

Veeco

MAKING A *MATERIAL* DIFFERENCE

Investor Presentation

August 2023

Safe Harbor

This presentation contains “forward-looking statements”, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, as amended, that are based on management’s expectations, estimates, projections and assumptions. Words such as “expects,” “anticipates,” “plans,” “believes,” “scheduled,” “estimates” and variations of these words and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, our investment and growth strategies, our development of new products and technologies, our business outlook for current and future periods, our ongoing transformation initiative and the effects thereof on our operations and financial results; and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: global trade issues, including the ongoing trade disputes between the U.S. and China, and changes in trade and export license policies; the level of demand for our products; global economic and industry conditions; our dependency on third-party suppliers and outsourcing partners; the timing of customer orders; our ability to develop, deliver and support new products and technologies; our ability to expand our current markets, increase market share and develop new markets; the concentrated nature of our customer base; our ability to obtain and protect intellectual property rights in key technologies; the effects of regional or global health epidemics, including the effects of the COVID-19 pandemic on the Company’s operations and on those of our customers and suppliers; our ability to achieve the objectives of operational and strategic initiatives and attract, motivate and retain key employees; the variability of results among products and end-markets, and our ability to accurately forecast future results, market conditions, and customer requirements; the impact of our indebtedness, including our convertible senior notes and our capped call transactions; and other risks and uncertainties described in our SEC filings on Forms 10-K, 10-Q and 8-K, and from time-to-time in our other SEC reports. All forward-looking statements speak only to management’s expectations, estimates, projections and assumptions as of the date of this presentation. The Company does not undertake any obligation to update or publicly revise any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this presentation.

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Overview

Background

Transformed Company on Growth Trajectory

Markets & Technologies

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Veeco at a Glance

Global provider of semiconductor capital equipment

Differentiated technology with opportunities to expand served available markets

Patents

~400

Employees

~1,200

2022 Revenue

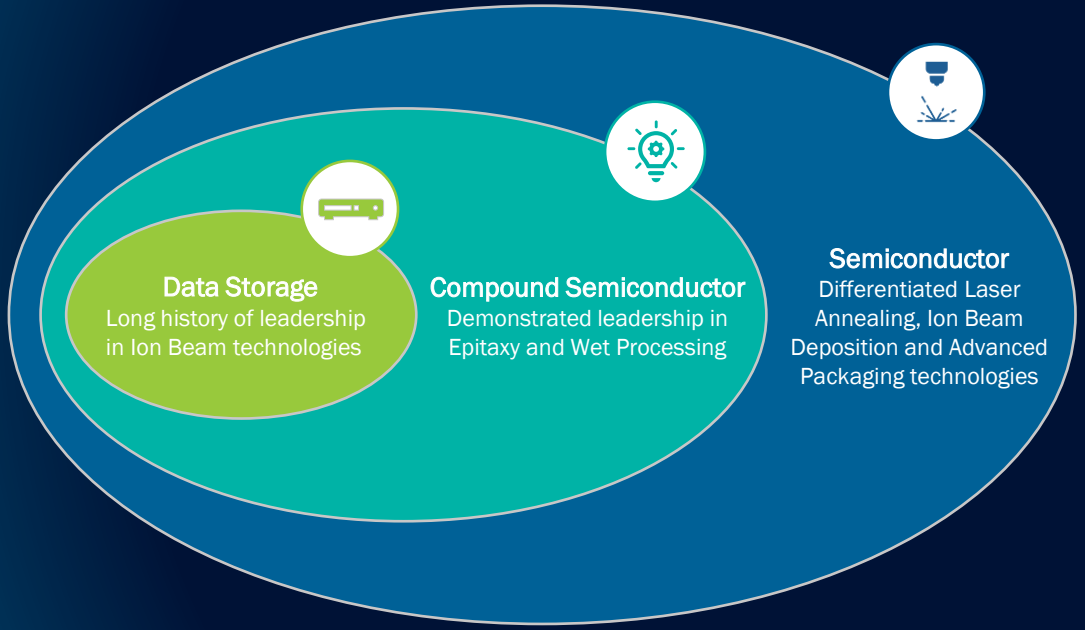
$646M

Solving customers high value materials challenges

Financial strength and flexibility

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Transformed Company on Growth Trajectory



Strong History
Solving materials challenges

Transformed
Returned to profitability and investing for growth

Growth Focus
Semiconductor & Compound Semiconductor

Well Positioned
Leading edge customers drive growth

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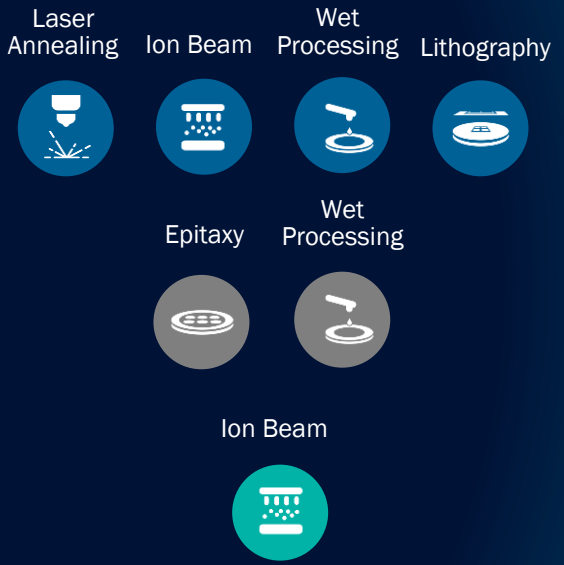
Markets & Technologies

Semiconductor Market strength driven by broad based demand for LSA product line from both leading and trailing edge customers

Compound Semiconductor Market opportunity driven by demand for epitaxy equipment for power electronics and photonics applications

Data Storage Market growth expected in 2023 despite ongoing industry challenges

Core Technologies



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Veeco Semiconductor Technologies for AI



GPU

Current PTOR
- Laser-Spike Annealing (LSA)
- IBD for EUV mask blanks

Future Opportunities
- Nano-Second Annealing (NSA)
- IBD for low resistivity metals

High-Bandwidth Memory (HBM) DRAM

Current PTOR
- Laser-Spike Annealing (LSA)

Future Opportunities
- Nano-Second Annealing (NSA)
- IBD for low resistivity metals

Advanced Packaging

Current PTOR
- Wet Processing for micro-bump flux clean
- Lithography for Cu bumps

Future Opportunities
- Wet Processing for temporary bond clean

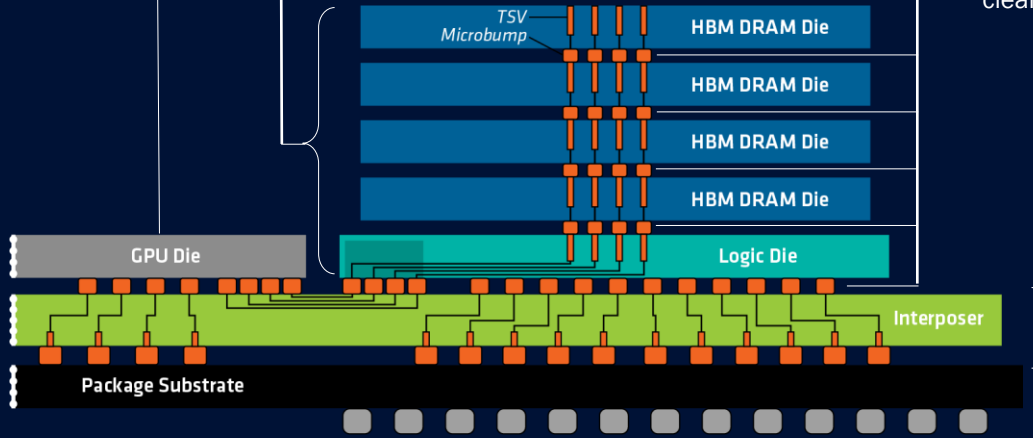


Illustration of typical AI chip

PTOR = Production Tool of Record
TSV = Through Silicon Via
GPU = Graphics Processing Unit
IBD = Ion Beam Deposition

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Laser Annealing Semiconductor Opportunity



- Continued execution of LSA growth strategy
- LSA platform production tool of record for Tier 1 IDM's, foundries, and memory customers
- Progress toward winning additional applications
- In early stages of adoption in memory market
- NSA provides expansion into new applications

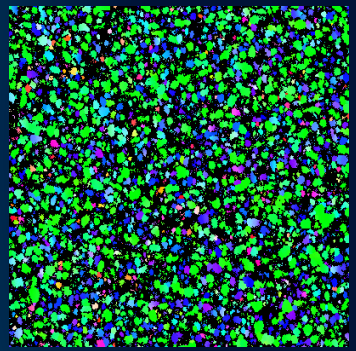
Growth driven by new logic and memory applications with LSA and NSA

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Ion Beam Deposition– Advanced Node Semiconductor Opportunity

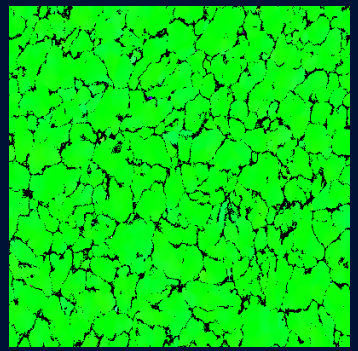
Illustration of grain size and distribution

PVD



Non-uniform, randomly oriented grains of small size

IBD



Uniformly oriented large grains = lowest resistivity

- Engaged with Tier 1 advanced memory and logic customers
- Leveraging decades of experience and core IBD technology in Semiconductor market
- Innovative technology addresses gaps with existing technologies
- Potential to expand to multiple advanced node applications

Adapting IBD technology for additional advanced node semiconductor applications

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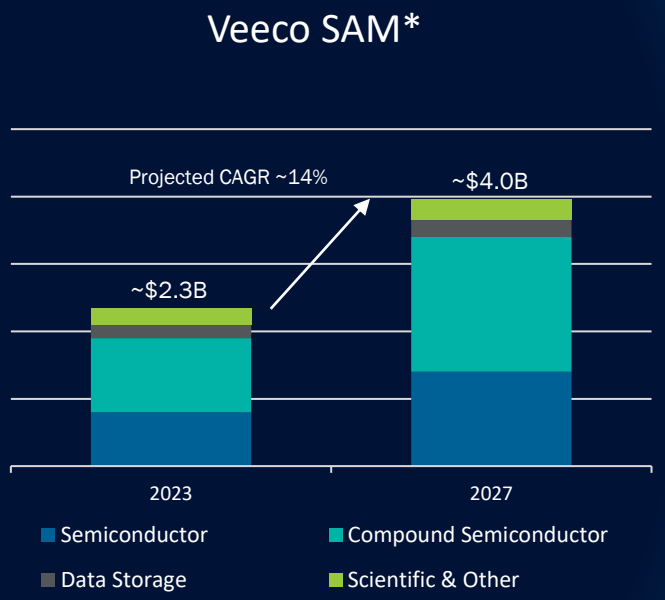
Served Available Market

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Available Market

- Veeco's Served Available Market to grow to ~4.0B
- **Semiconductor** opportunity expected to grow to ~**$1.6B** driven by laser annealing and new products
- **Compound Semiconductor** opportunity expected to grow to ~**$2.0B** driven by display and power including Silicon Carbide
- **Data Storage** expected to grow to $250M
- **Scientific** & Other expected stable performance and growth inline with GDP



SAM – Served Available Market
GDP – Gross Domestic Product

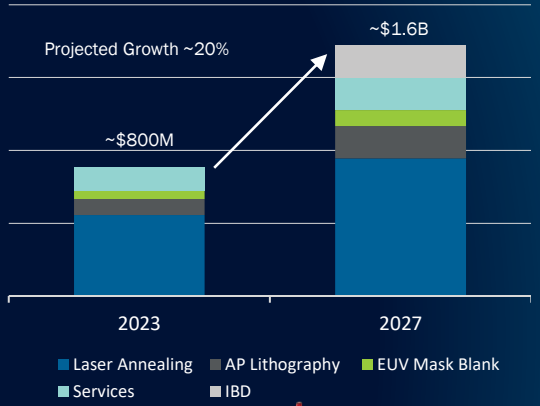
* *Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis*

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Semiconductor Market (SAM)

		2023 SAM
Laser Annealing	• Enables lowest thermal budget minimizing device damage at advanced nodes	~$500M
EUV Mask Blank	• Veeco's IBD is PTOR for EUV mask blank deposition	~$50M
AP Lithography	• AP Litho platform is differentiated by improved productivity, CoO, and ability to handle range of photo-resists and wafer types & sizes	~$100M
Service	• Parts and upgrades and maintenance solutions	~$150M
New IBD Product	• Current deposition technologies are at their fundamental limits • IBD differentiates vs. incumbent PVD for high density films • Key applications are memory bit-line, logic wiring, hard mask layers	~$0

Semiconductor Market Opportunity





Semiconductor market provides sustainable long-term growth opportunities

Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis

EUV – Extreme Ultraviolet
IBD – Ion Beam Deposition
PVD – Physical Vapor Deposition

CoO – Cost of Ownership
PTOR – Production Tool of Record

Amounts may not calculate precisely due to rounding.

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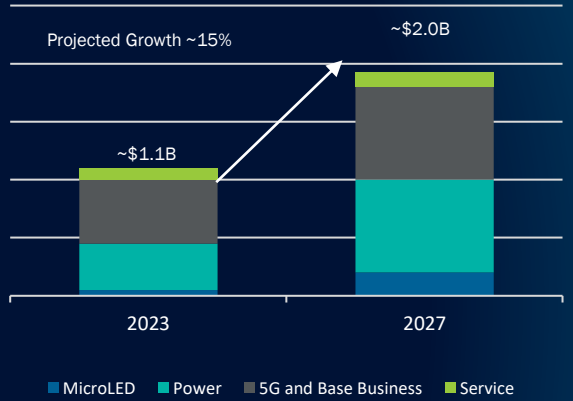
Compound Semiconductor Market (SAM)

		2023 SAM
Base Business* incl. RF	• MOCVD and other deposition equipment for Photonics devices in consumer, automotive and specialty applications • Wet processing equipment for RF applications	~$550M

Micro LED	• MOCVD and wet processing equipment for traditional AND disruptive approaches
	  • Traditional – Individual red, blue & green MicroLEDs
	  • Disruptive – All three colors on the same wafer using GaN on Silicon
		~$50M

Power Electronics	• Single wafer MOCVD platform, with superior film quality, is positioned to intercept market when it adopts 8-inch GaN wafer sizes • Single wafer SiC CVD addresses high voltage and power applications such as electric vehicles	GaN ~$100M SiC ~$300M
Service	• Parts and upgrades and maintenance solutions	~$100M

Compound Semiconductor Market Opportunity





Compound Semiconductor market provides sustainable long-term growth opportunities

Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis

* Base Business includes photonics

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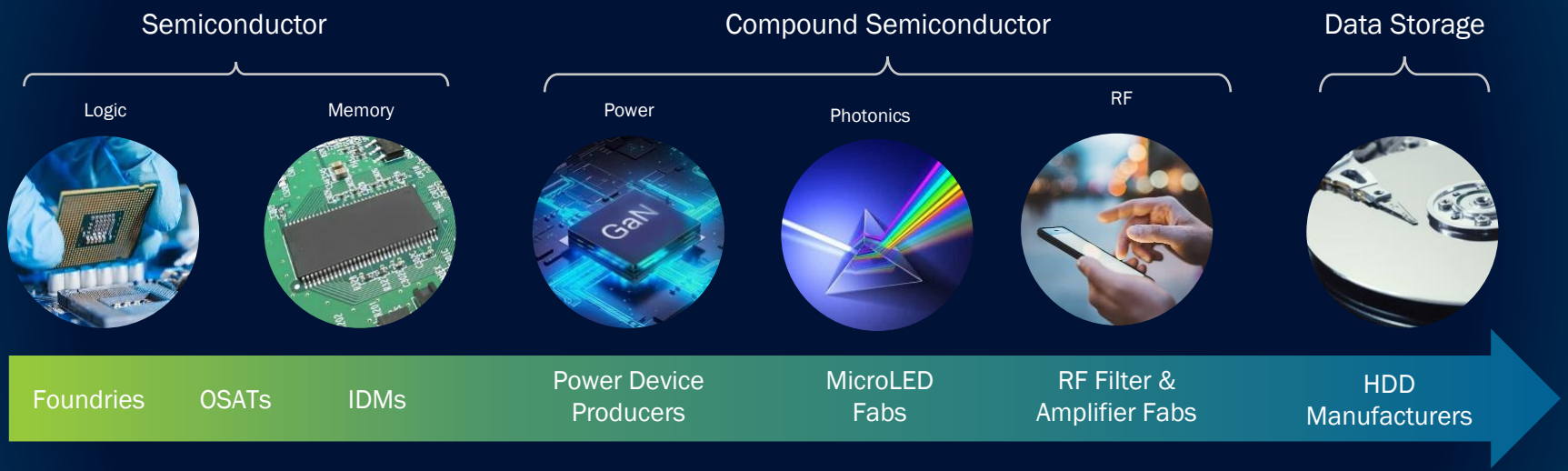
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Customers, Resource Alignment, Veeco Team & ESG

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Serving a Diverse Customer Base



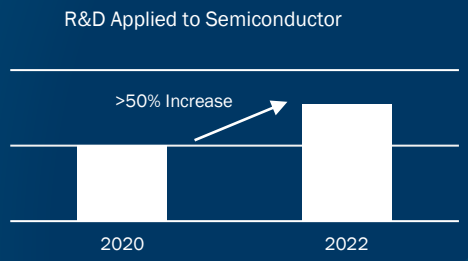
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RF – Radio Frequency
IDM – Integrated Device Manufacturer
OSAT – Outsourced Semiconductor Assembly and Test
HDD – Hard Disk Drive

Resources Aligned for Growth

R&D

Strategic Optimization of our R&D Spending Portfolio



CAPEX

Elevated levels of capital spending in 2021 and 2022 as we funded our capacity expansion and completed the build-out of a new leased facility in San Jose to support manufacturing our Semiconductor products.



Service

- Increasing investments in customer facing infrastructure
  - Semi experienced leaders
  - Service logistics
  - Quality team
- Investing ahead of revenue
  - Supporting evaluation systems
  - Training department & curriculum

Evaluations

	Historically	2021	2022+
Evals	1 to 2	~10	Similar*
Markets	Compound Semi	Semi (8) Compound Semi (2)	Similar Profile

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* Number of evals will fluctuate given timing of acceptances and shipments

Leadership Team and Core Values

- We will always put our CUSTOMERS first
- We will never compromise on SAFETY
- We will always demonstrate RESPECT
- We will never stop IMPROVING
- We will always be ACCOUNTABLE
- We will never forget that DIVERSITY & INCLUSION make us stronger



Bill Miller
CEO



John Kiernan
CFO



Susan Wilkerson
Global Customer Operations



Adrian Devasahayam
Product Organization



Peter Porshnev
Engineering



Robert Bradshaw
CAO



Monica DeMarco
Quality &
Customer Satisfaction



Mark Harris
Global Operations



Veeco United Team Committed to Making a Material Difference

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ESG Goals: Commitment to Corporate Responsibility



Environment

- Renewable Energy
- Emissions Reduction
- Hazardous Chemical Management



Social

- Representation of women and underrepresented employees
- Veeco STEM Scholarships
- Outreach & volunteerism



Governance

- Expand ESG Reporting and Alignment

"Making a material difference as a **sustainable** and **transparent** company is at the core of the Veeco United team"

–Bill Miller, CEO



MSCI **AA**

ISS ESG

Governance: **1**
Social: **2**
Environment: **4**

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Complete text of Veeco's ESG Goals available at https://ir.veeco.com/news-and-events/

STEM – Science, Technology, Engineering, and Math

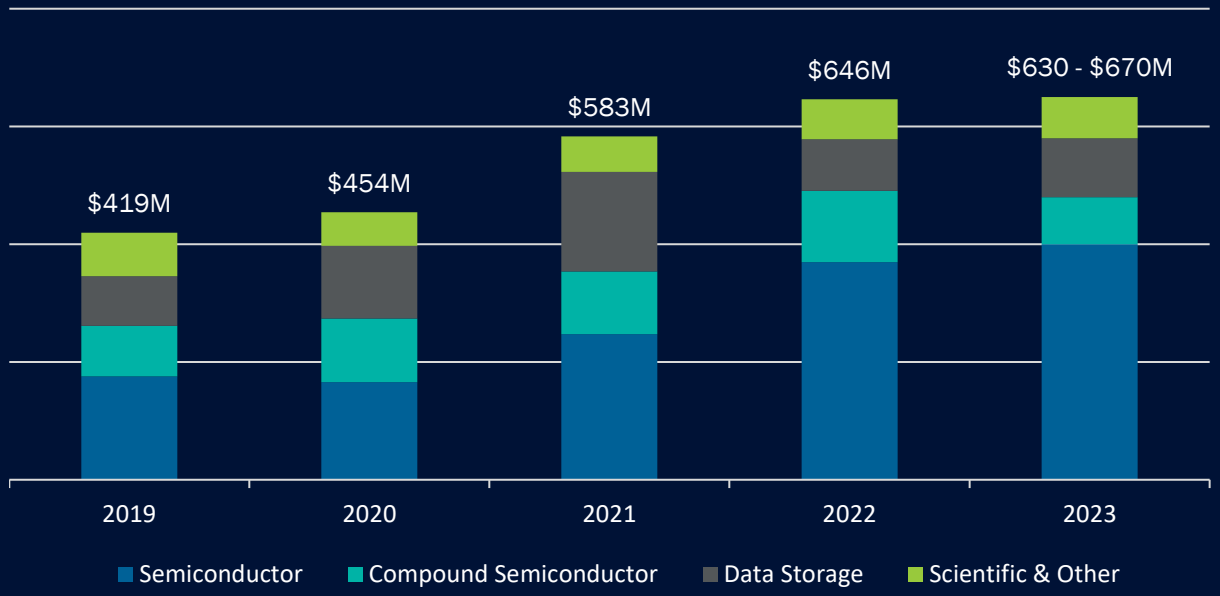
Financials

Historical Financials & 2023 Outlook

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Revenue by End-Market



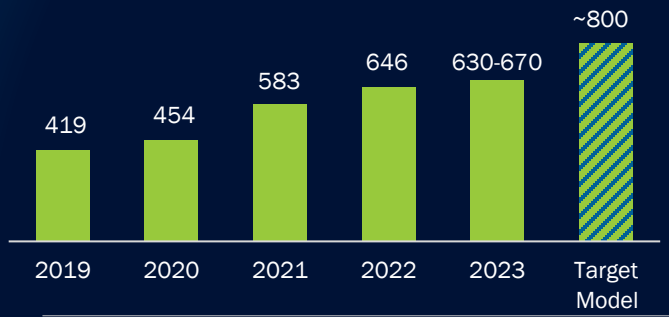
Semiconductor revenue increases from 42% in 2019 to ~60% of total revenue in 2023

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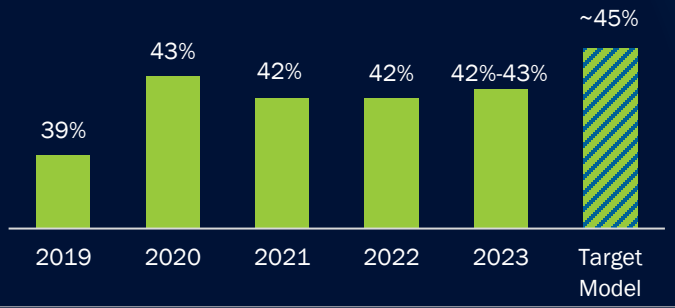
Amounts may not calculate precisely due to rounding.

Historical Financials & 2023 Outlook (Non-GAAP)

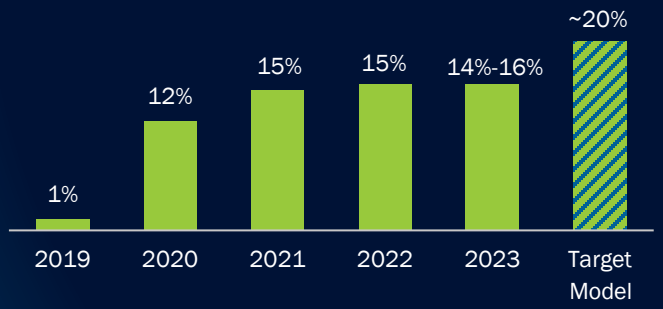
Revenue ($m)



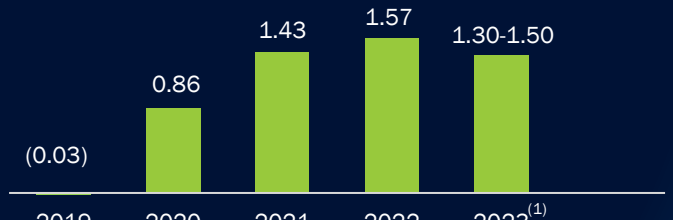
Gross Margin (%)



Operating Income (%)



Diluted EPS ($)



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(1) 2023 EPS assumes an increase in tax expense resulting from valuation allowance reversal

A reconciliation of Q2 GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

Compelling Investment Opportunity

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Compelling Investment Opportunity

High Performance Computing/AI



The Cloud



- ☑ Differentiated technologies in growth markets
- ☑ Laser Annealing share growing and roadmap advancing
- ☑ Leveraging IBD leadership for semiconductor applications
- ☑ Long-term opportunities for epitaxy equipment



Mobility and Immersive User Experience

Megatrends



Transformation of the Automotive Industry

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Thank You

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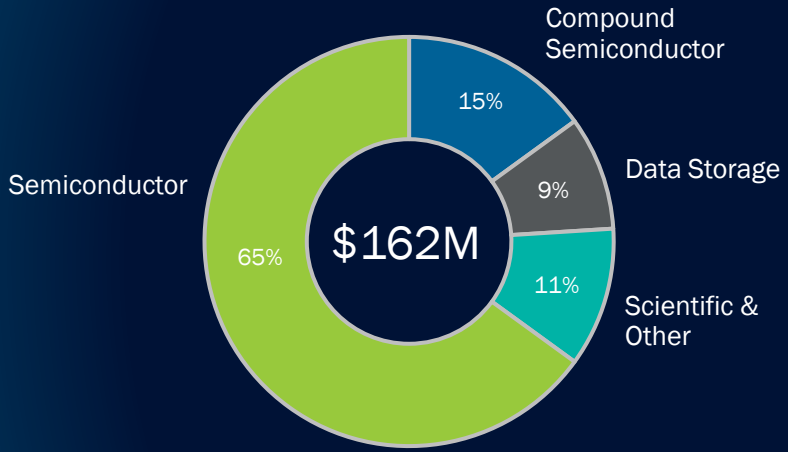
Backups and Financial Tables

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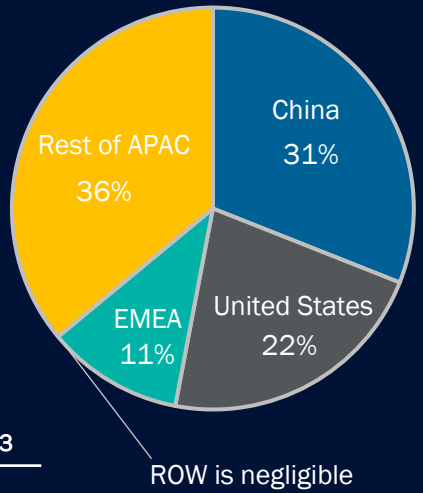
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Q2 2023 Revenue by Market & Region

Revenue by Market



Revenue by Region



ROW is negligible

Revenue Trend ($M)	Q2 22	Q1 23	Q2 23
Semiconductor	98	93	106
Compound Semi	31	21	24
Data Storage	22	22	14
Scientific & Other	14	18	17
Total	164	154	162

Amounts may not calculate precisely due to rounding.

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Q2 2023 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q1 23	Q2 23	Q1 23	Q2 23
Revenue	$153.5	$161.6	$153.5	$161.6
Gross Profit	62.0	67.5	63.7	69.1
Gross Margin	40.4%	41.8%	41.5%	42.7%
Operating Expenses	52.2	53.8	43.3	44.8
Operating Income	9.8	13.7	20.4	24.3
Net Income (Loss)	8.7	($85.3)*	16.9	20.6
Diluted Earnings (Loss) Per Share	$0.17	($1.61)*	$0.30	$0.36
Diluted Shares	59.9	52.9	63.3	61.2

*Net loss of $85.3 million or $1.61 per share was principally from a $97 million loss on extinguishment from refinancing a portion of our Convertible Notes.

Amounts may not calculate precisely due to rounding. A reconciliation of GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

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Balance Sheet and Cash Flow Highlights

$ millions	Q1 23	Q2 23
Cash & Short-Term Investments	253	287
Accounts Receivable	120	130
Inventories	226	244
Accounts Payable	62	63
Long-Term Debt Including Current Portion	255	274
Cash Flow from Operations	14	11
DSO (days)	70	72
DIO	213	225
DPO	62	61
Capital Expenditures	7	4

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2023 Guidance

Q3 2023

	GAAP	Non-GAAP
Revenue	$155M - $175M	$155M - $175M
Gross Margin	41%-42%	42%-43%
Operating Expenses	$53M - $55M	$45M - $47M
Net Income / (Loss)	$9M - $15M	$17M - $23M
Diluted Earnings / (Loss) Per Share	$0.16 – $0.27	$0.30 - $0.40



Reiterating 2023 Revenue Outlook

- Revenue: $630 - $670 million

Raising 2023 Non-GAAP Gross Margin & EPS Outlooks

- Gross margin from between 41%-42% to 42%-43%
- Non-GAAP EPS from between $1.15-$1.35 to $1.30-$1.50

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A reconciliation of Q2 GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

Historical Revenue by End-Market

$M	2020					2021					2022					2023	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Semiconductor	37.4	37.5	33.6	57.4	165.9	51.6	53.7	76.3	65.4	247.1	77.6	97.5	100.4	93.8	369.4	93.1	106.3
Compound Semi	18.4	17.8	26.6	45.2	107.9	24.8	24.2	23.3	34.7	107.0	37.1	31.1	28.1	24.9	121.2	21.2	24.1
Data Storage	38.9	28.3	36.9	19.2	123.3	41.0	52.0	39.3	36.5	168.8	21.6	21.5	27.7	16.7	87.5	21.5	13.9
Scientific & Other	9.8	15.1	15.0	17.1	57.0	16.4	16.4	11.4	16.3	60.5	20.1	13.8	15.7	18.4	68.0	17.7	17.4
Total	104.5	98.6	112.1	138.9	454.2	133.7	146.3	150.2	153.0	583.3	156.4	164.0	171.9	153.8	646.1	153.5	161.6

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Amounts may not calculate precisely due to rounding.

Convertible Notes Refinancing - Extinguishment Loss

$ millions	2025 Notes	2027 Notes	Total
Principal Amount of Notes Repurchased	$106.0	$100.0	$206.0
Less: Unamortized Transaction Costs*	0.6	1.5	2.1
Net Debt Extinguished	105.4	98.5	203.9
Cash Consideration	106.0	92.8	198.8
Stock Consideration**	15.9	86.3	102.2
Total Consideration Paid	121.9	179.1	301.0
Loss on Extinguishment	$16.5	$80.6	$97.1

* 80% of the 2025 and 2027 Convertible Notes outstanding were repurchased, and therefore 80% of the unamortized transaction costs were written off during extinguishment.

** Stock consideration includes 0.7 million and 3.8 million shares issued for the 2025 and 2027 Convertible Notes, respectively, at a stock price of $22.90.

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Amounts may not calculate precisely due to rounding.

Convertible Notes – Outstanding

As of June 30, 2023

Convertible Notes	Principal Amount	Carrying Value	Coupon	Annual Cash Interest	Annual Non-Cash Interest	Initial Conversion Price
Convertible Notes Due Jan 2025	$27M	$26M	3.5%	$0.9M	$0.1M	$24.00
Convertible Notes Due June 2027	25M	25M	3.75%	0.9M	0.1M	18.46*
Convertible Notes Due June 2029	230M	223M	2.875%	6.6M	1.1M	29.22
Total Convertible Notes	$282M	$274M	3.0%**	$8.4M	$1.3M	$27.77**

As of March 31, 2023

Convertible Notes	Principal Amount	Carrying Value	Coupon	Annual Cash Interest	Annual Non-Cash Interest	Initial Conversion Price
Convertible Notes Due Jan 2025	$133M	$132M	3.5%	$4.6M	$0.5M	$24.00
Convertible Notes Due June 2027	125M	123M	3.75%	4.7M	0.4M	18.46*
Total Convertible Notes	$258M	$255M	3.6%**	$9.3M	$0.9M	$21.31**

* Conversion price for 2027 Convertible Notes includes the effect of the Capped Call transaction
**Weighted average

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Amounts may not calculate precisely due to rounding.

Effect of Convertible Notes on Diluted EPS (Effective Q3 2023)

2025 and 2027 Convertible Notes

Quarterly

GAAP			Non-GAAP*		
EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*	EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*
≥ $0.14 < $0.23	$257	1,788	≥ $0.17 < $0.21	$234	1,354
≥ $0.23	$513	2,893	≥ $0.21	$466	2,458

Annual

GAAP			Non-GAAP*		
EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*	EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*
≥ $0.57 < $0.93	$1,028	1,788	≥ $0.69 < $0.84	$938	1,354
≥ $0.93	$2,054	2,893	≥ $0.84	$1,865	2,458

2029 Convertible Notes (GAAP and Non-GAAP)**

Average Stock Price per Common Share	Incremental Dilutive Shares (in thousands)
$29.00	-
$30.00	205
$31.00	452
$32.00	684
$33.00	902
$34.00	1,106
$35.00	1,300
$36.00	1,482
$37.00	1,655
$38.00	1,818
$39.00	1,974
$40.00	2,121
$41.00	2,261
$42.00	2,395
$43.00	2,522
$44.00	2,644
$45.00	2,760

Based upon current 2025 and 2027 Convertible Notes outstanding. The above calculations are intended to be estimates only, and reflect the use of the if-converted method for diluted EPS purposes. The EPS thresholds mentioned above represent various ranges at which some of our Convertible Notes may become dilutive. No shares are added for dilution purposes if the addition of such shares (and reduced interest expense) would be anti-dilutive.

* The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transactions issued concurrently with our 2027 Convertible Notes, and assumes an average per share stock price above $18.46.

** The Company is required to settle the principal amount of the 2029 Convertible Notes in cash, and has the option to settle the excess above principal in any combination of cash or shares. As such, only "in-the-money" shares above the implied conversion price of $29.22 are added to the diluted share count, and there is no interest expense add-back to the numerator for purposes of calculating diluted EPS.

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Note on Reconciliation Tables

These tables include financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). These Non-GAAP financial measures exclude items such as: share-based compensation expense; charges relating to restructuring initiatives; non-cash asset impairments; certain other non-operating gains and losses; and acquisition-related items such as transaction costs, non-cash amortization of acquired intangible assets, incremental transaction-related compensation, and certain integration costs.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including Non-GAAP Operating Income, which is used to determine management incentive compensation as well as to forecast future periods.

These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.

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Supplemental Information—GAAP to Non-GAAP Reconciliation

$ millions	Q2 23	Q1 23	2022	2021	2020	2019
Net sales	$161.6	$153.5	$646.1	$583.3	$454.2	$419.3
GAAP gross profit	67.5	62.0	263.1	242.3	194.3	158.2
GAAP gross margin	41.8%	40.4%	40.7%	41.5%	42.8%	37.7%
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	-	0.3	1.3
Add: Share-based comp	1.6	1.5	4.6	2.4	1.9	1.9
Add: Other	-	0.2	3.3	0.4	-	0.2
Non-GAAP gross profit	$69.1	$63.7	$271.0	$245.1	$196.5	$161.6
Non-GAAP gross margin	42.7%	41.5%	41.9%	42.0%	43.3%	38.5%

$ millions	Q2 23	Q1 23	2022	2021	2020	2019
GAAP Net income (loss)	$(85.3)	$8.7	$166.9	$26.0	$(8.4)	$(78.7)
Add: Share-based comp	7.9	7.0	23.0	15.2	12.7	15.3
Add: Amortization	2.1	2.1	10.0	12.3	15.3	17.1
Add: Restructuring	-	-	-	-	1.1	6.0
Add: Asset impairment	-	-	-	-	0.3	4.0
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	-	0.3	1.3
Add: Transition expenses related to San Jose expansion project	-	0.8	6.2	2.0	-	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	-	-	0.3	0.3	0.2	0.6
Add: Accelerated depreciation	-	-	-	-	-	0.4
Add; Changes in contingent consideration	0.3	-	-	-	-	-
Add: Acquisition related	0.2	0.7	-	-	-	-
Add: Interest expense	0.6	0.8	9.3	26.0	23.2	17.4
Add: Other (income) expense, net	97.1	-	-	5.0	7.8	21.0
Add: Tax expense (benefit)	1.3	0.3	(116.0)	(0.4)	(0.1)	0.8
Non-GAAP operating income (loss)	$24.3	$20.4	$99.8	$86.6	$52.5	$5.1

$ millions, except per share amounts	Q2 23	Q1 23	2022	2021	2020	2019
GAAP Basic weighted average shares	52.9	50.6	49.9	49.1	48.4	47.5
GAAP Diluted weighted average shares	52.9	59.9	65.6	53.6	48.4	47.5
GAAP Basic EPS	$(1.61)	$0.17	$3.35	$0.53	$(0.17)	$(1.66)
GAAP Diluted EPS	$(1.61)	$0.17	$2.71	$0.49	$(0.17)	$(1.66)
GAAP Net income (loss)	$(85.3)	$8.7	$166.9	$26.0	$(8.4)	$(78.7)
Add: Share-based comp	7.9	7.0	23.0	15.2	12.7	15.3
Add: Amortization	2.1	2.1	10.0	12.3	15.3	17.1
Add: Restructuring	-	-	-	-	1.1	6.0
Add: Asset impairment	-	-	-	-	0.3	4.0
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	-	0.3	1.3
Add: Transition expenses related to San Jose expansion project	-	0.8	6.2	2.0	-	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	-	-	0.3	0.3	0.2	0.6
Add; Changes in contingent consideration	0.3	-	-	-	-	-
Add: Accelerated depreciation	-	-	-	-	-	0.4
Add: Acquisition related	0.2	0.7	-	-	-	-
Add: Non-cash interest expense	0.3	0.2	0.9	13.8	13.8	12.7
Add: Other (income) expense, net	97.1	-	-	5.0	7.8	21.0
Add: Tax adjustment from GAAP to Non-GAAP	(2.1)	(2.7)	(117.9)	(1.1)	(0.8)	(0.8)
Non-GAAP net income (loss)	$20.6	$16.9	$89.6	$73.6	$42.3	$(1.3)
Non-GAAP basic EPS	$0.39	$0.33	$1.79	$1.50	$0.88	$(0.03)
Non-GAAP diluted EPS	$0.36	$0.30	$1.57	$1.43	$0.86	$(0.03)
Non-GAAP basic weighted average shares	52.9	50.6	49.9	49.1	48.4	47.5
Non-GAAP diluted weighted average shares	61.2	63.3	63.4	51.5	49.3	47.5

$ millions	Q2 23	Q1 23	2022	2021	2020	2019
GAAP operating expenses	$53.8	$52.2	$202.9	$185.6	$171.7	$197.8
Share-based compensation	(6.4)	(5.6)	(18.4)	(12.9)	(10.8)	(13.4)
Amortization	(2.1)	(2.1)	(10.0)	(12.3)	(15.3)	(17.1)
Other	(0.5)	(1.3)	(3.2)	(1.9)	(1.5)	(10.8)
Non-GAAP operating expenses	$44.8	$43.3	$171.2	$158.5	$144.0	156.5

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Q2 2023 Actual: GAAP to Non-GAAP Reconciliation

$ millions	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$161.6				$161.6
Gross Profit	67.5	1.6	—	—	69.1
Gross Margin	41.8%				42.7%
Operating Expenses	$53.8	(6.4)	(2.1)	(0.5)	$44.8
Operating Income	$13.7	7.9	2.1	0.5	$24.3
Net Income (loss)	($85.3)	7.9	2.1	95.9	$20.6

Other Non-GAAP Adjustments	
Changes in contingent consideration	$0.3
Acquisition related	0.2
Subtotal	0.5
Non-cash Interest Expense	0.3
Other (income) expense, net	97.1
Non-GAAP tax adjustment	(2.1)
Total Other	$95.9

Income (loss) per Diluted Common Share	GAAP	Non-GAAP
Net Income (loss)	($85.3)	$20.6
Add: Interest on Convertible Senior Notes	—	1.5
Net income (loss) available to common shareholders	(85.3)	22.1
Basic weighted average common shares	52.9	52.9
Add: Dilutive effect of share-based awards	—	0.8
Add: Dilutive effect of 2025 Convertible Senior Notes	—	3.4
Add: Dilutive effect of 2027 Convertible Senior Notes	—	4.2
Diluted weighted average common shares	52.9	61.2
Basic income (loss) per common share	($1.61)	$0.39
Diluted income (loss) per common share	($1.61)	$0.36

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Q3 2023 Guidance

($ millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
		Non-GAAP Adjustments			
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
Net Sales	$155–$175				$155–$175
Gross Profit	63–73	2	—	—	65–75
Gross Margin	41%–42%				42%–43%
Operating Expenses	$53–$55	(6)	(2)	—	$45–$47
Operating Income	$10–$17	8	2	—	$20–$27
Net Income	$9–$15	8	2	(2)	$17–$23
Income per Diluted Share	$0.16–$0.27				$0.30–$0.40

Reconciliation of GAAP Net Income to non-GAAP Operating Income	
GAAP Net Income	$9–$15
Share-Based Compensation	8
Amortization	2
Income tax expense (benefit)	1-2
Non-GAAP Operating Income	$20–$27

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	$9–$15	$17–$23
Add: Interest on Convertible Senior Notes	0-1	1-1
Net income available to common shareholders	9-16	18-24
Basic weighted average common shares	55	55
Add: Dilutive effect of share-based awards	1-1	1
Add: Dilutive effect of 2025 Convertible Senior Notes	0-1	1
Add: Dilutive effect of 2027 Convertible Senior Notes	2-2	2
Diluted weighted average common shares	58-59	59
Income per diluted common share	$0.16-$0.27	$0.30-$0.40

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