 99.2 to this Current Report and incorporated by reference herein; (iii) the Management’s Discussion and Analysis of Financial Condition and Results of Operations for the SpinCo Business for the three months ended December 31, 2025 and 2024, which is filed as Exhibit 99.3 to this Current Report and incorporated by reference herein; and (iv) the unaudited pro forma condensed combined financial information of Waters and the SpinCo Business as of December 31, 2025 and for the fiscal year ended December 31, 2025, which is filed as Exhibit 99.4 to this Current Report and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Unaudited condensed combined financial statements of the SpinCo Business as of December 31, 2025 and September 30, 2025 and for the three months ended December 31, 2025 and 2024.</u>
99.2	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations for the SpinCo Business for the fiscal years ended September 30, 2025, 2024 and 2023.</u>
99.3	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations for the SpinCo Business for the three months ended December 31, 2025 and 2024.</u>
99.4	<u>Unaudited pro forma condensed combined financial information of Waters Corporation and the SpinCo Business as of December 31, 2025 and for the fiscal year ended December 31, 2025.</u>
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURE

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

WATERS CORPORATION

Date: March 16, 2026

By: /s/ Amol Chaubal

Name: Amol Chaubal

Title: Senior Vice President and Chief Financial Officer

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Condensed Combined Statements of Income

BDS Business

(Unaudited)

Millions of dollars	Three Months Ended December 31,	
	2025	2024
Revenues:		
Product sales	\$ 652	\$ 727
Service sales	114	107
Total net sales	766	834
Operating costs and expenses:		
Cost of product sales	347	343
Cost of service sales	70	64
Total cost of sales	417	407
Selling and administrative expense	238	224
Research and development expense	72	107
Integration, restructuring and transaction expense	4	2
Total Operating Costs and Expenses	731	740
Operating Income	35	94
Other expense, net	(2)	(1)
Income Before Income Taxes	33	93
Income tax (benefit) provision	(16)	15
Net Income	\$ 49	\$ 78

See notes to unaudited condensed combined financial statements.

Condensed Combined Statements of Comprehensive Income

BDS Business

(Unaudited)

Millions of dollars	Three Months Ended December 31,	
	2025	2024
Net Income	\$ 49	\$ 78
Other Comprehensive Income, Net of Tax		
Foreign currency translation adjustments	\$ 1	\$ (45)
Other Comprehensive Income, Net of Tax	1	(45)
Comprehensive Income	<u>\$ 50</u>	<u>\$ 33</u>

See notes to unaudited condensed combined financial statements.

Condensed Combined Balance Sheets

BDS Business

Millions of dollars	December 31, 2025 (Unaudited)	September 30, 2025
Assets		
Current Assets		
Cash and equivalents	\$ 67	\$ 74
Trade receivables, net	521	597
Inventories:		
Materials	147	134
Work in process	136	137
Finished products	492	472
	<u>775</u>	<u>743</u>
Prepaid expenses and other	105	133
Total Current Assets	1,468	1,547
Property, Plant and Equipment, Net	639	647
Goodwill	897	896
Other Intangibles, Net	172	179
Other Assets	763	762
Total Assets	<u>\$ 3,939</u>	<u>\$ 4,031</u>
Liabilities and Parent's Equity		
Current Liabilities		
Accounts payable	\$ 192	\$ 197
Accrued expenses and other liabilities	288	300
Salaries, wages and related items	146	153
Total Current Liabilities	626	650
Deferred Income Taxes and Other Liabilities	387	413
Parent's Equity		
Accumulated other comprehensive loss	(91)	(92)
Net parent investment	3,017	3,060
Total Parent's Equity	2,926	2,968
Total Liabilities and Parent's Equity	<u>\$ 3,939</u>	<u>\$ 4,031</u>

See notes to unaudited condensed combined financial statements.

Condensed Combined Statements of Cash Flows

BDS Business

Three Months Ended December 31,

(Unaudited)

Millions of dollars	Three Months Ended December 31,	
	2025	2024
Operating Activities		
Net income	\$ 49	\$ 78
Adjustments to net income to derive net cash provided by operating activities:		
Depreciation and amortization	42	43
Share-based compensation	17	16
Impairment of intangible assets	—	30
Pension and other postretirement benefit expense	1	1
Deferred income taxes	(5)	(7)
Change in operating assets and liabilities:		
Trade receivables, net	75	53
Inventories, net	(32)	(31)
Prepaid expenses and other	24	16
Accounts payable, income taxes and other liabilities	(47)	(30)
Other, net	8	(7)
Net Cash Provided by Operating Activities	<u>132</u>	<u>162</u>
Investing Activities		
Capital expenditures	(6)	(9)
Investment in placed instruments	(21)	(10)
Acquisitions of intangible assets	(3)	(3)
Other, net	1	(6)
Net Cash Used for Investing Activities	<u>(29)</u>	<u>(28)</u>
Financing Activities		
Net transfers to Parent	(110)	(135)
Net Cash Used for Financing Activities	<u>(110)</u>	<u>(135)</u>
Net Decrease in Cash and equivalents	(7)	(1)
Opening Cash and equivalents	74	64
Closing Cash and equivalents	<u>\$ 67</u>	<u>\$ 63</u>

See notes to unaudited condensed combined financial statements.

BDS Business

Millions of dollars, or as otherwise specified

Note 1 — Background and Basis of Presentation

Background

On February 9, 2026, Becton, Dickinson and Company (“BD” or the “Parent”) completed a transaction to combine its Biosciences and Diagnostic Solutions businesses (together, the “Company” or the “BDS Business”) through an initial spin-off, followed by a merger executed as a Reverse Morris Trust transaction with Waters Corporation (“Waters” and such transaction, the “Transaction”). In order to effect the Transaction, Waters and BD entered into merger and separation agreements. These agreements provided for (1) the separation of the BDS Business from BD’s other businesses and the subsequent transfer of the BDS Business into Augusta SpinCo Corporation (“SpinCo”) and its subsidiaries, (2) a cash distribution to BD of \$4 billion (the “SpinCo Cash Distribution”), (3) the delivery to BD shareholders of all of the issued and outstanding shares of SpinCo Common Stock held by BD by way of a pro rata distribution, and (4) the merger of SpinCo with Beta Merger Sub, Inc. (“Merger Sub”), with SpinCo continuing as the surviving corporation of the merger and becoming a wholly owned subsidiary of Waters. The BDS Business is composed of instruments and informatics, reagents, single-cell multiomics tools, and a range of products focused on microbiology and infectious disease diagnostics, including molecular testing, cervical cancer screening, microbiology automation, and point-of-care solutions. SpinCo had no assets, liabilities, operations, or commitments and contingencies during the periods presented in these combined financial statements and did not have any assets, liabilities, operations or commitments in respect of the BDS Business until such business’ assets and liabilities were transferred to SpinCo. These unaudited condensed combined financial statements reflect the condensed combined historical results of operations, financial position and cash flows of the BDS Business.

In addition to the merger and separation agreements, BD and Waters entered into various other agreements to provide a framework for the relationship between BD and Waters after the Transaction close. Such agreements include a transition services agreement (TSA), an employee matters agreement, a tax matters agreement, manufacturing agreements, and various lease agreements. Under these agreements BD will continue to provide certain products and services to Waters following the completion of the transaction.

Basis of Presentation

The unaudited condensed combined financial statements have been derived from BD’s historical accounting records and were prepared on a stand-alone basis in accordance with U.S. generally accepted accounting principles (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The assets, liabilities, revenue and expenses of the BDS Business have been reflected in these unaudited condensed combined financial statements on a historical cost basis, as included in the unaudited consolidated financial statements of BD, using the historical accounting policies applied by BD. Historically, separate financial statements have not been prepared for the BDS Business and it has not operated as a stand-alone business from BD. The historical results of operations, financial position and cash flows of the BDS Business presented in these unaudited condensed combined financial statements may not be indicative of what they would have been had the BDS Business actually been an independent stand-alone company, nor are they necessarily indicative of the BDS Business’s future results of operations, financial position and cash flows.

The BDS Business has historically functioned together with other BD businesses. Accordingly, the BDS Business relied on certain of BD’s Corporate and Life Sciences segment support functions to operate. Effective October 1, 2025, BD reorganized its organizational units into five worldwide business segments, which resulted in the Life Sciences segment including only the BDS Business. The unaudited condensed combined financial statements include all revenues and costs directly attributable to the BDS Business, as well as an allocation of expenses related to certain BD corporate functions and shared functions within BD’s Life Sciences segment (Note 4). These expenses have been allocated to the BDS Business on a pro rata basis of global and regional revenues, as well as headcount. The BDS Business considers these allocations to be a reasonable reflection of the utilization of services or the benefit received. However, the allocations may not be indicative of the actual expense that would have been incurred had the BDS Business operated as an independent, stand-alone entity, nor are they indicative of the BDS Business’s future expenses.

Following the Transaction, certain functions that BD provided to the BDS Business prior to the Transaction will either continue to be provided to the BDS Business by BD under the TSA or will be performed using the BDS Business's own resources or third-party service providers.

The unaudited condensed combined financial statements were prepared on a going concern basis and include assets and liabilities specifically attributable to the BDS Business. Cash and equivalents and liabilities legally held by the BDS Business were included in the unaudited condensed combined balance sheets. BD uses a centralized approach to cash management and financing of its operations. As part of BD, the BDS Business has been dependent upon BD for substantially all of its working capital and financing requirements. These arrangements are not reflective of the manner in which the business would have financed its operations had it been a stand-alone company separate from BD during the periods presented. Effective upon the Transaction close, the BDS Business is dependent upon Waters for substantially all of its working capital and financing requirements. The BDS Business believes the financial support of Waters is sufficient to allow it to continue to fund its operations for at least twelve months from the issuance of these unaudited condensed combined financial statements. Cash pooling, related interest, and intercompany arrangements are excluded from the asset and liability balances in the unaudited condensed combined balance sheets. These amounts are reported in *Net parent investment* as a component of Parent's Equity.

The Parent's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented.

All intercompany transactions and balances within the BDS Business have been eliminated. Transactions between the BDS Business and BD have been included in these unaudited condensed combined financial statements and are considered related party transactions (Note 4). During the periods ended December 31, 2025 and 2024, transactions with Parent are reflected in Parent's Equity as *Net transfers to parent* and in the accompanying combined balance sheets within *Net parent investment* (Note 3).

The *Income tax provision* in the unaudited condensed combined statements of income has been calculated as if the BDS Business filed a separate tax return and was operating as a stand-alone company. Therefore, tax expense, cash tax payments, and items of current and deferred taxes may not be reflective of the BDS Business's actual tax balances prior to or subsequent to the distribution.

During the reporting period management has concluded that the BDS Business operates in two segments based upon the information used by the chief operating decision-maker ("CODM") in evaluating the performance of the BDS Business and allocating resources and capital.

Financial information is disclosed in millions unless otherwise noted. The BDS Business's fiscal year ends on September 30. Within the unaudited condensed combined financial statements and tables presented, certain columns and rows may not add due to the use of rounded numbers for disclosure purposes.

Note 2 — Accounting Changes

New Accounting Principles Not Yet Adopted

In September 2025, the Financial Accounting Standards Board (FASB) issued an accounting standard update to amend the criteria for capitalizing internal-use software costs. This update is intended to modernize the accounting for software costs by replacing the legacy guidance under which capitalization is based on the nature of costs and the project development stage. This update requires software capitalization to begin when (1) management has authorized and committed funding to the software project and (2) it is probable that the project will be completed, and the software will be used to perform the function intended. The update is effective for the BDS Business beginning in its fiscal year 2029, with early adoption permitted. The BDS Business is currently assessing the potential impact of this update on its condensed combined financial statements.

In November 2024, the FASB issued an accounting standard update that requires the BDS Business to disclose more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation and amortization) included in each relevant income statement expense caption. The update is effective for the BDS Business beginning with its fiscal year 2028 reporting and for interim reporting beginning with its fiscal year 2029. Early adoption is permitted. The BDS Business is currently evaluating the impact that this update will have on its disclosures.

In December 2023, the FASB issued an accounting standard update that requires more disaggregated information to be included in the income tax rate reconciliation and income taxes paid annual disclosures. This update is effective for the BDS Business for its fiscal year 2026 reporting and the BDS Business is currently evaluating the impact that this update will have on its disclosures.

Note 3 — Parent’s Equity

Changes in certain components of Parent’s Equity were as follows:

(Millions of dollars)	Net Parent Investment	Accumulated Other Comprehensive (Loss) / Income	Total Parent’s Equity
Balance, September 30, 2025	\$ 3,060	\$ (92)	\$ 2,968
Net income	49	—	49
Foreign currency translation	—	1	1
Net transfers to Parent	(92)	—	(92)
Balance, December 31, 2025	<u>\$ 3,017</u>	<u>\$ (91)</u>	<u>\$ 2,926</u>
(Millions of dollars)	Net Parent Investment	Accumulated Other Comprehensive (Loss) / Income	Total Parent’s Equity
Balance, September 30, 2024	\$ 2,964	\$ (112)	\$ 2,852
Net income	78	—	78
Foreign currency translation	—	(45)	(45)
Net transfers to Parent	(118)	—	(118)
Balance, December 31, 2024	<u>\$ 2,924</u>	<u>\$ (157)</u>	<u>\$ 2,767</u>

Note 4 — Related Party Transactions and Parent Company Investment

Corporate and Life Sciences Segment Allocations

The BDS Business’s unaudited condensed combined financial statements include general corporate expenses of BD and shared segment expenses, which were not historically allocated to the BDS Business for certain support functions that are centralized within the Parent and Life Sciences segment and not recorded at the business unit level, such as expenses related to the executive leadership team and other functions such as finance, human resources, information technology, facilities, and legal (collectively, “General Corporate Expenses”). For purposes of these unaudited condensed combined financial statements, the General Corporate Expenses have been allocated to the BDS Business. The General Corporate Expenses are included in the unaudited condensed combined statements of income in *Cost of sales, Selling and administrative expense, Research and development expense and Other expense, net* and, accordingly, as a component of *Net parent investment* on the condensed combined balance sheets. These expenses have been allocated to the BDS Business on a pro rata basis of global revenues, regional revenues or headcount. Management believes the assumptions underlying the unaudited condensed combined financial statements, including the assumptions regarding allocating General Corporate Expenses from BD, are reasonable. Nevertheless, the condensed combined financial statements may not include all of the actual expenses that would

have been incurred and may not reflect the BDS Business's condensed combined results of operations, financial position and cash flows had it been a stand-alone company during the periods presented. Actual costs that would have been incurred if the BDS Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure. The BDS Business does not believe, however, that it is practicable to estimate what these expenses would have been had the BDS Business operated as an independent entity, including any expenses associated with obtaining any of these services from unaffiliated entities.

The allocations of General Corporate Expenses are reflected in the unaudited condensed combined statements of income as follows:

(Millions of dollars)	Three months ended December 31,	
	2025	2024
Cost of sales	\$ 14	\$ 11
Selling and administrative expense	84	81
Research and development expense	3	4
Total General Corporate Expenses	<u>\$ 101</u>	<u>\$ 96</u>

Parent Company Investment

All significant intercompany transactions between the BDS Business and BD have been included in the condensed combined financial statements and were considered to be effectively settled at the Transaction close. The total net effect of the settlement of these intercompany transactions is reflected in the condensed combined statements of cash flows as a financing activity and in the condensed combined balance sheets as *Net parent investment*.

The following table summarizes the components of the net transfers to Parent in *Net parent investment* for the three-months ended December 31, 2025 and 2024:

(Millions of dollars)	Three months ended December 31,	
	2025	2024
Cash pooling and general financing activities (a)	\$ 181	\$ 218
Corporate and segment allocations, excluding non-cash share-based compensation	(96)	(90)
Taxes deemed settled with parent	25	7
Net transfers to Parent as reflected in the condensed combined statements of cash flows	110	135
Share-based compensation	(17)	(16)
Pension expense	(1)	(1)
Net transfers to Parent (Note 3)	<u>\$ 92</u>	<u>\$ 118</u>

- (a) The nature of activities includes financing activities for capital transfers, cash sweeps, and other treasury services. As part of this activity, cash balances are swept to BD on a daily basis under the BD Treasury function and the BDS Business receives capital from BD for its cash needs.

Note 5 — Contingencies

Contingencies

The BDS Business regularly monitors and evaluates the status of product liability and other legal matters, and may, from time to time, engage in settlement and mediation discussions taking into consideration developments in the matters and the risks and uncertainties surrounding litigation. These discussions could result in settlements of one or more of these claims at any time. Although management currently believes that resolving claims against the

BDS Business, including claims where an unfavorable outcome is reasonably possible, will not have a material impact on the liquidity, results of operations, or financial condition of the BDS Business, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. It is possible that an unfavorable outcome resulting from legal matters or other contingencies could have a material impact on the liquidity, results of operations or financial condition of the BDS Business.

Significant judgment is required in both the determination of probability of loss and the determination as to whether the amount can be reasonably estimated. Accruals are based only on information available at the time of the assessment, due to the uncertain nature of such matters. As additional information becomes available, management reassesses potential liabilities related to pending claims and litigation and may revise its previous estimates, which could materially affect the BDS Business's results of operations in a given period.

In fiscal year 2025, a counterparty to an intellectual property licensing agreement asserted that the BDS Business has underpaid royalties due under the agreement. The BDS Business has accrued an amount that is not material to its combined financial results relative to this matter; however, it is possible that the amount of the BDS Business's liability could differ from its currently accrued amount.

Italy Legislation

In 2015, legislation was enacted in Italy which requires medical technology companies to make payments to the Italian government if Italy's medical device expenditures exceed annual regional expenditure ceilings. The amount of these payments is based on the amount by which the regional ceilings for the given year were exceeded. Considerable uncertainty has existed regarding the enforceability and implementation of this payback legislation since it was enacted and the BDS Business, as well as other medical device companies, have filed appeals which challenge the enforceability of this legislation. In July 2024, the Italian Constitutional Court affirmed the constitutionality of the medical device payback legislation. In fiscal year 2024, the BDS Business recorded an accrual of \$17 million as an impact to *Total net sales* as a preliminary estimate of the liability related to this matter, which substantially relates to years prior to fiscal year 2024. During its fourth quarter of fiscal year 2025, the BDS Business made a payment to settle its obligations for calendar years 2015 through 2018 in accordance with an Economy Decree issued by the Italian government in June 2025 which allowed companies, upon their closure of all pending litigation relating to amounts due for calendar years 2015 through 2018, to pay 25% of the invoiced amounts for those years. No payment requests have been issued to the BDS Business for any subsequent years and ultimate resolution for amounts that may be due for these later years is unknown at this time. As such, it is possible that the amount of the BDS Business's liability could differ from its currently accrued amount. Remaining accruals for this matter are recorded within *Deferred Income Taxes and Other Liabilities* on the unaudited condensed combined balance sheets.

Note 6 — Revenues

The Biosciences business sells immunology and cancer research solutions and related clinical diagnostics, including instruments & informatics and reagents, and has innovative single-cell multiomics tools. The Diagnostic Solutions business sells microbiology and infectious disease diagnostics, including molecular diagnostics, cervical cancer screening, microbiology automation and point-of-care offerings. These services and products are sold through independent distribution channels and directly by BD through sales representatives. End-users of the BDS Business's products include healthcare institutions, physicians, life science researchers, clinical laboratories, the pharmaceutical industry, academic and government institutions and the general public. In the current and prior-year periods, the BDS Business generated revenues attributable to licensing, which includes consideration received in exchange for the use of the BDS Business's intellectual property by third parties.

Measurement of Revenues

The BDS Business acts as the principal in substantially all of its customer arrangements and as such, generally records revenues on a gross basis. Revenues exclude any taxes that the BDS Business collects from customers and remits to tax authorities.

Payment terms extended to the BDS Business's customers are based upon commercially reasonable terms for the markets in which the BDS Business's products are sold. Because the BDS Business generally expects to receive payment within one year or less from when control of a product is transferred to the customer, the BDS Business does not generally adjust its revenues for the effects of a financing component.

The BDS Business's gross revenues are subject to a variety of deductions that are recorded in the same period that the underlying revenues are recognized. Such variable consideration includes rebates, sales discounts and sales returns. Because these deductions represent estimates of the related obligations, judgment is required when determining the impact of these revenue deductions on gross revenues for a reporting period. Rebates provided by the BDS Business are based upon prices determined under the BDS Business agreements primarily with its end-user customers. Additional factors considered in the estimate of the rebate liability include the quantification of inventory that is either in stock at or in transit to the BDS Business's distributors, as well as the estimated lag time between the sale of product and the payment of corresponding rebates. Rebate liabilities classified as an offset to *Trade receivables, net* were \$84 million, and \$88 million at December 31, 2025 and September 30, 2025, respectively. Rebates recorded as a reduction of gross revenues during the periods ended December 31, 2025 and 2024, were \$117 million and \$114 million, respectively. For the same periods, sales discounts and sales returns recorded as a reduction of gross revenues were \$16 million and \$23 million, respectively.

Disaggregation of Revenues

Revenues by geographic region for the three-months ended December 31, 2025 and 2024 consisted of:

(Millions of dollars)	<u>2025</u>	<u>2024</u>
United States	\$300	\$364
China	51	67
Other international (a)	415	403
Total	<u>\$766</u>	<u>\$834</u>

(a) During the three-months ended December 31, 2025 and 2024, no individual country other than the United States and China generated revenue that represented more than 10% of total revenues.

Costs to Obtain Revenue Contracts

Due to the nature of the majority of the products, the BDS Business typically does not incur costs to fulfill a contract in advance of providing the customer with goods or services. The BDS Business's costs to obtain contracts are comprised of sales commissions, which are paid to employees or third-party agents. Sales commissions incurred by the BDS Business relate to revenue that is recognized over a period that is less than one year and, as such, the BDS Business has elected a practical expedient provided under ASC 606 to record its expense associated with sales commissions as it is incurred. Sales commissions are recorded within *Selling and administrative expense* in the unaudited condensed combined statements of income.

Contract Assets and Liabilities

The BDS Business records contract liabilities when consideration from a customer is received prior to the satisfaction of performance obligations, such as extended warranty and software maintenance contracts, which are performed over time. These amounts are presented within *Accrued expenses and other liabilities* on the BDS Business's condensed combined balance sheets. As of December 31, 2025 and September 30, 2025, contract liabilities totaled approximately \$128 million and \$145 million, respectively.

Contract assets represent the BDS Business's conditional right to consideration for revenue recognized from performance obligations that were satisfied or partially satisfied in advance of customer billings. These amounts are recorded within *Prepaid expenses and other* and *Other assets* on the condensed combined balance sheets. The BDS Business's contract asset balances as of December 31, 2025 and September 30, 2025 were \$16 million and \$15 million, respectively.

Remaining Performance Obligations

The BDS Business's obligations relating to service contracts, and pending installations of equipment, represent unsatisfied performance obligations of the BDS Business. The revenues under existing contracts with original expected durations of more than one year, which are attributable to products and/or services that have not yet been installed or provided, are estimated to be approximately \$257 million at December 31, 2025. The BDS Business expects to recognize the majority of this revenue over the next three years.

Some of the BDS Business's contracts also contain minimum purchase commitments of reagents or other consumables and the future sales of these consumables represent additional unsatisfied performance obligations of the BDS Business. The revenue attributable to the unsatisfied minimum purchase commitment-related performance obligations, for contracts with original expected durations of more than one year, is estimated to be approximately \$472 million at December 31, 2025. This revenue will be recognized over the customer relationship periods.

Note 7 — Segment Data

The BDS Business's organizational structure is based upon two worldwide business segments: Biosciences and Diagnostic Solutions. The worldwide business segments are strategic businesses that are managed separately because each one develops, manufactures, and markets distinct products and services. For all periods presented, the BD Life Sciences President is the BDS Business' chief operating decision maker ("CODM").

Biosciences

The Biosciences business offers a comprehensive portfolio of instruments, software and informatics, reagents, and single cell multiomics solutions, supporting the advanced analysis of cell populations for use in fields such as immunology, oncology, and infectious disease research. Its products are used by a broad range of customers, including academic and government institutions, pharmaceutical and biotechnology companies, and clinical laboratories. In addition to supporting basic research, the business provides essential tools that facilitate drug discovery and development, contributing to advancements in precision medicine, as well as tools for clinical diagnostics. Biosciences operates through a common global commercial infrastructure that includes a specialized sales force, technical application specialists and channel partners dedicated to serving the life sciences market.

Diagnostic Solutions

The Diagnostic Solutions business provides a broad range of diagnostic instrumentation, assays, consumables, automation, and informatics that support the detection, identification and drug susceptibility testing of infectious disease organisms. Key areas of focus are sepsis, tuberculosis, sexually transmitted infections, healthcare-associated infections, women's health conditions, and cervical cancer screening. The Diagnostic Solutions portfolio employs several technologies and innovations, centered across three key areas, microbiology solutions, molecular diagnostics platforms, and diagnostic testing performed near the patient to deliver rapid results that can inform immediate care decisions designed to deliver rapid results in decentralized healthcare settings. These technologies serve a global customer base of hospitals, clinical laboratories, public health agencies and integrated delivery networks. The Diagnostic Solutions business plays a central role in improving clinical workflows, enhancing diagnostic accuracy, and supporting timely treatment decisions.

Additional Segment Information

Distribution of products is primarily through independent distribution channels, and directly to end-users by the BDS Business and independent sales representatives. No customer accounted for 10% or more of revenues in any of the periods presented.

The BDS Business presents segment results on a consistent basis with internal reporting regularly reviewed by the CODM, on both a reported and a foreign currency-neutral basis, to evaluate business segment performance, as compared to budget, and allocate resources such as capital and headcount. Business segment performance is evaluated based on operating income before taxes excluding certain corporate expenses and other adjustments that are not considered part of ordinary operations. Such adjustments primarily include: amortization and other adjustments related to the purchase accounting for acquisitions; amounts related to certain legal matters; and costs associated with restructuring and integration activities. These amounts are included in the reconciliation of segment operating income to the BDS Business' *Income Before Income Taxes*, below. Prior period segment expense amounts have been recast to conform to the current year presentation.

The BDS Business' CODM does not receive any asset information by business segment and, as such, the BDS Business does not report asset information by business segment.

The BDS Business's segment revenues are detailed below. The BDS Business has no intersegment revenues.

(Millions of dollars)	Three months ended December 31,					
	2025			2024		
	United States	International	Total	United States	International	Total
Biosciences	\$ 124	\$ 203	\$327	\$ 153	\$ 208	\$361
Diagnostic Solutions	176	263	439	211	262	473
Total BDS Business	<u>\$ 300</u>	<u>\$ 466</u>	<u>\$766</u>	<u>\$ 364</u>	<u>\$ 470</u>	<u>\$834</u>

The following tables include the significant expenses by segment that are regularly provided to the CODM and a reconciliation of segment operating income to *Income Before Income Taxes*.

Three Months Ended December 31, 2025

(Millions of dollars)	<u>Biosciences</u>	<u>Diagnostic Solutions</u>	<u>Total</u>
Revenues	\$ 327	\$ 439	\$ 766
Segment expenses:			
Total cost of sales	135	255	390
<i>% of revenues</i>	<i>41.3%</i>	<i>58.1%</i>	
Selling and administrative expense	64	83	147
<i>% of revenues</i>	<i>19.6%</i>	<i>18.9%</i>	
Research and development expense	34	32	66
<i>% of revenues</i>	<i>10.4%</i>	<i>7.3%</i>	
Segment Operating Income	<u>\$ 94</u>	<u>\$ 69</u>	<u>\$ 163</u>
<i>% of revenues</i>	<i>28.7%</i>	<i>15.7%</i>	
<i>Unallocated items</i>			
Net interest income			1
Corporate administrative and other unallocated (a)			(119)
<i>Specified items:</i>			
Purchase accounting adjustments (b)			(8)
Integration, restructuring and transaction expense (c)			(4)
Income Before Income Taxes			<u><u>\$ 33</u></u>

Three Months Ended December 31, 2024

(Millions of dollars)	Biosciences	Diagnostic Solutions	Total
Revenues	\$ 361	\$ 473	\$ 834
Segment expenses:			
Total cost of sales	126	259	385
% of revenues	34.9%	54.8%	
Selling and administrative expense	61	77	138
% of revenues	16.9%	16.3%	
Research and development expense	35	35	70
% of revenues	9.7%	7.4%	
Segment Operating Income	<u>\$ 139</u>	<u>\$ 102</u>	<u>\$ 241</u>
% of revenues	38.5%	21.6%	
Unallocated items			
Net interest income			1
Corporate administrative and other unallocated (a)			(109)
Specified items:			
Purchase accounting adjustments (b)			(8)
Integration, restructuring and transaction expense (c)			(2)
Product, litigation, and other items (d)			(30)
Income Before Income Taxes			<u><u>\$ 93</u></u>

- (a) Primarily comprised of corporate general and administrative expenses, share-based compensation expense, and foreign exchange.
- (b) Includes amortization expense related to purchase accounting for acquisitions, recorded in *Cost of sales* across all years.
- (c) Represents amounts associated with restructuring activities which are recorded in *Integration, restructuring and transaction expense*.
- (d) Includes certain items which are not part of ordinary operations and affect the comparability of the periods presented. Such items may include certain product remediation costs, amounts related to certain legal matters, certain investment gains and losses, certain asset impairment charges, and certain pension settlement costs. The amount in the three months ended December 31, 2024 included a non-cash asset impairment charge of \$30 million recorded to *Research and development expense* to write down the carrying value of acquired in-process research and development assets in the Diagnostic Solutions segment.

Segment information for both capital expenditures and depreciation and amortization is provided below:

(Millions of dollars)	Three months ended December 31,	
	2025	2024
Capital Expenditures		
Biosciences	\$ 2	\$ 2
Diagnostic Solutions	4	7
Total Capital Expenditures	<u>\$ 6</u>	<u>\$ 9</u>
Depreciation and Amortization		
Biosciences	\$ 13	\$ 13
Diagnostic Solutions	29	30
Total Depreciation and Amortization ^(a)	<u>\$ 42</u>	<u>\$ 43</u>

(a) Includes amortization of placed instruments of \$18 million, and \$18 million for the three-month periods ended December 31, 2025 and 2024, respectively.

Note 8 — Goodwill and Intangible Assets

Intangible assets consisted of:

(Millions of dollars)	December 31, 2025			September 30, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying amount
<i>Amortized intangible assets</i>						
Developed technology	\$ 799	\$ (717)	\$ 82	\$ 798	\$ (710)	\$ 88
Customer relationships	58	(34)	24	58	(33)	25
Patents, trademarks and other	221	(171)	50	218	(168)	50
Amortized intangible assets	<u>\$ 1,078</u>	<u>\$ (922)</u>	<u>\$ 156</u>	<u>\$ 1,074</u>	<u>\$ (911)</u>	<u>\$ 163</u>
<i>Unamortized intangible assets</i>						
Acquired in-process research and development	\$ 14			\$ 14		
Trademarks	2			2		
Unamortized intangible assets	<u>\$ 16</u>			<u>\$ 16</u>		

Intangible amortization expense was \$10 million and \$9 million for the three months ended December 31, 2025 and 2024, respectively.

The following is a reconciliation of goodwill by business segment:

(Millions of dollars)	Biosciences	Diagnostic Solutions	Total
Goodwill as of September 30, 2025	\$ 461	\$ 435	\$896
Currency translation	1	—	1
Goodwill as of December 31, 2025	<u>\$ 462</u>	<u>\$ 435</u>	<u>\$897</u>

Note 9 — Financial Instruments and Fair Value Measurements

Foreign Currency and Other Risks

The BDS Business has foreign currency exposures throughout the various countries in which it operates. BD uses derivative instruments at the corporate level to mitigate these exposures. BD does not enter into derivative financial instruments for trading or speculative purposes.

Transactional currency exposures that arise from entering into transactions, generally on an intercompany basis, in non-hyperinflationary countries that are denominated in currencies other than the functional currency are mitigated by BD primarily through the use of forward contracts that are recorded as undesignated hedges. In order to mitigate transactional foreign currency exposures resulting from anticipated intercompany purchases and sales denominated in a currency other than local functional currencies, BD entered into certain instruments such as foreign exchange forward and option contracts to hedge a portion of this currency risk, which are designated as cash flow hedges.

The BDS Business does not enter into any derivative transactions. Accordingly, derivative assets and liabilities held by BD at the corporate level and the related impacts recorded within BD's *Accumulated other comprehensive loss* were not attributable to the BDS Business for any of the periods presented.

As the hedges of the transactional foreign exchange exposures resulting primarily from intercompany payables and receivables are undesignated hedges, the gains or losses on these instruments are recognized immediately in income. These gains and losses are largely offset by gains and losses on the underlying hedged items, as well as the hedging costs associated with the derivative instruments. Due to the BDS Business's participation in BD's hedging program, the BDS Business records an allocated portion of the impact of these activities. The net foreign exchange loss amounts recognized in *Other expense, net* during the three-months ended December 31, 2025, and 2024 were \$2 million and \$2 million, respectively.

Net gains or losses resulting from the change in fair value of the foreign exchange contracts designated as cash flow hedges are initially recorded by BD within *Other comprehensive loss* and reclassified into earnings upon the occurrence of the related underlying third-party transaction. If foreign exchange contracts designated as cash flow hedges are terminated prematurely as a result of the hedged transaction being probable of not occurring, the balance in *Accumulated other comprehensive loss* attributable to those derivatives is immediately reclassified into *Net sales* or *Cost of sales* (depending on whether the hedged item is an intercompany sale or purchase).

Net after tax amounts recognized in *Other comprehensive income (loss)*, as well as amounts reclassified from *Accumulated other comprehensive income (loss)* into earnings relating to these cash flow hedges during the three months ended December 31, 2025 and 2024 were immaterial. The amounts expected to be reclassified from *Accumulated other comprehensive income (loss)* into earnings relating to these cash flow hedges within the next 12 months of December 31, 2025, are not material to the BDS Business's combined financial results.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, net and accounts payable, as reflected in the BDS Business's condensed combined balance sheets, approximates fair value due to the short-term maturities of these financial instruments.

Nonrecurring Fair Value Measurements

Non-financial assets, including property, plant and equipment as well as intangible assets, are measured at fair value when there are indicators of impairment and these assets are recorded at fair value only when an impairment is recognized. These measurements of fair value are generally estimated, based upon a market participant's perspective, using Level 3 inputs, including values estimated using the income approach.

In the first quarter of fiscal year 2025, the BDS Business recorded a non-cash asset impairment charge of \$30 million to *Research and development expense* to write down the carrying value of acquired in-process research and development assets in the Diagnostic Solutions segment. The amount recognized was recorded to adjust the carrying amounts of assets to the assets' fair values, which were estimated, based upon a market participant's perspective, using Level 3 measurements, including values estimated using the income approach. There were no such impairments in the first quarter of fiscal year 2026.

Supplier Finance Programs

The BDS Business has agreements where participating suppliers are provided the ability to receive early payment of the BDS Business's obligations at a nominal discount through supplier finance programs entered into with third party financial institutions. The BDS Business is not a party to these arrangements, and these programs do not impact the BDS Business's obligations or affect the BDS Business's payment terms, which generally range from 90 to 150 days. The agreements with the financial institutions do not require the BDS Business to pledge assets as security or provide other forms of guarantees for the supplier finance programs. The BDS Business had \$28 million and \$24 million of outstanding payables related to the supplier finance programs as of December 31, 2025 and September 30, 2025, respectively, which were recorded within *Accounts payable* on the unaudited condensed combined balance sheets.

Note 10 — Income Taxes

The Company's effective income tax rates were (49.1)% and 16.2% for the three months ended December 31, 2025 and 2024, respectively. The effective income tax rate for the three months ended December 31, 2025 reflected a more favorable net impact from discrete items compared with the prior-year period.

Note 11 — Supplemental Financial Information

Other Assets

Other assets at December 31, 2025 and September 30, 2025 consisted of:

(Millions of dollars)	December 31, 2025	September 30, 2025
Placed instruments, net	\$ 180	\$ 177
Right-of-use assets	344	349
Deferred income tax assets noncurrent, net of valuation allowance	163	159
Other	76	77
Total other assets	<u>\$ 763</u>	<u>\$ 762</u>

Note 12 — Subsequent Events

Management has evaluated subsequent events through February 27, 2026, the date the condensed combined financial statements were available to be issued. Based on this review, management did not identify any subsequent events that would have required adjustment or disclosure in the combined financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE BDS BUSINESS

The following discussion and analysis should be read in conjunction with the sections entitled "Item 1A. Risk Factors" and "Forward-Looking Statements" in the Annual Report on Form 10-K for the year ended December 31, 2025 filed by Waters Corporation ("Waters") with the Securities and Exchange Commission (the "SEC") on February 23, 2026 (the "Annual Report"). This discussion contains a number of forward-looking statements, all of which are based on Waters' current expectations and could be affected by the uncertainties and other factors described in the Annual Report and particularly in the sections entitled "Item 1A. Risk Factors" and "Forward-Looking Statements."

References in this section to the "BDS Business" and "the business" refer to the BDS Business as defined in the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report on Form 8-K filed by Waters with the SEC on February 9, 2026 (SEC Accession No. 0001193125-26-042819) (the "Current Report").

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated. Unless otherwise stated, all references to "2025," "2024" and "2023" in this section refer to Becton, Dickinson and Company's ("BD") fiscal years ended September 30, 2025, 2024 and 2023, respectively.

Overview of the BDS Business

The BDS Business is a global life sciences business engaged in the development, manufacturing and sale of instruments and reagent systems to detect a broad range of infectious diseases, healthcare-associated infections, and cancers. The BDS Business's organizational structure is based upon two principal business segments, Biosciences and Diagnostic Solutions. Biosciences is a leader in flow cytometry solutions for immunology and cancer research and related clinical diagnostics and has innovative single-cell multiomics tools. Diagnostic Solutions is a leader in microbiology and infectious disease diagnostics, including molecular diagnostics, cervical cancer screening, microbiology automation, and point-of-care offerings. Both businesses have strong leadership teams with excellent commercial, manufacturing, engineering, and R&D expertise, and are dedicated to bringing the next generation of breakthrough innovations to researchers, clinicians, and patients.

The BDS Business's products are manufactured and sold worldwide. Its products are marketed in the United States and internationally through independent distribution channels and directly to end-users.

Basis of Presentation of Financial Information

The historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report were derived from the consolidated financial statements and accounting records of BD. These combined financial statements reflect the combined historical results of operations, financial position and cash flows of the BDS Business of BD as they were historically managed and adjusted in conformity with U.S. GAAP on a stand-alone basis. Therefore, this historical combined financial information may not be indicative of the BDS Business's future performance and does not necessarily reflect what the BDS Business's combined results of operations, financial condition and cash flows would have been had the BDS Business operated as a separate, stand-alone company during the periods presented.

The historical combined financial statements of the BDS Business include certain assets and liabilities specifically attributable to the BDS Business. BD employs a centralized approach to cash management and the financing of its operations. For all periods presented, cash and equivalents, and liabilities legally held by the BDS Business were included in the combined balance sheets. BD's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented. These arrangements are not reflective of the manner in which the BDS Business would have financed operations as a stand-alone company separate from BD during the periods presented. Cash pooling, related interest and intercompany arrangements are excluded from the asset and liability balances in the combined balance sheets. These amounts have instead been reported as *Net parent investment* on the combined balance sheets.

Additionally, BD provides certain services, such as legal, accounting, information technology, human resources, and other infrastructure support to the BDS Business. The cost of these services has been included in the BDS Business combined financial statements through allocations based upon a proportion of revenue or headcount. BD considers these allocations to be reflective of the benefits received by the BDS Business during the periods presented in the historical combined financial statements of the BDS Business, as required by and in conformity with U.S. GAAP. While these allocations include an apportionment of BD's corporate and public company costs, such allocated costs may not be indicative or necessary if the BDS Business operated as a part of another existing public company nor are they necessarily representative of the costs that may be incurred in the future, following the completion of the transactions pursuant to the Agreement and Plan of Merger, dated as of July 13, 2025, by and among Waters, BD, Augusta SpinCo Corporation, ("SpinCo"), and Beta Merger Sub, Inc., and the Separation Agreement, dated as of July 13, 2025, by and among Waters, BD and SpinCo, as amended by that certain Amendment No. 1, by and among Waters, BD and SpinCo, dated as of February 9, 2026 (the "Transactions"). Actual costs that would have been incurred if the BDS Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Percentages presented are calculated from the underlying amounts. References to years throughout this discussion relate to the fiscal years, which end on September 30.

Relationship with BD

Following the completion of the Transactions, certain functions previously provided by BD to the BDS Business will either continue to be delivered to the BDS Business under a Transition Services Agreement or the other documents entered into in connection with the Transactions or will be assumed by Waters, either through internal resources or third-party service providers. Additionally, under certain contract manufacturing agreements, BD will manufacture certain products for the BDS Business and its subsidiaries following the closing of the Transactions.

Concurrent with the consummation of the Transactions, SpinCo entered into other agreements with BD relating to the Transactions and various interim and ongoing relationships among Waters, SpinCo and BD.

Summary of Financial Results

Worldwide revenues in 2025 of \$3,296 million decreased 1.4% from the prior-year period. The decrease reflected the impacts detailed below.

	Increase (decrease) in current-year revenues
Volume/other (a)	(2.0)%
Pricing	(0.1)%
Foreign currency impact (b)	0.7%
Decrease in revenues from the prior-year period	<u>(1.4)%</u>

- (a) Volume includes revenues attributable to products, services and licensing. The decline in volume was primarily driven by softer research instrument demand across all regions due to funding constraints and market dynamics, partially offset by higher licensing revenue and continued growth in the BDS Business's MAX™ IVD, COR™, and FACSDiscover™ platforms.
- (b) Each reporting period, the BDS Business faces currency exposure that arises from translating the results of its worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period.

Results of Operations

Biosciences Segment

Overall, the Biosciences segment's revenues and operating income were unfavorably impacted by market dynamics, including reductions and delays in research funding, as well as regulations that impacted the sales of certain products to China. These market dynamics were offset by strong sales of the recently launched FACSDiscover™ A8 Cell Analyzer. The segment also encountered increased costs due to tariff regulations imposed by the U.S. government. These increased costs were offset by productivity initiatives.

The following is a summary of revenue for the Biosciences segment:

(Millions of dollars)	2025	2024	2023	2025 vs. 2024			2024 vs. 2023		
				Total Change	Estimated FX Impact	FXN Change (a)	Total Change	Estimated FX Impact	FXN Change (a)
Biosciences	\$1,458	\$1,512	\$1,509	(3.6)%	0.4%	(4.0)%	0.2%	0.0%	0.2%

(a) Foreign currency-neutral (“FXN”) information compares results between periods as if exchange rates had remained constant period-over-period. The BDS Business uses results on a foreign currency-neutral basis as one measure to evaluate its performance. The BDS Business calculates foreign currency-neutral percentages by converting its current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to its current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a foreign currency-neutral basis, as presented here, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP. This explanation applies to all subsequent references to FXN.

2025 vs. 2024

The Biosciences segment’s revenues of \$1,458 million in 2025 decreased by \$54 million, or 3.6%, compared with revenues of \$1,512 million in 2024, which primarily reflected continued market dynamics impacting sales of instruments due to research funding constraints and international regulations, partially offset by strong sales of the recently launched FACSDiscover™ A8 Cell Analyzer.

2024 vs. 2023

The Biosciences segment’s revenues of \$1,512 million in 2024 increased by \$3 million, or 0.2%, compared with revenues of \$1,509 million in 2023, which primarily reflected strong demand for the Biosciences unit’s clinical reagents, partially offset by a decline in the segment’s sales of research instrumentation due to a decline in life science research funding, primarily in the United States and China, and less licensing revenues.

(Millions of dollars)	2025	2024	2023
Biosciences operating income	\$ 510	\$ 565	\$ 537
Biosciences operating income as % of Biosciences revenues	35.0%	37.4%	35.6%

The Biosciences segment’s operating income as a percentage of revenues in 2025 and 2024, compared with the prior-year periods, reflected the following:

2025 vs. 2024

- Lower gross profit margin in 2025 compared with 2024 primarily reflected lower revenue in the current year due to market dynamics impacting research funding, as well as an unfavorable impact from tariffs, partially offset by favorable foreign currency translation and the realization of productivity initiatives across new manufacturing locations.
- Selling and administrative expense as a percentage of revenues in 2025 was higher compared with 2024, primarily reflecting the current period decline in revenues in combination with higher shipping costs and other selling and administrative expenses.
- Research and development expense as a percentage of revenues in 2025 was higher compared with 2024, primarily due to lower revenues in 2025 in combination with costs associated with progression of certain initiatives.

2024 vs. 2023

- Higher gross profit margin in 2024 compared with 2023 primarily reflected lower manufacturing costs resulting from continuous improvement projects and other productivity initiatives, partially offset by higher material and labor costs, as well as unfavorable foreign currency translation.

- Selling and administrative expense as a percentage of revenues in 2024 was lower compared with 2023 primarily due to productivity initiatives.
- Research and development expense as a percentage of revenues in 2024 was lower compared with 2023, primarily due to the timing of project spending and product launches.

Diagnostic Solutions Segment

The Diagnostic Solutions segment had fairly consistent revenue with increased operating margins. There were lower sales of point-of-care products, partially offset by continued double-digit growth in sales of MAX™ IVD. Operating margins improved as a result of productivity initiatives and efficiencies and improvements resulting from portfolio rationalization projects and contract manufacturer consolidations.

The following is a summary of revenue for the Diagnostic Solutions segment:

(Millions of dollars)	2025	2024	2023	Total Change	2025 vs. 2024 Estimated FX Impact	FXN Change	Total Change	2024 vs. 2023 Estimated FX Impact	FXN Change
Diagnostic Solutions	\$1,838	\$1,848	\$1,885	(0.5)%	0.3%	(0.8)%	(2.0)%	(0.1)%	(1.9)%

2025 vs. 2024

The Diagnostic Solutions segment's revenues of \$1,838 million in 2025 decreased by \$10 million, or 0.5%, compared with revenues of \$1,848 million in 2024. The decline was primarily driven by lower sales of BACTEC™ blood culture products, even as customer utilization continued to normalize following the resolution of a supply disruption, as well as by lower sales of point-of-care products. These declines were partially offset by continued growth in sales of MAX™ IVD.

2024 vs. 2023

The Diagnostic Solutions segment's revenues of \$1,848 million in 2024 decreased by \$37 million, or 2.0%, compared with revenues of \$1,885 million in 2023, which primarily reflected reduced demand for its respiratory illness diagnostic products as COVID-19 moves to an endemic stage, partially offset by strong sales in the Microbiology platform.

(Millions of dollars)	2025	2024	2023
Diagnostic Solutions operating income	\$ 389	\$ 360	\$ 414
Diagnostic Solutions operating income as % of Diagnostic Solutions revenues	21.2%	19.5%	22.0%

The Diagnostic Solutions segment's operating income as a percentage of revenues in 2025, compared with the prior-year period, reflected the following:

2025 vs. 2024

- Higher gross profit margin in 2025 compared with 2024 primarily reflected lower manufacturing costs resulting from continuous improvement projects and other productivity initiatives, partially offset by an unfavorable impact from tariffs.
- Selling and administrative expense as a percentage of revenues was higher in 2025 compared with 2024, which primarily reflected an increase in marketing and other professional-related expenses.
- Research and development expense as a percentage of revenues was lower in 2025 compared with 2024, primarily reflecting the progression of current projects.

2024 vs. 2023

- Lower gross profit margin in 2024 compared with 2023 primarily reflected a decline in sales of high-margin respiratory testing products, unfavorable foreign currency translation, as well as higher cost of raw materials and labor costs, which was partially offset by lower manufacturing costs resulting from continuous improvement projects and other productivity initiatives.

- Selling and administrative expense as a percentage of revenue was higher in 2024 compared with 2023 which primarily reflected the decline in revenues as well as higher shipping costs.
- Lower research and development expense as a percentage of revenues in 2024 compared with 2023 primarily reflected the progression of current projects.

Geographic Revenues

The following provides a summary of revenue by geography:

(Millions of dollars)	2025	2024	2023	2025 vs. 2024			2024 vs. 2023		
				Total Change	Estimated FX Impact	FXN Change	Total Change	Estimated FX Impact	FXN Change
United States	\$1,348	\$1,361	\$1,469	(1.0)%	— %	(1.0)%	(7.4)%	— %	(7.4)%
International	1,948	1,982	1,925	(1.7)%	1.0%	(2.7)%	3.0%	(0.1)%	3.1%
Revenues	<u>\$3,296</u>	<u>\$3,343</u>	<u>\$3,394</u>	<u>(1.4)%</u>	<u>0.7%</u>	<u>(2.1)%</u>	<u>(1.5)%</u>	<u>(0.5)%</u>	<u>(1.0)%</u>

2025 vs. 2024

The decline in U.S. revenues in 2025 was primarily driven by lower sales of BACTEC™ blood culture products, even as customer utilization continues to normalize following the resolution of a supply disruption, partially offset by strong performance in Lab Automation, Biosciences licensing revenue and the continued traction of the recently launched FACSDiscover™ platform within the Biosciences segment.

The decline in international revenues in 2025 was driven by the continued research funding decreases affecting sales of the Biosciences segment's flow cytometry instruments, as well as a decline in sales of clinical reagents as result of HIV product discontinuation, primarily in EMEA. The decline was partially offset by higher sales in the Diagnostic Solutions segment's molecular portfolio, including MAX™ IVD and COR™ systems.

2024 vs. 2023

The decline in U.S. revenues in 2024 reflected lower sales of the Biosciences segment's research instruments and reagents due to the constraints in U.S. research funding, as further discussed above. The decline in U.S. revenues in 2024 also reflected lower sales of the Diagnostic Solutions segment's respiratory testing products, as further discussed above, and an unfavorable impact due to a supply disruption that has affected U.S. sales of the segment's blood culture products. These unfavorable impacts to U.S. revenues were partially offset by strong growth in sales of the Biosciences segment's clinical instruments and reagents.

International revenue growth in 2024 was driven by the Biosciences segment's sales of clinical reagents and research instruments, as well as by the Diagnostic Solutions segment's sales of microbiology products. International revenues in 2024 were unfavorably impacted by a \$17 million accrual relating to the Italian government medical device pay back legislation, which substantially relates to years prior to 2024. Additional disclosures regarding this matter are provided in Note 6 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report.

Specified Items

Reflected in the financial results for 2025, 2024 and 2023 were the following specified items:

(Millions of dollars)	2025	2024	2023
Integration, restructuring and transaction expense (a)	\$ 5	\$ 89	\$ 55
Purchase accounting adjustments (b)	33	26	17
Product, litigation, and other items (c)	42	21	—
European regulatory initiative-related costs (d)	—	9	12
Total specified items	80	145	84
Less: tax impact of specified items	7	16	11
After-tax impact of specified items	\$ 73	\$ 129	\$ 73

- (a) Represents amounts associated with restructuring and integration activities which are recorded in *Integration, restructuring and transaction expense* and are further discussed below.
- (b) Includes amortization and other adjustments related to the purchase accounting for acquisitions. The amortization expense is recorded in *Cost of sales*. The amortization in 2024 and 2023 is partially offset by amounts recorded in *Selling and administrative expense* related to the change in fair value of contingent consideration.
- (c) Includes certain items which are not part of ordinary operations and affect the comparability of the periods presented. Such items may include certain asset impairment charges, the impact of legislative rulings and fair market value adjustments. The amount in 2025 was primarily recorded to *Research and development expense* and included a \$30 million impairment to the carrying value of acquired in-process research and development assets in the Diagnostic Solutions segment discussed below. The amount in 2024 was primarily recorded to *Total net sales* and *Selling and administrative expense* and included the accrual relating to the Italian government medical device pay-back legislation, which was recognized as a reduction to *Total net sales* as further discussed above.
- (d) Represents costs incurred to develop processes and systems to establish initial compliance with the European Union Medical Device Regulation, which represent a significant, unusual change to the existing regulatory framework. The BDS Business considers these costs to be duplicative of previously incurred costs and/or one-off costs, which are limited to a specific period of time. These expenses, which are recorded in *Total cost of sales* and *Research and development expense*, include the cost of labor, other services and consulting (in particular, research and development and clinical trials) and supplies, travel and other miscellaneous costs.

Gross Profit

The comparison of gross profits in 2025, 2024 and 2023 included the following:

(Millions of dollars)	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Gross profit	\$1,630	\$1,630	\$1,698	\$ —	\$ (68)
% of revenues	49.5%	48.8%	50.0%		

The favorable impact on gross margin from specified items in 2025 compared to 2024 was primarily driven by the absence of the \$17 million accrual recorded to *Net sales* in 2024 relating to the Italian government medical device pay-back legislation, which negatively impacted gross margin in 2024, as discussed above.

Operating performance in 2025 primarily reflected lower manufacturing costs resulting from the BDS Business's ongoing continuous improvement projects and other productivity initiatives, as well as favorable foreign currency translation impacts. These benefits were partially offset by higher costs associated with tariffs.

Lower operating performance in 2024 primarily reflected the decline in respiratory testing revenues, which yield higher gross margins, along with higher raw material and labor costs and unfavorable foreign currency translation impact, offset by lower manufacturing costs resulting from ongoing continuous improvement projects and other productivity initiatives, as well as a favorable impact from pricing.

Operating Expenses

Operating expenses in 2025, 2024 and 2023 were as follows:

(Millions of dollars)	2025	2024	2023	2025 vs. 2024	2024 vs. 2023
Selling and administrative expense	\$ 865	\$ 866	\$ 849	\$ (1)	\$ 17
% of revenues	26.2%	25.9%	25.0%		
Research and development expense	\$ 321	\$ 306	\$ 342	\$ 15	\$ (36)
% of revenues	9.7%	9.2%	10.1%		
Integration, restructuring and transaction expense	\$ 5	\$ 89	\$ 55	\$ (84)	\$ 34
Other operating income, net	\$ —	\$ (2)	\$ (5)		

Selling and Administrative

Selling and administrative expense of \$865 million in 2025 decreased by \$1 million, or 0.1%, compared with \$866 million in 2024. Selling and administrative expense as a percentage of revenues in 2025 was higher when compared with 2024, which primarily reflected lower revenues.

Selling and administrative expense of \$866 million in 2024 increased by \$17 million, or 2.0%, compared with \$849 million in 2023. Selling and administrative expense as a percentage of revenues in 2024 was higher when compared with 2023, which primarily reflected lower revenues.

Research and Development

Research and development expense of \$321 million in 2025 increased by \$15 million, or 4.9%, compared with \$306 million in 2024. Research and development expense as a percentage of revenues in 2025 was higher compared with 2024, driven by a \$30 million write-down of certain assets in the Diagnostic Solutions segment, as described in Note 10 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report. This impact was partially offset by lower research and development spending resulting from the timing and advancement of current projects.

Research and development expense of \$306 million in 2024 decreased by \$36 million, or 10.5%, compared with \$342 million in 2023. Research and development expense as a percentage of revenues in 2024 was lower compared with 2023, which primarily reflected the timing and progression of current projects.

Integration, Restructuring and Transaction Expense

Integration, restructuring, and transaction expense declined significantly in 2025 compared with 2024 and 2023, reflecting the completion of major initiatives during 2024. In prior years, expenses primarily related to simplification and cost-saving initiatives focused on aligning organizational structures to current business needs, including portfolio rationalization projects, contract manufacturer consolidations, and a major real estate consolidation and relocation in California. With these projects largely concluded, related activity and associated costs were substantially lower in 2025.

Income Taxes

The income tax rates in 2025, 2024 and 2023 were as follows:

	2025	2024	2023
Effective income tax rate	16.4%	12.4%	8.6%

The BDS Business's effective income tax rate was 16.4%, 12.4% and 8.6% in 2025, 2024 and 2023, respectively. The increase in the effective income tax rate in 2025 compared with 2024 is mainly driven by higher U.S. taxes on earnings from non-U.S. subsidiaries and the establishment of a valuation allowance on certain tax credit carryforwards generated during the current period. This was partially offset by tax benefits resulting from a shift in the geographical mix of earnings. The higher effective income tax rate in 2024 compared with 2023 was primarily driven by a favorable impact of a remeasurement of deferred tax assets and liabilities upon the approval of a tax incentive in 2023.

Foreign Exchange Risk

The BDS Business conducts business in multiple foreign currencies across regions including Europe, Greater Asia, Canada, and Latin America. As a result, it is exposed to foreign currency risk stemming from its international operations. These exposures primarily arise from intercompany transactions denominated in currencies other than the functional currency, particularly in non-hyperinflationary countries. BD primarily manages this transactional currency risk through the use of foreign exchange forward contracts. To further mitigate expected foreign currency exposures from future intercompany sales and purchases denominated in non-local currencies, BD also utilizes forward and option contracts, which are designated as cash flow hedges to offset this risk.

The BDS Business itself does not directly engage in derivative instruments, including forward contracts, options, swaps, or similar financial instruments. As such, any derivative-related assets or liabilities recognized at BD's corporate level, along with the associated impacts recorded in *Accumulated other comprehensive loss* on the combined balance sheets, are not attributable to the BDS Business for any of the periods presented.

For transactional foreign exchange exposures related primarily to intercompany payables and receivables, BD employs undesignated hedging instruments. Gains and losses from these instruments are recognized immediately in the income statement and are generally offset by the corresponding gains and losses on the underlying transactions, along with any associated hedging costs. Because the BDS Business participates in BD's overall hedging strategy, it records an allocated portion of the impact from these undesignated hedges in its financial results.

Liquidity and Capital Resources

Historical Liquidity

Historically, the BDS Business has generated positive cash flows from operations.

Cash and cash equivalents and liabilities legally held by the BDS Business were included in the combined balance sheets. However, as part of BD, the BDS Business has been dependent upon BD for substantially all of its working capital and financing requirements. BD uses a centralized approach to cash management and financing of its operations. The majority of the cash of the BDS Business is transferred to BD daily and BD funds the operating and investing activities of such business as needed. This arrangement is not reflective of the manner in which the BDS Business would have been able to finance its operations had the BDS Business been a stand-alone business separate from BD during the periods presented. Cash transfers to and from BD's cash management accounts are reflected within *Net parent investment* as a component of equity.

BD's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented.

The following table summarizes the combined statements of cash flows in 2025, 2024 and 2023:

(Millions of dollars)	2025	2024	2023
Net cash provided by (used for)			
Operating activities	\$ 462	\$ 641	\$ 371
Investing activities	\$(143)	\$(147)	\$(179)
Financing activities	\$(309)	\$(470)	\$(174)

Net Cash Flows from Operating Activities

Net cash provided by operating activities was \$462 million in 2025 as compared to \$641 million in 2024 and \$371 million for 2023.

Net cash provided by operating activities during 2025 was attributable to net income of \$353 million in 2025 and net adjustments of \$109 million, including adjustments related to depreciation and amortization, share-based compensation, impairment of intangible assets, loss on settlement of investment, pension expense, deferred taxes and \$135 million of operating cash outflows relating to changes in working capital. The operating cash outflows were primarily driven by lower levels of accounts payable and accrued expenses, higher levels of trade receivables, and higher levels of inventory.

Net cash provided by operating activities during 2024 was attributable to net income of \$321 million in 2024 and net adjustments of \$320 million, including adjustments related to depreciation and amortization, share-based compensation, pension expense, deferred taxes and a \$107 million of operating cash inflows relating to changes in working capital. The operating cash inflows were primarily driven by higher levels of accounts payable and accrued expenses and lower levels of trade receivables, which reflects the business' continued focus on collection efforts.

Net cash provided by operating activities during 2023 was attributable to net income of \$415 million in 2023 offset by net adjustments of \$44 million, including adjustments related to depreciation and amortization, share-based compensation, pension expense, deferred taxes and \$152 million of operating cash outflows relating to changes in working capital. The operating cash outflows were primarily driven by higher levels of trade receivables and lower levels of accounts payable and salaries, wages, and related items.

Net Cash Flows from Investing Activities

Net cash used for investing activities was primarily comprised of capital expenditures of \$50 million, \$64 million and \$73 million and the acquisition of placed instruments of \$82 million, \$81 million and \$91 million in 2025, 2024 and 2023, respectively. Net cash used for investing activities included \$12 million related to the acquisition of NIRvana Sciences, Inc. in 2025. Net cash used for investing activities during 2025, 2024 and 2023 also included \$9 million, \$10 million and \$8 million, respectively, related to the acquisition of intangible assets.

Net Cash Flows from Financing Activities

Net cash used for financing activities, which represents net transfers to BD, was \$309 million in 2025, compared to \$470 million in 2024 and \$174 million in 2023.

Contractual Obligations

In the normal course of business, the BDS Business enters into contracts and commitments that obligate it to make payments in the future. Information regarding the BDS Business obligations under purchase and lease arrangements are provided in Notes 6 and 12, respectively, to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report.

The BDS Business's contractual obligations as of September 30, 2025 were as follows:

(Millions of dollars)	<u>Total</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Thereafter</u>
Leases(a)	\$370	\$37	\$34	\$31	\$30	\$30	\$208
Purchase Obligations(b)	3	3	—	—	—	—	—
Total	\$373	\$40	\$34	\$31	\$30	\$30	\$208

(a) Refer to Note 12 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report.

(b) Refer to Note 6 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report.

Critical Accounting Policies

See Note 2 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report for a discussion of significant accounting policies.

Recent Accounting Pronouncements

See Note 3 to the historical combined financial statements of the BDS Business filed as Exhibit 99.2 to the Current Report for a discussion of recent accounting pronouncements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE BDS BUSINESS

The following discussion and analysis should be read in conjunction with the sections entitled "Item 1A. Risk Factors" and "Forward-Looking Statements" in the Annual Report on Form 10-K for the year ended December 31, 2025 filed by Waters Corporation ("Waters") with the Securities and Exchange Commission (the "SEC") on February 23, 2026 (the "Annual Report") as well as the unaudited condensed combined financial statements and accompanying notes filed by Waters with the SEC as Exhibit 99.1 to the Current Report on Form 8-K to which this Exhibit 99.3 is attached (this "Current Report"). References in this exhibit to the "BDS Business" and the "business" refer to the BDS Business as defined in the historical unaudited condensed combined financial statements of the BDS Business. This discussion contains a number of forward-looking statements, all of which are based on Waters' current expectations and could be affected by the uncertainties and other factors described in the Annual Report and particularly in the sections entitled "Item 1A. Risk Factors" and "Forward-Looking Statements."

Overview of the BDS Business

The BDS Business is a global life sciences business engaged in the development, manufacturing and sale of instruments and reagent systems to detect a broad range of infectious diseases, healthcare-associated infections, and cancers. The BDS Business's organizational structure is based upon two principal business segments, Biosciences and Diagnostic Solutions. Biosciences is a leader in flow cytometry solutions for immunology and cancer research and related clinical diagnostics and has innovative single-cell multiomics tools. Diagnostic Solutions is a leader in microbiology and infectious disease diagnostics, including molecular diagnostics, cervical cancer screening, microbiology automation, and point-of-care offerings. Both businesses have strong leadership teams with excellent commercial, manufacturing, engineering, and R&D expertise, and are dedicated to bringing the next generation of breakthrough innovations to researchers, clinicians, and patients.

The BDS Business's products are manufactured and sold worldwide. Its products are marketed in the United States and internationally through independent distribution channels and directly to end-users.

Combination of the BDS Business with Waters

On February 9, 2026, BD completed a transaction to combine its Biosciences and Diagnostic Solutions businesses (together, the "BDS Business") through an initial spin-off, followed by a merger executed as a Reverse Morris Trust transaction (collectively, the "Transaction") with Waters.

In order to effect the Transaction, Waters and BD entered into a number of agreements, including a merger agreement and a separation agreement. These agreements provided for (1) the separation of the BDS Business from BD's other businesses and the subsequent transfer of the BDS Business to Augusta SpinCo Corporation ("SpinCo") and its subsidiaries, (2) a cash distribution to BD of \$4 billion (the "SpinCo Cash Distribution"), (3) the pro rata distribution to BD shareholders of all of the issued and outstanding shares of SpinCo Common Stock held by BD, and (4) the merger of SpinCo with Beta Merger Sub, Inc. ("Merger Sub"), a wholly-owned subsidiary of Waters, with SpinCo continuing as the surviving corporation of the merger and becoming a wholly owned subsidiary of Waters. In connection with the Transaction, BD shareholders received 0.135343148384084 shares of Waters common stock for each share of BD common stock that they held at close. SpinCo had no assets, liabilities, operations, or commitments and contingencies during the periods presented in these combined financial statements and did not have any assets, liabilities, operations or commitments in respect of the BDS Business until such business' assets and liabilities were transferred to SpinCo. This disclosure as well as the accompanying unaudited condensed combined financial statements reflect the condensed combined historical results of operations, financial position and cash flows of the BDS Business.

Basis of Presentation of Financial Information

The historical unaudited condensed combined financial statements of the BDS Business filed as Exhibit 99.1 to this Current Report were derived from the consolidated financial statements and accounting records of BD. These unaudited condensed combined financial statements reflect the combined historical results of operations, financial position and cash flows of the BDS Business of BD as they were historically managed and adjusted in conformity with U.S. GAAP on a stand-alone basis. Therefore, such historical combined financial information may not be indicative of the BDS Business's future performance and does not necessarily reflect what the BDS Business's combined results of operations, financial condition and cash flows would have been had the BDS Business operated as a separate, stand-alone company during the periods presented.

The historical unaudited condensed combined financial statements of the BDS Business include certain assets and liabilities specifically attributable to the BDS Business. BD employs a centralized approach to cash management and the financing of its operations. For all periods presented, cash and equivalents and liabilities legally held by the BDS Business were included in the unaudited condensed combined balance sheets. BD's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented. These arrangements are not reflective of the manner in which the BDS Business would have financed operations as a stand-alone company separate from BD during the periods presented. Cash pooling, related interest and intercompany arrangements are excluded from the asset and liability balances in the unaudited condensed combined balance sheets. These amounts have instead been reported as *Net parent investment* on the unaudited condensed combined balance sheets.

Additionally, BD provides certain services, such as legal, finance, information technology, human resources, and other infrastructure support to the BDS Business. The cost of these services has been included in the BDS Business's unaudited condensed combined financial statements through allocations based upon a proportion of revenue or headcount. BD considers these allocations to be reflective of the benefits received by the BDS Business during the periods presented in the historical unaudited condensed combined financial statements of the BDS Business, as required by and in conformity with U.S. GAAP. While these allocations include an apportionment of BD's corporate and public company costs, such allocated costs may not be indicative or necessary if the BDS Business operated as a part of another existing public company nor are they necessarily representative of the costs that may be incurred in the future. Actual costs that would have been incurred if the BDS Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Relationship with BD

Effective upon the closing of the Transactions on February 9, 2026, certain functions previously provided by BD to the BDS Business will either continue to be delivered to the BDS Business under a transition services agreement or other documents executed in connection with the Transaction, or will be assumed by Waters, either through internal resources or third-party service providers. Additionally, under certain contract manufacturing agreements, BD will manufacture certain products for the BDS Business and its subsidiaries following the Transaction.

Summary of Financial Results

For the three months ended December 31, 2025, worldwide revenues of \$766 million decreased 8.3% from the prior-year period. The decrease reflected the impacts detailed below.

	Increase (decrease) in current-year revenues
Volume/other (a)	(10.8)%
Pricing	0.3%
Foreign currency impact (b)	2.2%
Decrease in revenues from the prior-year period	<u>(8.3)%</u>

(a) Volume includes revenues attributable to products, services and licensing. The decline in volume was driven by softer demand for point-of-care, BD BACTEC™ blood culture, and licensing products, as well as lower demand in China due to continued market dynamics. These unfavorable impacts to volume were partially offset by growth attributable to the BD MAX™ IVD and COR™ platforms.

(b) Each reporting period, the BDS Business faces currency exposure that arises from translating the results of its worldwide operations to the U.S. dollar at exchange rates that fluctuate from the beginning of such period.

Results of Operations

Biosciences Segment

Overall, the Biosciences segment's revenues and operating income were unfavorably impacted by ongoing research funding challenges, regulatory constraints affecting product sales to China, and an unfavorable comparison to one-time licensing revenue recognized in the first quarter of fiscal year 2025.

The following summarizes the first quarter Biosciences segment revenues:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>				
	<u>2025</u>	<u>2024</u>	<u>Total Change</u>	<u>Estimated FX Impact</u>	<u>FXN Change (a)</u>
Biosciences	\$327	\$361	(9.5)%	2.1%	(11.6)%

- (a) Foreign currency-neutral ("FXN") information compares results between periods as if exchange rates had remained constant period-over-period. The BDS Business uses results on a foreign currency-neutral basis as one measure to evaluate its performance. The BDS Business calculates foreign currency-neutral percentages by converting its current-period local currency financial results using the prior-period foreign currency exchange rates and comparing these adjusted amounts to its current-period results. These results should be considered in addition to, not as a substitute for, results reported in accordance with U.S. GAAP. Results on a foreign currency-neutral basis, as presented here, may not be comparable to similarly titled measures used by other companies and are not measures of performance presented in accordance with U.S. GAAP. This explanation applies to all subsequent references to FXN.

The Biosciences segment's revenues of \$327 million in the first quarter of 2026 decreased by \$34 million, or 9.5%, compared with revenues of \$361 million in the first quarter of 2025, which primarily reflected continued market dynamics impacting sales of instruments, including research funding constraints and international regulations.

The Biosciences segment's income for the three-month periods is provided below.

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Biosciences segment income	\$ 94	\$ 139
Segment income as % of Biosciences revenues	28.7%	38.5%

The Biosciences segment's operating income as a percentage of revenues in the first quarter of 2026 compared with the first quarter of 2025, reflected the following:

- Gross profit margin in the first quarter of fiscal year 2026 declined compared with the first quarter of 2025, primarily due to lower revenues in the current period and unfavorable impacts from tariffs and higher labor costs. These factors were partially offset by lower manufacturing costs driven by continuous improvement initiatives, supply chain optimization and other productivity measures.
- Selling and administrative expense as a percentage of revenues in the first quarter of 2026 was higher compared with the first quarter of 2025, primarily reflecting the current-period decline in revenues in combination with higher selling costs attributed to program spend and marketing.
- Research and development expense as a percentage of revenues in the first quarter of 2026 was higher compared with the first quarter of 2025, which primarily reflected the current-period decline in revenues, as well as the timing of project spending.

Diagnostic Solutions Segment

Overall, the Diagnostic Solutions segment's revenue and operating income were unfavorably impacted by a decline in sales of point-of-care products driven by a slower start to the respiratory season. Blood culture revenues were also unfavorably affected by lower demand following the recovery from a prior-year backorder and continued declines in market demand within China. These impacts were partially offset by growth from instrument placements and an increase in MAX™ IVD and COR™ sales.

The following summarizes the first quarter Diagnostic Solutions segment revenues:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>				
	<u>2025</u>	<u>2024</u>	<u>Total Change</u>	<u>Estimated FX Impact</u>	<u>FXN Change</u>
Diagnostic Solutions	\$439	\$473	(7.2)%	2.2%	(9.4)%

The Diagnostic Solutions segment's revenues of \$439 million in the first quarter of 2026 decreased by \$34 million, or 7.2%, compared with revenues of \$473 million in the first quarter of 2025, which primarily reflected lower sales of U.S. point-of-care products and an unfavorable comparison to BD BACTEC™ blood culture product sales in the prior year.

The Diagnostic Solutions segment's income for the three-month periods is provided below.

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Diagnostic Solutions segment income	\$ 69	\$ 102
<i>Segment income as % of Diagnostic Solutions revenues</i>	15.7%	21.6%

The Diagnostic Solutions segment's operating income as a percentage of revenues in the first quarter of 2026 compared with the first quarter of 2025, reflected the following:

- Gross profit margin in the first quarter of fiscal year 2026 declined compared with the first quarter of fiscal year 2025, primarily due to lower revenues in the current period and unfavorable impacts from tariffs and higher labor costs. These factors were partially offset by lower manufacturing costs driven by continuous improvement initiatives, supply chain optimization, and other productivity measures.
- Selling and administrative expense as a percentage of revenues was higher in the first quarter of 2026 compared with the first quarter of 2025, primarily due to lower revenues in the current period and higher selling costs related to increased program spend and marketing activities.
- Research and development expense as a percentage of revenues was lower in the first quarter of 2026 compared with the first quarter of 2025, primarily reflecting the timing of project-related spending.

Geographic Revenues

The following provides a summary of revenue by geography:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>				
	<u>2025</u>	<u>2024</u>	<u>Total Change</u>	<u>Estimated FX Impact</u>	<u>FXN Change</u>
United States	\$300	\$364	(17.6)%	— %	(17.6)%
International	466	470	(0.9)%	2.2%	(3.1)%
Revenues	\$766	\$834	(8.3)%	2.2%	(10.5)%

The decline in U.S. revenues in the first quarter of 2026 reflects lower demand for point-of-care products due to a slower start to the respiratory season and elevated channel inventory levels from September pre-buy activity, as well as lower blood culture sales following the recovery from a prior-year backlog. Performance was also impacted by softer instrument demand driven by research funding challenges. These declines were partially offset by strong COR™ instrument placements and continued growth in BD MAX™ IVD platform sales.

International revenues decreased in the first quarter of 2026, primarily driven by continued market dynamics in China, including lower blood culture sales, reduced demand for high-parameter instruments due to export restrictions, and government policies impacting clinical reagent purchasing. These declines were partially offset by strong COR™ instrument placements, modest growth in BD MAX™ IVD, and improved reagent performance outside of China, including growth in Latin America.

Specified Items

Reflected in the financial results for the three-month periods of fiscal years 2026 and 2025 were the following specified items:

(Millions of dollars)	Three months ended December 31,	
	2025	2024
Integration, restructuring and transaction expense ^(a)	\$ 4	\$ 2
Purchase accounting adjustments ^(b)	8	8
Product, litigation, and other items ^(c)	—	30
Total specified items	12	40
Less: tax impact of specified items	2	8
After-tax impact of specified items	\$ 10	\$ 32

- (a) Represents amounts associated with restructuring activities which are recorded in *Integration, restructuring and transaction expense* and are further discussed below.
- (b) Includes amortization expense related to purchase accounting for acquisitions, recorded in *Cost of sales*.
- (c) Includes certain items which are not part of ordinary operations and affect the comparability of the periods presented. Such items may include certain product remediation costs, certain asset impairment charges, the impact of legislative rulings and fair market value adjustments. The amount in the three-month period of 2025 was primarily recorded to *Research and development expense* and included a \$30 million impairment to the carrying value of acquired in-process research and development assets in the Diagnostic Solutions segment as further discussed below.

Gross Profit Margin

The comparison of gross profit for the three-month periods of fiscal years 2026 and 2025 reflected the following impacts:

(Millions of dollars)	Three months ended December 31,		2025 vs. 2024
	2025	2024	
Gross profit	\$ 349	\$ 427	\$ (78)
% of revenues	45.6%	51.2%	

Operating performance in the three-month period of 2026 compared with the prior-year period primarily reflected lower revenues in the current-year period, as well as higher tariffs and labor costs, partially offset by lower manufacturing costs resulting from our ongoing continuous improvement projects, supply chain optimization, and other productivity initiatives.

Operating Expenses

A summary of operating expenses for the three-month periods of fiscal years 2026 and 2025 is as follows:

(Millions of dollars)	Three months ended December 31,		2025 vs. 2024
	2025	2024	
Selling and administrative expense	\$ 238	\$ 224	\$ 14
% of revenues	31.1%	26.9%	
Research and development expense	\$ 72	\$ 107	\$ (35)
% of revenues	9.4%	12.8%	
Integration, restructuring and transaction expense	\$ 4	\$ 2	\$ 2

Selling and Administrative expense

Selling and administrative expense of \$238 million in the three-month period of 2026 increased by \$14 million, or 6.3%, compared with \$224 million in the prior-year period. The higher selling and administrative expense as a percentage of revenues in the three-month period of 2026 compared with the three-month period of 2025 primarily reflected lower revenues and higher selling costs.

Research and Development expense

Research and development expense of \$72 million in the three-month period of 2026 decreased by \$35 million, or 32.7%, compared with \$107 million in the prior-year period. The decline in research and development expense as a percentage of revenues in the three-month period of 2026 compared with the prior-year period is attributable to a prior year impairment charge of \$30 million related to an intangible asset in the Diagnostic Solutions segment, as described in Note 9 to the unaudited historical condensed combined financial statements of the BDS Business.

Integration, Restructuring and Transaction Expense

Integration, restructuring, and transaction expense increased in the first quarter of 2026 compared with the first quarter of 2025, reflecting higher costs due to an increase in current-period restructuring-related activities.

Income Taxes

The income tax rates for the three-month periods of fiscal years 2026 and 2025 are provided below:

Effective income tax rate	Three months ended December 31,	
	2025	2024
	(49.1)%	16.2%

The BDS Business' effective income tax rates were (49.1)% and 16.2% in the three-month periods of 2026 and 2025 respectively. The effective income tax rate for the three-month period of fiscal year 2026 compared with the prior-year period reflected a more favorable net impact from discrete items.

Foreign Exchange Risk

The BDS Business conducts business in multiple foreign currencies across regions including Europe, Greater Asia, Canada, and Latin America. As a result, it is exposed to foreign currency risk stemming from its international operations. These exposures primarily arise from intercompany transactions denominated in currencies other than the functional currency, particularly in non-hyperinflationary countries. BD primarily manages this transactional currency risk through the use of foreign exchange forward contracts. To further mitigate expected foreign currency exposures from future intercompany sales and purchases denominated in non-local currencies, BD also utilizes forward and option contracts, which are designated as cash flow hedges to offset this risk.

The BDS Business itself does not directly engage in derivative instruments, including forward contracts, options, swaps, or similar financial instruments. As such, any derivative-related assets or liabilities recognized at BD's corporate level, along with the associated impacts recorded in *Accumulated other comprehensive loss*, are not attributable to the BDS Business for any of the periods presented.

For transactional foreign exchange exposures related primarily to intercompany payables and receivables, BD employs undesignated hedging instruments. Gains and losses from these instruments are recognized immediately in the income statement and are generally offset by the corresponding gains and losses on the underlying transactions, along with any associated hedging costs. Because the BDS Business participates in BD's overall hedging strategy, it records an allocated portion of the impact from these undesignated hedges in its financial results.

Liquidity and Capital Resources

Historical Liquidity

Historically, the BDS Business has generated positive cash flows from operations.

Cash and cash equivalents and liabilities legally held by the BDS Business were included in the unaudited condensed combined balance sheets. However, as part of BD, the BDS Business has been dependent upon BD for substantially all of its working capital and financing requirements. BD uses a centralized approach to cash management and financing of its operations. The majority of the cash of the BDS Business is transferred to BD daily and BD funds the operating and investing activities of such business as needed. This arrangement is not reflective of the manner in which the BDS Business would have been able to finance its operations had the BDS Business been a stand-alone business separate from BD during the periods presented. Cash transfers to and from BD's cash management accounts are reflected within *Net parent investment* as a component of equity.

BD's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented.

The following table summarizes the unaudited condensed combined statements of cash flows:

<u>(Millions of dollars)</u>	<u>Three months ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Net cash provided by (used for)		
Operating activities	\$ 132	\$ 162
Investing activities	\$ (29)	\$ (28)
Financing activities	\$ (110)	\$ (135)

Net Cash Flows from Operating Activities

Net cash provided by operating activities was \$132 million in the first three months of fiscal year 2026 as compared to \$162 million in the prior-year period.

Net cash provided by operating activities during the first three months of fiscal year 2026 was attributable to net income of \$49 million and net adjustments of \$83 million, including adjustments related to depreciation and amortization, share-based compensation, deferred taxes and \$20 million of operating cash inflows relating to changes in working capital.

Net cash provided by operating activities during the first three months of fiscal year 2025 was attributable to net income of \$78 million and net adjustments of \$84 million, including adjustments related to depreciation and amortization, share-based compensation, impairment of intangible assets, deferred taxes and \$8 million of operating cash inflows relating to changes in working capital.

Net Cash Flows from Investing Activities

Net cash used for investing activities was primarily comprised of capital expenditures of \$6 million and \$9 million and the acquisition of placed instruments of \$21 million and \$10 million in the first three-month periods of 2026 and 2025. Net cash used for investing activities during the first three-month periods of 2026 and 2025 also included \$3 million and \$3 million, respectively, related to the acquisition of intangible assets.

Net Cash Flows from Financing Activities

Net cash used for financing activities, which represents net transfers to BD, was \$110 million in the first three-month period of 2026, compared to \$135 million in the prior-year period.

Critical Accounting Policies

There were no changes to our critical accounting policies from those disclosed in the 2025 audited combined financial statements.

Recent Accounting Pronouncements

See Note 2 to the unaudited condensed combined financial statements of the BDS Business for a discussion of recent accounting pronouncements.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 9, 2026 (the “Closing Date”), Waters Corporation, a Delaware corporation (“Waters”), and Becton, Dickinson and Company, a New Jersey corporation (“BD”), consummated the previously announced spin-off of BD’s Biosciences and Diagnostic Solutions business (the “BDS Business”) and combination of the BDS Business with Waters. In accordance with the terms and conditions of the Agreement and Plan of Merger, dated as of July 13, 2025 (the “Merger Agreement”), by and among Waters, BD, Augusta SpinCo Corporation, a Delaware corporation and a wholly owned subsidiary of BD (“SpinCo”), and Beta Merger Sub, Inc., a Delaware corporation and a then wholly owned subsidiary of Waters (“Merger Sub”), and the Separation Agreement, dated as of July 13, 2025 (the “Separation Agreement”), by and among Waters, BD and SpinCo, as amended by that certain Amendment No. 1, by and among Waters, BD and SpinCo, dated as of February 9, 2026, (1) BD transferred, and SpinCo accepted and assumed, all of the rights, titles and interests to and under certain assets and liabilities relating to the BDS Business such that the BDS Business was separated from the remainder of BD’s businesses, with the exception of certain deferred assets and liabilities as discussed further below (the “Separation”), (2) following the Separation, BD distributed, on a pro rata basis (the “Distribution”), one share of SpinCo common stock (“SpinCo Common Stock”), to each holder of BD common stock (other than any subsidiary of BD) as of the close of business on February 5, 2026 (the “Record Date”, and such holders of BD common stock as of the Record Date, the “Record Date BD Shareholders”) and (3) following the Distribution, Merger Sub merged with and into SpinCo, with SpinCo as the surviving entity (the “Merger”), and each share of SpinCo Common Stock (except for any such shares held as treasury stock, or held by BD, SpinCo or any subsidiary of BD, if any, which shares were canceled) was converted into the right to receive 0.135343148384084 shares of common stock, par value \$0.01 per share, of Waters (“Waters Common Stock”) (collectively, the “Transactions”). In addition, pursuant to the terms of the Separation Agreement, prior to the Distribution and the Merger, SpinCo made a cash payment to BD of \$4.0 billion (the “SpinCo Cash Distribution”). Upon completion of the Distribution and the Merger, Waters issued 38,541,852 shares of Waters Common Stock to the Record Date BD Shareholders. As a result, the Record Date BD Shareholders owned approximately 39.2% of the outstanding shares of Waters Common Stock, and former Waters shareholders owned approximately 60.8% of the outstanding shares of Waters Common Stock, in each case, on a fully diluted basis. As a result of the Merger, Merger Sub ceased to exist as a separate legal entity, and SpinCo became a wholly owned subsidiary of Waters.

On the Closing Date, in connection with the consummation of the Transactions and in accordance with the Merger Agreement and the Separation Agreement, Waters, BD and SpinCo, entered into certain additional agreements, including:

- a Tax Matters Agreement, which governs the parties’ respective rights, responsibilities and obligations with respect to taxes, tax attributes, the preparation and filing of tax returns, responsibility for and preservation of the expected tax-free status of the transactions contemplated by the Separation Agreement and certain other tax matters;
- an Employee Matters Agreement (the “Employee Matters Agreement”), which governs, among other things, the parties’ obligations with respect to current and former employees of BD and of the BDS Business;
- an Intellectual Property Matters Agreement, which allocates rights and interests in certain intellectual property rights relating to the BDS Business and BD;
- a Transition Services Agreement (the “Transition Services Agreement”), which governs, among other things, the parties’ respective rights and obligations with respect to the provision of certain transition services; and
- a Delayed Closing Interim Operating Agreement (the “Interim Operating Agreement”), which governs, among other things, the parties’ respective rights, responsibilities and obligations with respect to BD’s services for the continued operation of certain assets and liabilities during a delayed closing period and payments to be made between the parties for such arrangement.

In connection with the Transactions, on January 8, 2026, SpinCo entered into a Term Loan Credit Agreement with the lenders named therein, Barclays Bank PLC, as administrative agent (the “Agent”), and the other parties party thereto (the “Credit Agreement”). On February 6, 2026 (the “Funding Date”), SpinCo borrowed \$4.0 billion of unsecured term loans under the Credit Agreement, consisting of a \$3.5 billion tranche which will mature and be payable in full 364 days after the Funding Date and a \$0.5 billion tranche which will mature and be payable in full on the second anniversary of the Funding Date, and such funds were used by SpinCo on the Funding Date to finance a cash distribution to BD in connection with the Transactions (collectively, the “SpinCo Financing”).

Upon consummation of the Transactions, SpinCo became a wholly owned subsidiary of Waters and in connection therewith, Waters entered into a Parent Guarantee Agreement on the Closing Date, by and among Waters, SpinCo and the Agent, to add Waters as a guarantor of the obligations of SpinCo under the Credit Agreement.

The SpinCo Financing is expected to be replaced by long-term debt financing incurred by SpinCo (or its designee), including the issuance of one or more series of senior unsecured notes pursuant to a registered public offering, a Rule 144A offering or other private placement (the "Permanent SpinCo Financing"). The terms of the Permanent SpinCo Financing are not committed, and the exact terms and interest rate of the Permanent SpinCo Financing will be subject to market conditions. There can be no assurance regarding if or when the Permanent SpinCo Financing will be consummated or the terms of the Permanent SpinCo Financing.

The unaudited pro forma condensed combined financial information have been prepared in accordance with Article 11 of Regulation S-X in order to give effect to the Transactions and the incurrence of indebtedness under the SpinCo Financing, the Permanent SpinCo Financing and certain debt issuance costs and financing fees related to commitments provided by certain financial institutions for a 364-day senior bridge loan credit facility in an aggregate principal amount of approximately \$1.8 billion, ("Waters Bridge Facility") as set forth in a commitment letter, dated as of July 13, 2025, by and among Waters and the financial institutions party thereto. Commitments related to the Waters Bridge Facility were terminated on the Closing Date (all applicable financings related to the Transactions, collectively, the "Transaction Financing").

The unaudited pro forma condensed combined financial information should be read in conjunction with the historical financial statements of Waters and the BDS Business referenced below:

- Waters' audited consolidated financial statements and the notes thereto for the year ended December 31, 2025, which are included in Waters' Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on February 23, 2026;
- the BDS Business's audited combined financial statements as of September 30, 2025 and 2024 and for the fiscal years ended September 30, 2025, 2024 and 2023, filed as Exhibit 99.2 to the Current Report on Form 8-K filed by Waters with the SEC on February 9, 2026; and
- the BDS Business's unaudited condensed combined financial statements as of December 31, 2025 and September 30, 2025 and for the three months ended December 31, 2025 and 2024, filed as Exhibit 99.1 to the Current Report on Form 8-K to which this Exhibit 99.4 is attached (this "Current Report").

For the purposes of the preparation of the unaudited pro forma condensed combined financial information, the BDS Business's results for the twelve months ended December 31, 2025 have been used to prepare the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025. The BDS Business's results for the twelve months ended December 31, 2025 have been derived by utilizing the BDS Business's audited historical financial data for the fiscal year ended September 30, 2025, subtracting the unaudited interim historical financial data for the three-month period ended December 31, 2024 and adding the unaudited interim historical financial data for the three-month period ended December 31, 2025.

Autonomous Entity Adjustments are adjustments that are necessary to reflect the operations and financial position of the BDS Business as an autonomous entity when the BDS Business was previously part of another entity. There are no Autonomous Entity Adjustments included in the combined company unaudited pro forma condensed combined financial information. No management adjustments or adjustments related to forward-looking information were included in the notes to the unaudited pro forma condensed combined financial information.

The unaudited pro forma adjustments represent Waters' estimates based on information available as of the date of this Current Report and are subject to change as additional information becomes available and analyses are performed. The pro forma purchase price allocation of the BDS Business assets to be acquired and liabilities to be assumed is based on preliminary estimates of the fair values of the assets acquired and liabilities assumed.

Final valuations have not yet been completed. The completion of the valuation accounting for the Transactions and the allocation of the purchase price may be different than that of the amounts reflected in the pro forma purchase price allocation, and any differences could be material. Such differences could affect the purchase price and allocation of the purchase price, which may affect the value assigned to the tangible or intangible assets and amount of depreciation and amortization expense recorded in the unaudited pro forma condensed combined statements of operations. The SpinCo Financing is expected to be replaced by the Permanent SpinCo Financing. The unaudited pro forma condensed combined financial information is prepared using the terms of the SpinCo Financing, as further discussed in Note 7—Transaction Adjustments. As a result, debt issuance costs, financing fees, and interest expense could significantly differ if the SpinCo Financing is replaced by the Permanent SpinCo Financing. Waters management believes that the assumptions included herein provide a reasonable basis for presenting the significant effects of the Transactions as contemplated, and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

Transaction accounting adjustments are intended to represent the necessary adjustments to account for the Transactions. The process of evaluating accounting policies for conformity is still in the preliminary stages. Waters management is performing a detailed review of the BDS Business's accounting policies and may identify additional differences, which could have a material impact on the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not necessarily indicative of the financial position or results that would have occurred had the events been consummated as of the dates indicated, nor is it indicative of any future results.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2025
(In thousands)

	Historical						
	As of December 31, 2025	As of December 31, 2025					
	Waters	BDS Business after Reclassification (Note 3)	Separation and Pre-Merger Adjustments (Note 4 & Note 5)	Note	Transaction Accounting Adjustments (Note 7)	Note	Pro Forma Combined
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 587,831	\$ 66,909	\$ (4,528)	5(a)	\$ (112,350)	7(a)	\$ 537,862
Accounts receivable, net	828,844	524,757	(63,150)	4(d)	—		1,290,451
Inventories	572,371	774,808	(54,661)	4(d)	214,831	7(b)	1,507,349
Other current assets	158,599	100,989	(12,301)	4(d)	(5,506)	7(c)(h)	241,781
Total current assets	2,147,645	1,467,463	(134,640)		96,975		3,577,443
Property, plant and equipment, net	642,046	818,998	(52,953)	4(d)	346,586	7(d)	1,754,677
Intangible assets, net	558,179	171,694	—		9,255,306	7(e)	9,985,179
Goodwill	1,340,081	896,601	—		6,275,941	7(f)	8,512,623
Operating lease assets	80,764	343,984	16,455	4(c)	(72,224)	7(g)	368,979
Other assets	307,835	239,532	(15,776)	4(d)	—		531,591
Prepaid deposit asset	—	—	—		316,582	7(h)	316,582
Total assets	<u>\$ 5,076,550</u>	<u>\$ 3,938,272</u>	<u>\$ (186,914)</u>		<u>\$16,219,166</u>		<u>\$ 25,047,074</u>
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current liabilities:							
Notes payable and debt	\$ 460,000	\$ 291	\$ 3,496,038	5(a)	\$ 3,962	7(i)	\$ 3,960,291
Accounts payable	103,778	191,693	(12,578)	4(d)	—		282,893
Accrued employee compensation	99,654	146,572	(11,967)	4(a)(d)	—		234,259
Deferred revenue and customer advances	266,540	128,223	(18,252)	4(d)	—		376,511
Current operating lease liabilities	31,091	23,281	6,438	4(c)	—		60,810
Accrued income taxes	35,530	297	—		(10,602)	7(j)	25,225
Accrued warranty	12,261	14,252	—		—		26,513
Other current liabilities	230,645	121,146	(45,447)	4(d)	(48,002)	7(a)	258,342
Total current liabilities	1,239,499	625,755	3,414,232		(54,642)		5,224,844
Long-term liabilities:							
Long-term debt	947,445	463	499,434	5(a)	566	7(i)	1,447,908
Long-term portion of retirement benefits	43,918	18,751	22,975	4(a)	—		85,644
Long-term income tax liabilities	34,075	76,206	(50,129)	4(a)(b)	2,339,766	7(j)	2,399,918
Long-term operating lease liabilities	52,548	248,479	10,017	4(c)	—		311,044
Other long-term liabilities	197,823	42,882	—		—		240,705
Total long-term liabilities	1,275,809	386,781	482,297		2,340,332		4,485,219
Total liabilities	<u>2,515,308</u>	<u>1,012,536</u>	<u>3,896,529</u>		<u>2,285,690</u>		<u>9,710,063</u>
Commitments and contingencies							
Stockholders' equity:							
Preferred stock	—	—	—		—		—
Common stock	1,632	—	—		387	7(k)	2,019
Additional paid-in capital	2,416,237	—	—		12,834,634	7(k)	15,250,871
Retained earnings	10,431,284	—	—		(59,252)	7(k)	10,372,032
Treasury stock, at cost	(10,162,460)	—	—		—		(10,162,460)
Accumulated other comprehensive loss	(125,451)	(90,586)	33,907	4(d)	56,679	7(k)	(125,451)
Net parent investment	—	3,016,322	(4,117,350)	4(a)(b)(d) 5(a)	1,101,028	7(k)	—
Total stockholders' equity	<u>2,561,242</u>	<u>2,925,736</u>	<u>(4,083,443)</u>		<u>13,933,476</u>		<u>15,337,011</u>
Total liabilities and stockholders' equity	<u>5,076,550</u>	<u>3,938,272</u>	<u>(186,914)</u>		<u>16,219,166</u>		<u>25,047,074</u>

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In thousands, except per share data)

	Historical						
	<i>Year Ended December 31, 2025</i>	<i>Year Ended December 31, 2025</i>					
	Waters	BDS Business After Reclassification (Note 3)	Separation and Pre-Merger Adjustments (Note 4 and Note 5)	Note	Transaction Accounting Adjustments (Note 7)	Note	Pro Forma Combined
Revenues:							
Product sales	\$1,977,100	\$ 2,790,114	\$ —		\$ —		\$4,767,214
Service sales	1,188,186	437,585	—		—		1,625,771
Total net sales	3,165,286	3,227,699	—		—		6,392,985
Costs and operating expenses:							
Cost of product sales	820,267	1,432,087	—		219,172	7(l)(n)(p)	2,471,526
Cost of service sales	468,555	281,922	—		—		750,477
Selling and administrative expenses	830,374	808,036	(41,053)	4(d)	48,927	7(m)(n)(p)	1,646,284
Research and development expenses	195,711	287,029	(2,463)	4(d)	(3,852)	7(n)(p)	476,425
Purchased intangibles amortization	47,791	38,708	—		703,422	7(o)	789,921
Total costs and operating expenses	2,362,698	2,847,782	(43,516)		967,669		6,134,633
Operating income	802,588	379,917	43,516		(967,669)		258,352
Other income, net	3,061	(19,353)	(43,516)	4(d)	—		(59,808)
Interest expense	(69,548)	(234)	(210,906)	5(b)	(6,946)	7(q)	(287,634)
Interest income	18,777	2,276	—		—		21,053
Income (loss) before income taxes	754,878	362,606	(210,906)		(974,615)		(68,037)
Provision (benefit) for income taxes	112,249	37,852	(50,617)	5(c)	(229,412)	7(r)	(129,928)
Net income (loss)	642,629	324,754	(160,289)		(745,203)		61,891
Net income per basic common share	10.80						0.63
Weighted-average number of basic common shares	59,509						98,066
Net income per diluted common share	10.76						0.63
Weighted-average number of diluted common shares and equivalents	59,706						98,363

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

NOTE 1 – Description of the Transaction

On February 9, 2026, Waters, BD, Merger Sub and SpinCo, as applicable, consummated the Transactions to effect the transfer of the BDS Business to Waters in accordance with the Merger Agreement and the Separation Agreement, pursuant to which and subject to the terms and conditions therein:

- Prior to the Distribution and the Merger, BD transferred and SpinCo accepted and assumed all of the rights, titles and interests to and under certain assets and liabilities relating to the BDS Business;
- Prior to the Distribution and the Merger, SpinCo incurred indebtedness under the SpinCo Financing in an aggregate principal amount of \$4.0 billion. The aggregate proceeds of the SpinCo Financing were used by SpinCo to make the SpinCo Cash Distribution and to pay fees and expenses related to the Transactions.
- Following the SpinCo Cash Distribution, BD distributed to its shareholders all of the issued and outstanding shares of SpinCo Common Stock held by BD by way of a pro rata distribution and for no consideration; and
- Following the Distribution, Merger Sub merged with and into SpinCo, with SpinCo as the surviving entity and all SpinCo Common Stock was converted into the right to receive shares of Waters Common Stock, as calculated and subject to adjustment as set forth in the Merger Agreement. Upon the completion of the Merger, SpinCo became a wholly owned subsidiary of Waters.

As a result of the Merger, each share of SpinCo Common Stock as of immediately prior to the effective time of the Merger (“Effective Time”) (other than (A) shares held by SpinCo as treasury stock or by Waters or Merger Sub, in each case, as of immediately prior to the Merger that were automatically canceled and (B) any shares of SpinCo Common Stock distributed to a subsidiary of BD in the Distribution and substantially concurrently acquired by BD for cash and transferred to SpinCo for no consideration and cancelled) were converted into the right to receive 0.135343148384084 of shares of newly issued Waters Common Stock (the “Exchange Ratio”). The Transactions resulted in the issued and outstanding shares of Waters Common Stock on a fully diluted basis, immediately following the Merger, being owned approximately 39.2% by the former holders of SpinCo Common Stock (in their capacity as such) and approximately 60.8% by the Waters shareholders (in their capacity as such) immediately prior to the Merger. Additionally, all outstanding BD stock appreciation right awards (“BD SAR Awards”) (whether vested or unvested) held by an employee of SpinCo as of immediately prior to the time at which the Distribution occurred (the “Distribution Time”) were converted, as of the Effective Time, into Waters stock appreciation right awards (“Waters SAR Awards”), and all BD time-based restricted stock units (“BD TVU Awards”) and BD performance-based restricted stock units (“BD PSU Awards”) held by an employee of SpinCo as of immediately prior to the Distribution Time were converted, as of the Effective Time, into Waters time-based restricted stock unit award (“Waters RSU Awards”) as set forth in the Employee Matters Agreement.

The Transactions were structured as a Reverse Morris Trust transaction. The parties determined that the Reverse Morris Trust structure was the superior choice for the Transactions because, among other things, the tax-free nature of the contribution by BD of certain assets associated with the BDS Business and cash to SpinCo in exchange for the assumption of certain liabilities associated with the BDS Business and the issuance by SpinCo of shares of SpinCo Common Stock to BD and Distribution for U.S. federal income tax purposes provided a tax efficient method to separate the BDS Business from BD that is not provided by other structures, thereby making the Reverse Morris Trust structure economically more appealing than alternative transaction structures. Further, the parties determined that a Reverse Morris Trust transaction that included the counting of shares of Waters Common Stock held by investors who are both BD shareholders and Waters shareholders (“Overlap Shares”) immediately prior to the Distribution and Merger (“Overlap Shareholders”) for purposes of Section 355(e) of the Internal Revenue Code of 1986, as amended, for purposes of determining how many shares of Waters Common Stock would be received by former shareholders of SpinCo prior to the Merger, was preferable because it permitted Waters to issue fewer shares of Waters Common Stock in the Merger.

The SpinCo Cash Distribution was funded by newly issued debt in the form of the SpinCo Financing (which is expected to be replaced by the Permanent SpinCo Financing). Waters and certain of its subsidiaries will guarantee all indebtedness incurred by SpinCo in connection with the payment of the SpinCo Cash Distribution. Refer to Note 5—Pre-Merger Adjustments for additional information.

Deferred Close Businesses

Regulatory, legal and other compliance requirements in certain foreign jurisdictions prevented the legal transfer of certain assets and liabilities associated with the BDS Business (such assets and liabilities collectively, the “Deferred Close Businesses”) at the closing of the Merger (the “Closing”). Waters and BD will use reasonable best efforts to take all actions to transfer each Deferred Close Business as promptly as reasonably practicable. At Closing, Waters entered into the Interim Operating Agreement with BD that obligates BD to continue to operate the assets and liabilities of the Deferred Close Businesses on Waters’ behalf and at the sole direction of Waters. Waters and BD agreed that during the interim period between the Closing and the close date for an applicable Deferred Close Business (“Deferred Closing Period”) BD will transfer to Waters the net profits from the operations of each of the Deferred Close Business (or, in the event the operations result in net losses to BD, Waters will reimburse BD for the amount of such net losses).

For Waters, the Interim Operating Agreement and consideration transferred at Closing creates a present enforceable right to receive the Deferred Close Businesses at a future closing when conditions are satisfied. Because legal title and control of the Deferred Close Businesses have not transferred at Closing, and remain commingled with legacy BD assets and liabilities, Waters does not obtain control of the Deferred Close Businesses pursuant to ASC 805, Business Combinations, or ASC 810, Consolidation. Legal and beneficial title to the Deferred Close Businesses remains with BD until the closing of each Deferred Close Business. While beneficial title remains with BD, Waters obtained the economic rights to the Deferred Close Businesses through the Interim Operating Agreement, which represents a contractual right and meets the definition of an asset based on present rights to economic benefits. Accordingly, the consideration attributable to the Deferred Close Businesses is reflected as a prepaid deposit asset until such deferred closings occur. See Note 6—Preliminary Purchase Consideration for additional information regarding recognition of the prepaid deposit asset.

At Closing, the customers of the BDS Business were informed that Waters completed its acquisition of the BDS Business and that Waters is responsible for providing the product or service to the customer. More specifically, through the Interim Operating Agreement for the Deferred Close Businesses, Waters has control of the product or service before it is transferred to the customer. Waters also establishes the price for the goods or services, has inventory risk before the good has been transferred to the customer and is responsible for fulfilling the promise to provide the specified good or service. Therefore, in this revenue arrangement that involves three parties (Waters, BD and the customer), Waters is the principal in the arrangement and recognizes revenue, cost of sales and certain other operating expenses generated by the Deferred Close Businesses on a gross basis. The other operating expenses of the Deferred Close Businesses are not attributable to the revenue arrangement and therefore are not considered operating expenses of Waters. As a result, the unaudited pro forma condensed combined statement of operations reclassifies such other operating expenses of the Deferred Close Businesses to Other income, net. See Note 7—Transaction Adjustments for additional information regarding such adjustments.

NOTE 2 – Basis of Presentation

The unaudited pro forma condensed combined financial information and notes thereto have been prepared by Waters in accordance with Article 11 of Regulation S-X in order to give effect to the Transactions, including full consolidation of the BDS Business at Closing, except for the Deferred Close Businesses, and the incurrence of indebtedness under the Transaction Financing. The SpinCo Financing is expected to be replaced by the Permanent SpinCo Financing.

The unaudited pro forma condensed combined financial information is based on Waters’ historical consolidated financial information and the BDS Business’s historical combined financial information prepared on a carve-out basis from BD’s consolidated financial information using the historical results of operations, assets and liabilities of the BDS Business and include allocations of expenses from BD. As a result, the BDS Business’s historical financial information may not necessarily reflect what its financial condition and results of operations would have been had the BDS Business been an independent, stand-alone entity during the periods presented.

The unaudited pro forma condensed combined statements of operations for fiscal year ended December 31, 2025 give effect to the Transactions and the incurrence of indebtedness pursuant to the Transaction Financing as if they had occurred on January 1, 2025, the beginning of the earliest period presented. Waters has a December 31 fiscal year-end date, while the BDS Business has historically operated with a September 30 fiscal year-end date.

The BDS Business's results for the twelve months ended December 31, 2025 have been used to prepare the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025. The BDS Business's results for the year ended December 31, 2025 have been derived by utilizing the BDS Business's audited historical financial data for the fiscal year ended September 30, 2025, subtracting the unaudited interim historical financial data for the three month period ended December 31, 2024, and adding the unaudited interim historical financial data for the three month period ended December 31, 2025. As a result, the BDS Business's results for three months ended December 31, 2024 have not been included in any of the unaudited pro forma condensed combined financial information periods presented and are not included in this document. Revenue and net income of the BDS Business for three months ended December 31, 2024, were \$834 million and \$78 million, respectively.

The unaudited pro forma condensed combined balance sheet as of December 31, 2025 gives effect to the Transactions and the incurrence of indebtedness under the Transaction Financing as if they had occurred on December 31, 2025 and combines the balance sheet of Waters as of December 31, 2025 with that of the BDS Business as of December 31, 2025.

The historical financial information has been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to transaction accounting adjustments that reflect the accounting for the Transactions and the incurrence of indebtedness under the Transaction Financing under United States generally accepted accounting principles ("U.S. GAAP").

The unaudited pro forma condensed combined financial information and related notes were prepared by applying the acquisition method of accounting to the Merger in accordance with ASC 805, Business Combinations, with Waters as the accounting acquirer of the BDS Business, excluding the Deferred Close Businesses which will be evaluated separately upon their future transfer. In identifying Waters as the accounting acquirer, Waters' conclusion is based primarily upon the following facts: (1) the issuance of Waters Common Stock in the Merger, (2) the composition of the senior management of Waters after the Merger, (3) the composition of the board of directors of Waters after the Merger and (4) the relative voting interests in the combined company after the Merger. ASC 805 requires, among other things, that the assets acquired and liabilities assumed in a business combination be recognized at their fair values as of the acquisition date. For purposes of the unaudited pro forma condensed combined balance sheet, the estimated purchase consideration has been allocated to the assets acquired and liabilities assumed of the BDS Business based upon Waters management's preliminary estimate of their fair values. Accordingly, the preliminary purchase price allocation and related adjustments reflected in this unaudited pro forma condensed combined financial information are subject to further adjustment as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The historical financial information of the BDS Business reflects the combined historical results of operations, financial position and cash flows of the BDS Business as they were historically managed in conformity with U.S. GAAP. Therefore, the historical combined financial information of the BDS Business may not be indicative of the BDS Business's future performance and do not necessarily reflect what the BDS Business's combined results of operations, financial condition and cash flows would have been had the BDS Business operated as a separate, standalone company during the periods presented, particularly because of changes expected to occur in the future as a result of the separation of the BDS Business from BD, including changes in the financing, cash management, operations, cost structure and personnel needs of the business.

The historical financial information of the BDS Business includes certain assets and liabilities specifically attributable to the BDS Business. BD employs a centralized approach to cash management and the financing of its operations. For all periods presented, cash and cash equivalents, and liabilities legally held by the BDS Business were included in the combined balance sheets. BD's debt and related interest expense have not been attributed to the BDS Business for any of the periods presented. These arrangements are not reflective of the manner in which the BDS Business would have financed operations as a stand-alone company separate from BD during the periods presented. Cash pooling, related interest and intercompany arrangements are excluded from the asset and liability balances in the combined balance sheets. These amounts have instead been reported as Net parent investment on the combined balance sheet.

Additionally, BD provides certain services, such as legal, accounting, information technology, human resources and other infrastructure support to the BDS Business. The cost of these services have been included in the BDS Business combined financial information through allocations based upon a proportion of revenue or headcount. BD considers these allocations to be reflective of the benefits received by the BDS Business during the periods presented in the historical combined financial information of the BDS Business, as required by and in conformity with U.S. GAAP. While these allocations include an apportionment of BD's corporate and public company costs, such allocated costs may not be indicative or necessary if the BDS Business operated as a part of another existing public company nor are they necessarily representative of the costs expected to be incurred in the future, following the completion of the Transactions. Actual costs that would have been incurred if the BDS Business had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Following the completion of the Transactions, certain functions previously provided by BD to the BDS Business continue to be delivered to the BDS Business under the Transition Services Agreement or were assumed by Waters, either through internal resources or third-party service providers. Additionally, under one or more contract manufacturing agreements, BD is manufacturing certain products for the BDS Business and its subsidiaries following the Distribution.

The unaudited pro forma condensed combined financial information, including the preliminary purchase price allocation, are presented for illustrative purposes only and do not necessarily reflect the operating results or financial position that would have occurred if the Transactions and the incurrence of indebtedness under the Transaction Financing had been consummated on the dates indicated, nor is it necessarily indicative of the results of operations or financial condition that may be expected for any future period or date. Accordingly, such information should not be relied upon as an indicator of future performance, financial condition or liquidity.

NOTE 3 – Reclassification Adjustments

Based on a preliminary review of the accounting policies of Waters and the BDS Business, Waters is not aware of any differences that would have a material impact on the unaudited pro forma condensed combined financial information. Following the completion of the Transactions, or as more information becomes available, Waters is performing a full and detailed review of the BDS Business's accounting policies and financial information. As a result of the review, accounting policy differences may be identified and these differences, if identified, could produce results that are materially different from the results reflected in the unaudited pro forma condensed combined financial information.

During the preparation of the unaudited pro forma condensed combined financial information related to the transactions between Waters, Merger Sub, BD, and SpinCo, Waters' management performed a preliminary analysis of the BDS Business's financial information to identify differences in financial statement presentation compared to the presentation of Waters. Certain reclassifications have been made to the historical consolidated presentation of the BDS Business to conform to the financial statement presentation of Waters.

Balance Sheet Reclassifications:

The table below summarizes the mapping of financial statement line items between the BDS Business and Waters and the reclassification adjustments made to present the unaudited historical combined balance sheet of the BDS Business as of December 31, 2025, in conformity with the audited historical consolidated balance sheet of Waters as of December 31, 2025 (in thousands).

BDS Business Presentation	Waters Presentation	Historical BDS Business	Reclassifications	Note	Historical BDS Business (Reclassified)
Assets					
Cash and cash equivalents	Cash and cash equivalents	\$ 66,909	\$ —		\$ 66,909
Trade receivables, net	Accounts receivable, net	520,989	3,768	(a)	524,757
Inventories, net	Inventories	774,808	—		774,808
Prepaid expenses and other	Other current assets	104,757	(3,768)	(a)	100,989
Property, Plant and Equipment, Net	Property, plant and equipment, net	639,165	179,833	(b)	818,998
Goodwill	Goodwill	896,601	—		896,601
Other Intangibles, Net	Intangible assets, net	171,694	—		171,694
	Operating lease assets	—	343,984	(b)	343,984
Other Assets	Other assets	763,349	(523,817)	(b)	239,532
Liabilities					
Accounts payable	Accounts payable	191,693	—		191,693
Salaries, wages and related items	Accrued employee compensation	146,331	241	(c)	146,572
	Deferred revenue and customer advances	—	128,223	(c)	128,223
	Current operating lease liabilities	—	23,281	(c)	23,281
	Accrued income taxes	—	297	(c)	297
	Accrued warranty	—	14,252	(c)	14,252
	Notes payable and debt	—	291	(c)	291
Accrued expenses and other liabilities	Other current liabilities	287,731	(166,585)	(c)	121,146
	Long-term debt	—	463	(d)	463
	Long-term portion of retirement benefits	—	18,751	(d)	18,751
	Long-term income tax liabilities	—	76,206	(d)	76,206
	Long-term operating lease liabilities	—	248,479	(d)	248,479
Deferred Income Taxes and Other Liabilities	Other long-term liabilities	386,781	(343,899)	(d)	42,882
Parent's Equity					
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(90,586)	—		(90,586)
Net parent investment		3,016,322	—		3,016,322

Notes:

- a. The BDS Business's historical presentation included Prepaid expenses and other of \$105 million, of which \$4 million related to royalty receivables determined to be trade related and were reclassified to Accounts receivable, net to conform to Waters' presentation.

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- b. Waters separately reflected Operating lease assets as its own caption in its historical presentation such that \$344 million of right of use assets reflected within Other assets in the BDS Business's historical presentation were reclassified to Operating lease assets to conform to Waters' presentation. Additionally, \$180 million of placed instruments that were historically presented in BDS Business's balance sheet within Other assets were reclassified to Property, plant and equipment, net to conform to Waters' presentation of placed and other instrumentation.
- c. The BDS Business's historical Accrued expenses and other liabilities caption aggregated several amounts for which Waters has a separate caption presented in its historical presentation to disaggregate balances in more detail. Of the BDS Business's total balance in Accrued expenses and other of \$288 million, the following adjustments were made to conform to Waters' presentation of each of these balances in separate captions:
- An immaterial amount of the current portion of long-term debt was reclassified to Notes payable and debt.
 - An immaterial amount of accrued employee expenses were reclassified to Accrued employee compensation,
 - Deferred income of \$128 million was reclassified to Deferred revenue and customer advances,
 - Accrued lease liabilities of \$23 million were reclassified to Current operating lease liabilities,
 - Income tax accruals of an immaterial amount were reclassified to Accrued income taxes,
 - Warranty reserve balances of \$14 million were reclassified to Accrued warranty,

The remaining balance of \$121 million within the BDS Business's Accrued expenses and other caption relating to accrued marketing, taxes, freight, and royalties expenses corresponds to Other current liabilities in Waters' presentation.

- d. The BDS Business's historical Deferred income taxes and other liabilities caption aggregated several amounts for which Waters has separate captions presented in its historical presentation to disaggregate balances in more detail. Of the BDS Business's total balance in Deferred income taxes and other liabilities of \$387 million, the following adjustments were made to conform to Waters' presentation of each of these balances in separate captions:
- An immaterial amount of non-current debt of the BDS Business was reclassified from Deferred Income taxes and other liabilities to Long-term debt,
 - Long-term employee benefit obligations of \$19 million were reclassified to Long-term portion of retirement benefits,
 - Deferred income taxes of \$76 million were reclassified to Long-term income tax liabilities, and
 - Long-term lease liabilities of \$248 million were reclassified to Long-term operating lease liabilities.

The remaining balance of \$43 million within the BDS Business's Deferred income taxes and other liabilities caption relating to long-term liabilities of a more general nature corresponds to Other long-term liabilities in Waters' presentation.

Statements of Operations Reclassifications:

The table below summarizes the mapping of financial statement line items between the BDS Business and Waters and the reclassification adjustments made to present the unaudited historical combined statement of income of the BDS Business for the year ended December 31, 2025 in conformity with the audited historical consolidated statement of operations of Waters for the year ended December 31, 2025 (in thousands).

BDS Business Presentation	Waters Presentation	Historical BDS Business	Reclassifications	Note	Historical BDS Business (Reclassified)
Product sales	Product sales	\$ 2,790,114	\$ —		\$ 2,790,114
Service sales	Service sales	437,585	—		437,585
Cost of product sales	Cost of product sales	(1,394,441)	(37,646)	(e) (f)	(1,432,087)
Cost of service sales	Cost of service sales	(281,922)	—		(281,922)
Selling and administrative expense	Selling and administrative expenses	(877,406)	69,370	(f) (g)	(808,036)
Research and development expense	Research and development expenses	(287,029)	—		(287,029)
	Purchased intangibles amortization		(38,708)	(e)	(38,708)
Integration, restructuring, and transaction expense		(6,984)	6,984	(g)	—
Other expense, net	Other income (expense), net	(17,311)	(2,042)	(h)	(19,353)
	Interest expense	—	(234)	(h)	(234)
	Interest income	—	2,276	(h)	2,276
Income tax provision	Provision (benefit) for income taxes	(37,852)	—		(37,852)

Notes:

- e. Waters separately reflects purchased intangibles amortization in its own caption such that \$39 million of amortization reflected within Cost of products sold in the BDS Business's historical presentation was reclassified to Purchased intangibles amortization to conform to Waters' presentation.
- f. The BDS Business's shipping expenses were historically reflected within Selling and administrative expense while Waters records these amounts within Cost of product sales such that \$76 million of shipping expenses were reclassified from Selling and administrative expense to Cost of product sales.
- g. Integration and restructuring expenses of \$7 million that were separately reflected in the BDS Business's historical presentation were reclassified to Selling and administrative expense to conform to Waters' presentation.
- h. An immaterial amount of interest expense and \$2 million of interest income that were reflected within Other expense, net in the BDS Business's historical presentation were reclassified to Interest expense and Interest income, respectively, to conform to Waters' presentation. The remaining balance of \$19 million within Other expense, net in the BDS Business's historical presentation corresponds to the Other income (expense), net caption in Waters' presentation.

NOTE 4 – Separation Adjustments

The adjustments below identify separation adjustments necessary to reflect assets and liabilities of the BDS Business that were excluded from the BDS Business's unaudited combined balance sheet as of December 31, 2025 and unaudited combined statement of operations for the year ended December 31, 2025.

- a. The BDS Business's unaudited combined balance sheet as of December 31, 2025 excludes certain assets and liabilities related to pension and other post-retirement and post-employment benefit plans that have historically been held at the BD corporate level but are specifically identifiable or otherwise attributable to employees transferred to the BDS Business. Pro forma adjustments are included in the unaudited pro forma condensed combined balance sheet to reflect the impact of defined benefit plans of BD that were transferred to the BDS Business pursuant to the Separation Agreement based on the amounts attributed to transferred employees of the BDS Business. These adjustments are based on an actuarial valuation performed based on a preliminary analysis of participant's data as of December 31, 2025 and include assumptions that have a significant effect on the amounts reported. The pro forma adjustments recorded to the unaudited pro forma condensed combined balance sheet related to these plans are as follows:
- An increase of an immaterial amount in Accrued employee compensation and of \$23 million in Long-term portion of retirement benefits related to the defined benefit plan obligations of employees transferring to Waters;
 - A decrease of \$6 million to Long-term income tax liabilities to reflect deferred tax assets resulting from defined benefit plan obligations for employees transferring to Waters;
 - A decrease of \$17 million to Net parent investment for the related impact of the defined benefit plan obligations attributed to transferred employees of the BDS Business;
- b. The BDS Business's unaudited combined balance sheet as of December 31, 2025 includes uncertain tax benefits that are retained by BD and are not assumed by Waters. The following pro forma adjustments remove the effects of the uncertain tax benefits to the BDS Business in the unaudited pro forma condensed combined balance sheet:
- A decrease of \$44 million to Long-term income tax liabilities related to the uncertain tax benefits that are not retained by the BDS Business.
 - An increase of \$44 million to Net parent investment for the related impact of the uncertain tax benefits that are not retained by the BDS Business.
- c. Shortly before Closing, SpinCo executed three real estate operating leases with BD as the lessor. Negotiations on the leases concluded shortly before Closing, such that the leases were not included in the BDS Business's historical unaudited pro forma condensed combined balance sheet. Accordingly, the pro forma adjustments recorded to the unaudited pro forma condensed combined balance sheet reflect the assets and liabilities associated with these leases as follows:
- An increase of \$16 million to Operating lease assets related to the right of use for the real estate property that was not already reflected in the balance sheet of the BDS Business as of December 31, 2025;
 - An increase of \$6 million and \$10 million, respectively, to Current operating lease liabilities and Long-term lease liabilities to reflect the present value of the remaining lease payments under the new leases;

The impact of these leases on the unaudited pro forma condensed combined statement of operations has already been reflected in the historical unaudited condensed combined statement of operations of the BDS Business through appropriate allocations such that no adjustment is required.

The adjustment below relates to the Deferred Close Businesses, as discussed in Note 1—Description of the Transaction, that were not legally transferred to Waters at Closing. Given that the adjustments in Note 7—Transaction Accounting Adjustments reflect the applicable adjustments for Waters' acquisition of the conveying entities of the BDS Business over which Waters obtained control at Closing (the "Conveying Businesses"), the adjustment below separates the assets, liabilities and equity of the Deferred Close Businesses from those of the Conveying Businesses. See Note 7, Transaction Accounting Adjustments, adjustment (h), for the establishment of the prepaid deposit asset, which represents the fair value of the net assets of Deferred Close Businesses being removed in this adjustment.

- d. The pro forma adjustments recorded to the unaudited pro forma condensed combined balance sheet remove all assets, liabilities and equity of the Deferred Close Businesses as noted in the table below as of December 31, 2025 where decreases to the caption are included as negative values:

<u>Caption</u>	<u>Adjustment Amount</u>
Accounts receivable, net	\$ (63,150)
Inventories	(54,661)
Other current assets	(12,301)
Property, plant and equipment, net	(52,953)
Goodwill	—
Other assets	(15,776)
Accounts payable	(12,578)
Accrued employee compensation	(12,208)
Other current liabilities	(45,447)
Deferred revenue and customer advances	(18,252)
Accumulated other comprehensive losses	33,907
Net parent investment	(144,263)

As described in Note 1—Description of the Transaction, BD and Waters entered into the Interim Operating Agreement resulting in the recognition of gross revenue, cost of sales and certain other operating expenses, in addition to reclassifying the remaining other operating expenses the Deferred Close Businesses to Other income, net. This results in the reclassification of \$41 million of Selling and administrative expenses and \$2 million of Research and development expenses to Other income, net of \$44 million total in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2025.

NOTE 5 – Pre-Merger Adjustments

The SpinCo Cash Distribution and related financing arrangements were required pre-Merger steps under the Separation Agreement and Merger Agreement to effect the Separation and Distribution. These capital structure adjustments were not discretionary, but contractual conditions precedent to consummation of the Transactions. The amount of the SpinCo Cash Distribution was \$4.0 billion.

Concurrently with the execution of the Merger Agreement, SpinCo entered into a commitment letter, dated as of July 13, 2025, by and among SpinCo and the financial institutions party thereto (the “SpinCo Bridge Commitment Letter”), pursuant to which such financial institutions committed to provide senior unsecured bridge loans (the “SpinCo Bridge Loan”) under a 364-day senior unsecured bridge loan credit facility in an aggregate principal amount of up to \$4.0 billion, subject to the terms and conditions of the SpinCo Bridge Commitment Letter. The SpinCo Bridge Commitment Letter was subsequently terminated on July 29, 2025, in connection with the entry into an amended and restated term loan commitment letter, dated as of July 29, 2025, by and among SpinCo and the financial institutions party thereto (the “Amended and Restated SpinCo Term Loan Commitment Letter”), pursuant to which such financial institutions fully committed to provide senior unsecured term loans under a senior unsecured term loan credit facility in an aggregate principal amount of up to \$4.0 billion, subject to the terms and conditions of the Amended and Restated SpinCo Term Loan Commitment Letter.

On January 8, 2026, SpinCo entered into the Credit Agreement. On the Funding Date, SpinCo borrowed \$4.0 billion of unsecured term loans under the Credit Agreement, consisting of a \$3.5 billion tranche which will mature and be payable in full 364 days after the Funding Date and a \$0.5 billion tranche which will mature and be payable in full on the second anniversary of the Funding Date, and such funds were used by SpinCo on the Funding Date to finance the SpinCo Cash Distribution.

The following adjustments are included in the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations to reflect the impact of these pre-Merger transactions.

Balance Sheet

The following summarizes the pre-Merger pro forma adjustments to give effect to those transactions that would occur immediately prior to the Merger, as if the Merger had been completed on December 31, 2025 for the purposes of the unaudited pro forma condensed combined balance sheet.

- a. Represents adjustments related to the debt issuance and cash payment in connection with the SpinCo Bridge Loan, SpinCo Financing, and SpinCo Cash Distribution. The adjustment reflects the following impact on the unaudited pro forma condensed combined balance sheet:

Cash and Cash Equivalents

	As of December 31, 2025 <i>(in thousands)</i>
Proceeds from the issuance of the SpinCo Financing	\$ 4,000,000
SpinCo Cash Distribution to BD	(4,000,000)
Debt issuance costs and financing fees related to the SpinCo Financing ⁽ⁱ⁾	(4,528)
<i>Pro forma adjustment to Cash and cash equivalents</i>	<u>\$ (4,528)</u>

- (i) Of the total debt issuance costs and financing fees related to the SpinCo Financing of \$11 million, \$6 million were already paid by Waters and included in Waters' income statement for the year ended December 31, 2025 such that the pro forma adjustment above includes only those incremental costs of \$5 million that have not been included in Waters' historical financial statements as of December 31, 2025.

Additionally, debt issuance costs and financing fees related to the SpinCo Bridge Loan of \$7 million were already paid by Waters and included in Waters' income statement for the year ended December 31, 2025 and therefore are excluded from the pro forma adjustments above.

Short-Term Debt and Long-Term Debt

	As of December 31, 2025 <i>(in thousands)</i>
Proceeds from the issuance of the SpinCo Financing	\$ 4,000,000
Debt issuance costs and financing fees related to the SpinCo Financing ⁽ⁱ⁾	(4,528)
Total pro forma adjustment for debt	<u>\$ 3,995,472</u>
<i>Pro forma adjustment to Short-term debt</i>	3,496,038
<i>Pro forma adjustment to Long-term debt</i>	499,434

The first tranche of the SpinCo Financing totaling \$3.5 billion matures one year following the Funding Date, while the second tranche of \$0.5 billion matures two years following the Funding Date. Therefore, the first tranche is classified as Short-term debt while the second tranche is classified as Long-term debt. Waters expects to replace this debt with longer term financing at or before maturity.

- (i) Of the total debt issuance costs and financing fees related to the SpinCo Financing of \$11 million, \$6 million were already recognized in interest expense by Waters as of December 31, 2025 such that the pro forma adjustment above includes only the incremental contra-debt amount of \$5 million that has not been included in Waters' unaudited consolidated balance sheet as of December 31, 2025.

Equity

Represents a pro forma adjustment to reduce Net parent investment to reflect the SpinCo Cash Distribution to BD of \$4.0 billion.

Statements of Operations

The following summarizes the pre-Merger pro forma adjustments to give effect to those transactions that would occur immediately prior to the Merger, for the purposes of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2025.

- b. Represents an adjustment of \$211 million for the year ended December 31, 2025 for incremental Interest expense that will affect the statement of operations through the maturity of the SpinCo Financing up to two years following the Merger. The first tranche of the SpinCo Financing totaling \$3.5 billion matures one year following the Merger, while the second tranche of \$0.5 billion matures two years following the Merger. The interest rate on the SpinCo Financing reflects a SOFR rate plus an applicable margin per the terms of the SpinCo Financing. As of February 6, 2026, the SOFR rate was determined to be 3.67% with an additional 1.225% for the applicable margin. The applicable margin is based on the credit rating of SpinCo. The applicable margin will increase by 0.25% approximately every 90 days over the term of the SpinCo Financing for the first tranche and will remain constant for the full duration of the second tranche.

A sensitivity analysis has been performed to consider the effect that a change of 0.125% to the interest rate would have on Interest expense. A 0.125% increase or decrease in interest rates would result in a change in Interest expense of approximately \$5 million for the year ended December 31, 2025.

The SpinCo Bridge Loan was terminated prior to the consummation of the Transactions and replaced with the SpinCo Financing. Debt issuance costs and financing fees related to the SpinCo Bridge Loan of \$7 million were recognized in their entirety as Interest expense in Waters' unaudited consolidated statement of operations for the year ended December 31, 2025. Therefore, no pro forma adjustment is included for this amount.

- c. Represents an adjustment of \$51 million for the year ended December 31, 2025 to reflect the estimated tax impacts of the pro forma adjustments in Provision for income taxes in the unaudited pro forma condensed combined statements of operations. The adjustment was determined by using a blended statutory tax rate of 24% for the year ended December 31, 2025. The total effective tax rate of the combined company could be significantly different depending on the geographical mix of income and other factors following the completion of the Transactions. Because the tax rate used for the unaudited pro forma condensed combined financial information is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the Transactions and those differences may be material.

There is no adjustment related to the tax impact of undistributed earnings included in the unaudited pro forma condensed combined balance sheet as the final transaction structure and chain of ownership has not been determined. Therefore, an adjustment for the potential tax impact is not reasonable and supportable as of the date of this Current Report.

NOTE 6 – Preliminary Purchase Consideration

The assets and liabilities of the Deferred Close Businesses did not legally transfer as of the Closing and are excluded from purchase accounting as of Closing. Substantially all the consideration in the Merger was paid as of the Closing. The total consideration applicable to the Conveying Businesses was included as purchase price. The consideration applicable to the Deferred Close Businesses was recorded as a prepaid deposit asset on the unaudited pro forma condensed combined balance sheet as of December 31, 2025, representing a prepayment of consideration for future transactions as the Deferred Close Businesses transfer to Waters.

The following table represents the total consideration paid by Waters in the Merger as of the Closing:

<i>(in thousands, except per share amounts and exchange ratio)</i>	Total
Number of fully diluted shares of Waters Common Stock immediately prior to the Merger (a)	60,075
Share issuance ratio	0.64474
Number of shares of Waters Common Stock issued to fully diluted SpinCo shareholders as a result of the Merger	38,733
Less: SpinCo Make Whole Awards (as defined in the Employee Matters Agreement) (b)	(191)
Number of shares of Waters Common Stock issued to SpinCo common stockholders	38,542
Waters Common Stock price (c)	332.29
Fair value of Waters Common Stock issued	\$12,807,072
Fair value of share-based compensation awards issued to Conveying Business employees related to pre-combination services (d)	27,949
Preliminary consideration paid in the Merger	<u>\$12,835,021</u>

- a. Number of fully diluted shares of Waters Common Stock:

Number of shares of Waters Common Stock issued and outstanding (excluding Waters Common Stock held in treasury)	59,560
Number of shares of Waters Common Stock issuable upon conversion of Waters equity awards	515
	<u>60,075</u>

The number of shares of Waters Common Stock issued as a result of the Merger was calculated such that immediately after the Merger such shares of Waters Common Stock issued to former holders of SpinCo Common Stock represent approximately 39.2% of Waters Common Stock issued and outstanding on a fully diluted basis immediately following the Merger, and the shareholders of Waters Common Stock issued and outstanding immediately prior to the Merger collectively own approximately 60.8% of Waters Common Stock issued and outstanding immediately following the Merger, i.e. the number of shares of Waters Common Stock immediately prior to the Merger (calculated on a fully diluted basis) multiplied by the quotient of 39.2% divided by 60.8%.

- b. The number of shares of Waters Common Stock underlying the Waters RSU Awards and Waters SAR Awards that would be awarded in respect of BD Awards, as defined in and pursuant to the Employee Matters Agreement, based on BD Awards outstanding.
- c. Represents the opening price per share of Waters Common Stock as reported by the New York Stock Exchange on February 9, 2026.

- d. Consideration for replacement of SpinCo's outstanding equity awards held by employees of Conveying Businesses. All outstanding BD SAR Awards (whether vested or unvested) held by an employee of SpinCo of a Conveying Business as of immediately prior to the Distribution Time was converted, as of the Effective Time, into Waters SAR Awards and all BD TVU Awards and BD PSU Awards held by an employee of SpinCo of a Conveying Business as of immediately prior to the Distribution Time will be converted, as of the Effective Time, into Waters RSU Awards as set forth in the Employee Matters Agreement. A portion of the fair value of equity awards held by employees of SpinCo associated with Conveying Businesses and replaced as a result of the Merger represents consideration transferred because it relates to services rendered by such BDS Business employees to BD prior to the Merger. This amount is calculated based on the ratio of the pre-combination service period (from the grant date until assumed the Closing Date) to the longer of the original total service period or the modified service period, if any, multiplied by the fair value of the BD awards (the number of BD awards multiplied by the BD share price on the Closing Date). The compensation expense related to services provided post-Merger is discussed in item 7(p) below.

Preliminary purchase price allocation

The table below summarizes the preliminary allocation of purchase price to the assets acquired and liabilities assumed at Closing for the Conveying Businesses, as if the Merger had been completed on December 31, 2025. The allocation has not been finalized. The final determination of these estimated fair values, including the prepaid deposit asset, the assets' useful lives and the amortization methods are dependent upon certain valuations and other analyses that have not yet been completed, and as previously stated could differ materially from the amounts presented in the unaudited pro forma condensed combined financial information. The final determination will be completed as soon as practicable but no later than one year after the consummation of the Merger.

The preliminary purchase price allocation applicable to the Conveying Businesses is presented below:

	As of December 31, 2025 <i>(in thousands)</i>
Total consideration paid in the Merger	\$ 12,835,021
Less: Prepaid deposit asset for Deferred Close Businesses (i)	(316,582)
Estimated purchase price	\$ 12,518,439
<i>Assets</i>	
Cash and cash equivalents	\$ 62,381
Accounts receivable, net	461,607
Inventories	934,978
Other current assets	88,688
Property, plant and equipment, net	1,112,631
Intangible assets, net	9,427,000
Operating lease assets	288,215
Other assets	223,756

Liabilities	
Notes payable and debt (i)	3,500,291
Accounts payable	179,115
Accrued employee compensation	134,605
Deferred revenue and customer advances	109,971
Current operating lease liabilities	29,719
Accrued income taxes	297
Accrued warranty	14,252
Other current liabilities	75,699
Long-term debt (i)	500,463
Long-term portion of retirement benefits	41,726
Long-term income tax liabilities	2,365,843
Long-term operating lease liabilities	258,496
Other long-term liabilities	42,882
Net Assets Acquired	<u>\$5,345,897</u>
Goodwill	<u>\$7,172,542</u>

- (i) The consideration paid as of the Closing is attributed to the Conveying Businesses and Deferred Close Businesses based on a preliminary estimated fair value of the respective entities to determine both the prepaid deposit asset for the Deferred Close Businesses and the purchase price in the Merger attributed to the Conveying Businesses. The table below depicts a sensitivity analysis of how the preliminary valuation of the prepaid deposit asset, assuming a 10% increase or decrease, impacts the determination of purchase price and the goodwill resulting from the Merger at Closing.

	Prepaid deposit asset	Purchase price	Goodwill
	<i>(in thousands)</i>	<i>(in thousands)</i>	<i>(in thousands)</i>
As presented in the unaudited pro forma condensed combined financial information	\$ 316,582	\$12,518,439	\$7,172,542
A 10% increase in prepaid deposit asset	348,240	12,486,781	7,140,884
A 10% decrease in prepaid deposit asset	284,924	12,550,097	7,204,200

- (ii) Includes the assumption of \$4.0 billion of short-term and long-term debt incurred by SpinCo to fund the SpinCo Cash Distribution to BD prior to the completion of the Merger.

Any increase or decrease in the fair value of the net assets acquired, as compared to the information shown herein, could also change the portion of the purchase consideration allocable to goodwill and could impact the operating results of the combined company following the Transactions due to differences in the allocation of the purchase consideration, and changes in the depreciation and amortization related to some of these assets and liabilities.

NOTE 7 – Transaction Accounting Adjustments

Balance Sheet

The following summarizes the transaction accounting adjustments to give effect as if the Transactions and the incurrence of indebtedness under the Transaction Financing had been completed on December 31, 2025 for the purposes of the unaudited pro forma condensed combined balance sheet. The adjustments included herein relate only to the Conveying Businesses, with the exception of item 7(h) which relates to the prepaid deposit asset recognized for the Deferred Close Businesses.

- a. Represents an adjustment to Cash and cash equivalents consisting of the following:

	As of December 31, 2025 <i>(in thousands)</i>
Waters Bridge Facility debt issuance costs and financing fees ⁽ⁱ⁾	\$ (1,440)
Transaction fees and expenses ⁽ⁱⁱ⁾	(110,910)
<i>Pro forma adjustment to Cash and cash equivalents</i>	<u>\$ (112,350)</u>

- (i) Of the total debt issuance costs and financing fees related to the Waters Bridge Facility of \$7 million, \$6 million were already paid by Waters as of December 31, 2025 such that the pro forma adjustment above includes only those incremental costs of \$1 million that have not been paid as of December 31, 2025.
- (ii) Of the total estimated costs of \$129 million expected to be incurred by Waters through the closing of the Transactions for professional, legal and other fees, the unaudited pro forma condensed combined balance sheet reflects an adjustment for future costs not paid as of December 31, 2025 of \$111 million reflected as a decrease to Cash and cash equivalents.

Though \$111 million of transaction fees and expenses remain to be paid, \$48 million have been incurred and accrued by Waters as of December 31, 2025. Therefore, the payment of transaction fees and expenses above results in corresponding adjustments to decrease Other current liabilities by \$48 million and to decrease Retained earnings by \$63 million. These adjustments reduce the liability accrued for expenses incurred but not paid and reduce equity for the remaining expenses that have not yet been incurred, respectively. The remaining effect to Retained earnings from the cash adjustment for the Waters Bridge Facility debt issuance costs and financing fees is described in item 7(c) below.

- b. Represents an adjustment of \$215 million to Inventories to reflect the estimated step-up in fair value of SpinCo's inventory acquired, valued using a cost-based approach. The calculated value is preliminary and subject to change and could vary materially from the final purchase price allocation.

	As of December 31, 2025 <i>(in thousands)</i>
Finished Goods	\$ 620,318
WIP	167,777
Raw Materials	146,883
Less: Historical Inventories	(720,147)
<i>Pro forma adjustment to Inventories</i>	<u>\$ 214,831</u>

- c. Of the total debt issuance costs and financing fees related to the Waters Bridge Facility of \$7 million, \$6 million were already paid by Waters as of December 31, 2025 and capitalized to Other assets. Therefore, a pro forma adjustment reclassifies \$6 million of previously capitalized costs to reflect the amount in Retained earnings as of December 31, 2025. An incremental adjustment to Retained earnings records the debt issuance costs not yet incurred of \$1 million related to the Waters Bridge Facility that is recognized as interest expense upon the Closing Date due to extinguishment of the Waters Bridge Facility. In total, Retained earnings is adjusted by \$7 million to reflect the total debt issuance costs and financing fees expensed as of the Closing Date.

- d. Represents an adjustment of \$347 million to Property, plant and equipment, net to reflect the estimated step-up in fair value of those SpinCo assets acquired. The fair value estimate was determined based on the cost and market approaches. The calculated value is preliminary and subject to change and could vary materially from the final valuation.

	As of December 31, 2025 <i>(in thousands)</i>
Land and land improvements	\$ 59,891
Buildings and leasehold improvements	433,289
Production and other equipment	335,009
Construction in progress	154,101
Placed instruments	130,341
Less: Historical Property, plant and equipment, net	(766,045)
<i>Pro forma adjustment to Property, plant and equipment, net</i>	<i>\$ 346,586</i>

- e. Represents an adjustment of \$9.3 billion to Intangible assets, net to reflect the estimated fair value of intangible assets acquired consisting of the following:

	As of December 31, 2025 <i>(in thousands)</i>
Trade Names	\$ 131,000
Developed Technology	2,693,000
Customer Relationships	6,603,000
Less: Historical Intangible assets, net	(171,694)
<i>Pro forma adjustment to Intangible assets, net</i>	<i>\$ 9,255,306</i>

The fair value estimates for identifiable intangible assets are preliminary and are based upon assumptions that market participants would use in pricing an asset. The fair values of the trade name portfolio, developed technology, and customer relationships are valued based on earning and royalty-based methodologies, which incorporate assumptions and methods suitable for estimating the future economic benefits of these assets. The calculated value is preliminary and subject to change and could vary materially from the final valuations.

A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the balance of Goodwill and Long-term income tax liabilities by \$716 million and \$226 million, respectively, as of December 31, 2025.

- f. Represents an adjustment to Goodwill to reflect the resulting goodwill that would have been recorded if the Merger occurred on December 31, 2025.

	As of December 31, 2025 <i>(in thousands)</i>
Goodwill resulting from the Merger	\$ 7,172,542
Less: Historical goodwill of the BDS Business	(896,601)
<i>Pro forma adjustment to Goodwill</i>	<i>\$ 6,275,941</i>

- g. Represents an adjustment to decrease Operating lease assets by \$72 million to reflect the remeasurement of the BDS Business's leases based on Waters' estimated incremental borrowing rate as of the date of the Transactions.
- h. Represents an adjustment of \$317 million to Prepaid deposit assets to reflect the portion of consideration paid at Closing that is attributable to eight material Deferred Close Businesses as described in Note 6 – Preliminary Purchase Consideration. The amount is classified as non-current given the transfer of the Deferred Close Businesses is expected to exceed one year.
- i. Represents adjustments to Notes payable and debt and Long-term debt of \$4 million and \$1 million, respectively, to reflect the adjustment to the fair value of the SpinCo Financing assumed in the Merger. As debt issuance costs and financing fees do not meet the definition of an asset, \$5 million in financing fees were not recognized as part of the Merger. Consistent with item 5(a) above, of the total debt issuance costs and financing fees related to the SpinCo Financing of \$11 million, \$6 million were already recorded to interest expense by Waters as of September 27, 2025 such that the adjustment adjusts the fair value only for those remaining debt issuance costs and financing fees not yet reflected in Waters' unaudited consolidated financial information as of December 31, 2025.
- j. Represents an adjustment to Long-term income tax liabilities of \$2.3 billion for the estimated tax impacts of the pro forma adjustments to deferred income taxes as a result of purchase accounting, in the unaudited pro forma condensed combined balance sheet as of December 31, 2025 by using a blended statutory tax rate of 24%. Additionally, an adjustment of \$11 million is recorded in Accrued income taxes to reflect a decrease to current income taxes payable related to the tax effect of deductible transaction costs assuming a blended statutory tax rate of 24%. The reduction of the accrued liability results in a corresponding adjustment to increase Retained earnings by \$11 million. The total effective tax rate of the combined company could be significantly different than the blended statutory tax rate applied depending on the geographical mix of income and other factors following the completion of the Transactions. Because the tax rate used for this unaudited pro forma condensed combined financial information is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the business combination and those differences may be material.
- k. Represents an adjustment to Total stockholders' equity as of December 31, 2025 consisting of the following:

<i>(in thousands)</i>	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive losses	Net parent investment
Elimination of total historical equity of SpinCo	\$ —	\$ —	\$ —	\$ 56,679	\$1,101,028
Issuance of shares of Waters Common Stock	387	12,806,685	—	—	—
Replacement of share-based compensation awards related to pre-combination services	—	27,949	—	—	—
Payment of transaction fees and expenses (i)			(62,908)		
Payment of Waters Bridge Facility debt issuance costs and financing fees (ii)			(6,946)		
Reduction to accrued income taxes related to deductible transaction costs (iii)			10,602		
<i>Pro forma adjustment to Total stockholders' equity</i>	<u>\$ 387</u>	<u>\$12,834,634</u>	<u>\$(59,252)</u>	<u>\$ 56,679</u>	<u>\$1,101,028</u>

- (i) Refer to item 7(a) for supporting details.
- (ii) Refer to item 7(c) for supporting details.
- (iii) Refer to item 7(j) for supporting details.

Statement of Operations

- l. Represents an adjustment to Cost of product sales from the run-off of the estimated step-up in fair value of inventory acquired. As all inventory is expected to be sold within a year following the Merger, \$215 million is reflected as an adjustment for the year ended December 31, 2025.
- m. Represents an adjustment to Selling and administrative expenses of \$63 million for the year ended December 31, 2025 resulting from estimated transaction-related costs that are not currently reflected in the historical consolidated financial information of Waters, which consist of professional, legal, and other acquisition-related fees.
- n. Represents an adjustment for the incremental depreciation expense of \$13 million for the year ended December 31, 2025 relating to the estimated step-up in fair value of Property, plant and equipment, net. Depreciation expense is based on a straight-line methodology over the estimated useful lives noted below. Given that depreciation is reflected in multiple captions based on the nature of the asset, the adjustment is applicable to the captions as noted below.

	<u>Estimated Useful Life</u> <i>(in years)</i>	<u>Year ended December 31, 2025</u> <i>(in thousands)</i>
Depreciation expense – Land improvements	8	\$ 398
Depreciation expense – Buildings and leasehold improvements	12 - 22	20,260
Depreciation expense – Production and other equipment	3 - 8	47,765
Less: Historical depreciation expense related to property, plant and equipment		(55,768)
Total incremental depreciation expense:		<u>\$ 12,655</u>
<i>Pro forma adjustment to Cost of product sales</i>		10,284
<i>Pro forma adjustment to Selling and administrative expenses</i>		875
<i>Pro forma adjustment to Research and development expenses</i>		1,496

- o. Represents the net adjustment to Purchased intangibles amortization of \$703 million for the year ended December 31, 2025 relating to the estimated fair values of the Intangible assets recognized in the Transaction.

	Estimated Useful Life <i>(in years)</i>	Year ended December 31, 2025 <i>(in thousands)</i>
Amortization on Trade Names	3	\$ 43,667
Amortization of Developed Technology	10-11	258,264
Amortization of Customer Relationships	15	440,200
Less: Historical Purchased intangibles amortization		(38,708)
<i>Pro forma adjustment to Purchased intangibles amortization</i>		<u>703,423</u>

A 10% change in the valuation of intangible assets would cause a corresponding increase or decrease in the amount of amortization expense by \$74 million for the year ended December 31, 2025.

- p. Represents an adjustment of \$26 million for the year ended December 31, 2025 resulting from the recognition of replacement share-based awards to Conveying Businesses' employees attributable to post-combination services, net of historical share-based compensation that has been reversed. Pro forma share-based compensation expense has been calculated by using the acquisition-date fair value of the Waters replacement awards (the number of BD awards converted to Waters awards using the Exchange Ratio, multiplied by the Waters share price on the Closing Date) less the amount attributed to pre-combination services disclosed in Note 6 – Preliminary Purchase Consideration. Given that share-based compensation expense is reflected in multiple captions based on the nature of the award, the adjustment is applicable to the captions as noted below:

	Year ended December 31, 2025 <i>(in thousands)</i>
Pro forma share-based compensation expense	\$ 17,852
Less: Historical share-based compensation expense	(44,000)
Total reduction in share-based compensation expense	<u>(26,148)</u>
<i>Pro forma adjustment to Cost of product sales</i>	(5,943)
<i>Pro forma adjustment to Selling and administrative expenses</i>	(14,857)
<i>Pro forma adjustment to Research and development expenses</i>	<u>(5,348)</u>

- q. Represents an adjustment for the incremental Interest expense related to the Waters Bridge Facility to reflect the amount as interest expense as of the Closing Date given that the debt was not drawn. This results in an adjustment of \$7 million for the year ended December 31, 2025.
- r. Represents an adjustment for the estimated tax impacts of the pro forma adjustments in Provision for income taxes in the unaudited pro forma condensed combined statement of operations by using a blended statutory tax rate of 24% for the year ended December 31, 2025. This results in an adjustment of \$229 million for the year ended December 31, 2025.

The total effective tax rate of the combined company could be significantly different depending on the geographical mix of income and other factors following the completion of the Transactions. Because the tax rate used for this pro forma financial information is an estimate, it will likely vary from the actual rate in periods subsequent to the completion of the business combination and those differences may be material.

There is no adjustment related to the tax impact of undistributed earnings included in the unaudited pro forma condensed combined statements of operations as the final transaction structure and chain of ownership has not been determined. Therefore, an adjustment for the potential tax impact is not reasonable and supportable as of the date of this Current Report.

NOTE 8 – Earnings per Share

As a result of the adjustments as described above, an adjustment to earnings per share (“EPS”) for the year ended December 31, 2025 was made to present pro forma basic and diluted weighted average shares of the combined company using the historical weighted average shares of Waters Common Stock outstanding combined with the additional Waters equity awards issued in connection with the Merger. The following table sets forth a reconciliation of the numerators and denominators used to compute pro forma basic and diluted earnings per share:

	Year ended December 31, 2025
	<i>(in thousands, except per share data)</i>
<u>Pro Forma Basic Weighted-Average Shares</u>	
Pro forma net income attributable to common shareholders	\$ 61,891
Historical weighted-average number of basic common shares	59,509
Issuance of shares to SpinCo common stock shareholders	38,542
Impact of Waters RSUs and SARs to replace SpinCo RSUs and SARs	15
Pro forma weighted average shares (basic)	98,066
<i>Pro forma basic EPS</i>	\$ 0.63
	Year ended December 31, 2025
	<i>(in thousands, except per share data)</i>
<u>Pro Forma Diluted Weighted-Average Shares</u>	
Pro forma net income attributable to common shareholders	\$ 61,891
Historical weighted-average number of diluted common shares and equivalents	59,706
Issuance of shares to SpinCo common stock shareholders	38,542
Dilutive impact of Waters RSUs and SARs to replace SpinCo RSUs and SARs	115
Pro forma weighted average shares (diluted)	98,363
<i>Pro forma diluted EPS</i>	\$ 0.63