


Veeco

MAKING A *MATERIAL* DIFFERENCE

# Investor Presentation

August 2024

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# Veeco at a Glance



Global provider of semiconductor capital equipment



Financial strength and flexibility

Employees

~1200

2024 Revenue

$710M*



Solving customers high value materials challenges



Differentiated technologies with opportunities to expand served available markets

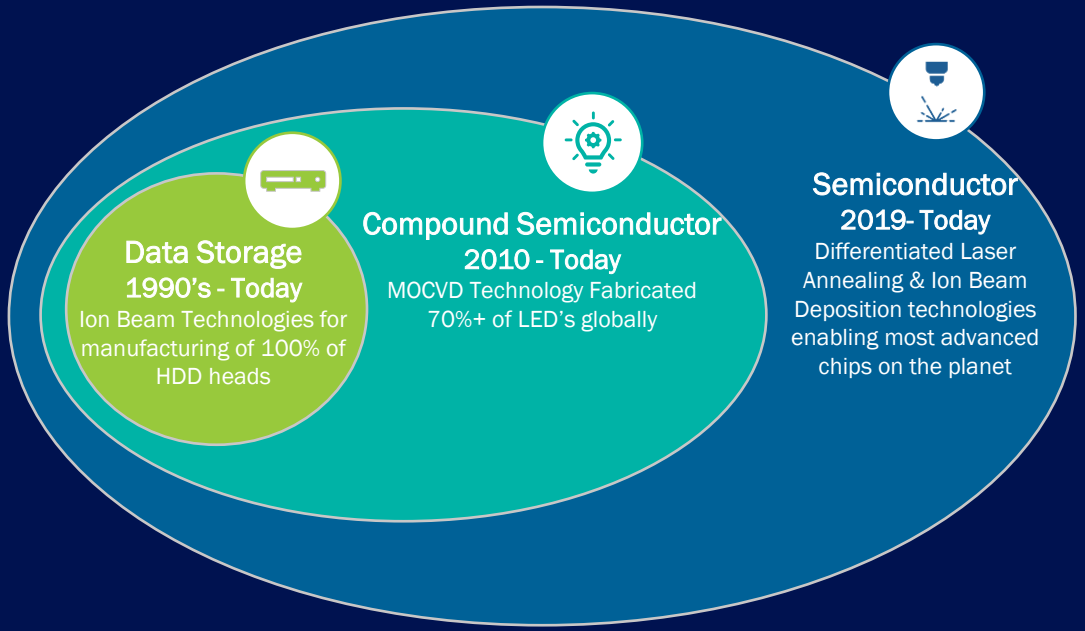




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* Based on mid-point of guidance range of $690M-$730M

# Who is Veeco?




**Strong History**
Solving materials challenges

**Growth Focus**
Semiconductor & Compound Semiconductor

**Well Positioned**
Leading edge customers drive growth


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# Strategy & SAM


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# Investment Strategy Enabling SAM Expansion

| | |
|---|---|
| ***Technologies Driving Growth TODAY*** | ➢ LSA systems qualified for all leading logic customers GAA architecture<br>➢ EUV Mask Blank Business expanding to new applications<br>➢ Strong year-over-year growth in Advanced Packaging wet processing business |
| ***SAM Expansion Driving FUTURE Growth*** | ➢ Laser Annealing SAM to grow above $1.0B from $600M<br>▪ Expanding LSA adoption in memory<br>▪ Nanosecond Annealing in logic & memory for new leading-edge applications<br>➢ IBD for Front End Semi growing from $0 to $350M<br>▪ For memory & logic applications where low resistance metals most critical<br>➢ Compound Semi opportunities in Power Electronics and Photonics |
| ***Evaluation Program Anchors Growth Strategy*** | ➢ NSA & IBD programs progressing well, targeting additional 2025 shipments<br>➢ Targeting LSA shipment to 2nd leading HBM customer in early 2025<br>➢ Shipped 300mm GaN on Silicon evaluation to Tier 1 Power Device customer in Compound Semi market |


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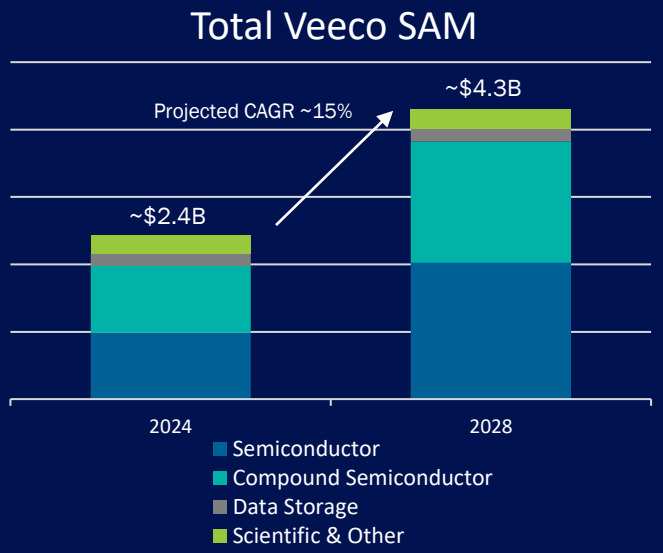
LSA – Laser Spike Annealing
NSA – Nanosecond Annealing
EUV – Extreme Ultraviolet
GaN – Gallium Nitride
IBD – Ion Beam Deposition
SAM – Served Available Market
GAA – Gate-All-Around
HBM – High-Bandwidth Memory

# Available Market

Veeco's Served Available Market to grow to ~4.3B

**Semiconductor** opportunity expected to grow to ~**$2.0B** driven by Laser Annealing, Nanosecond Annealing and Ion Beam Deposition equipment

**Compound Semiconductor** opportunity expected to grow to ~**$1.8B** driven by equipment for Power Electronics (SiC & GaN) and Photonics



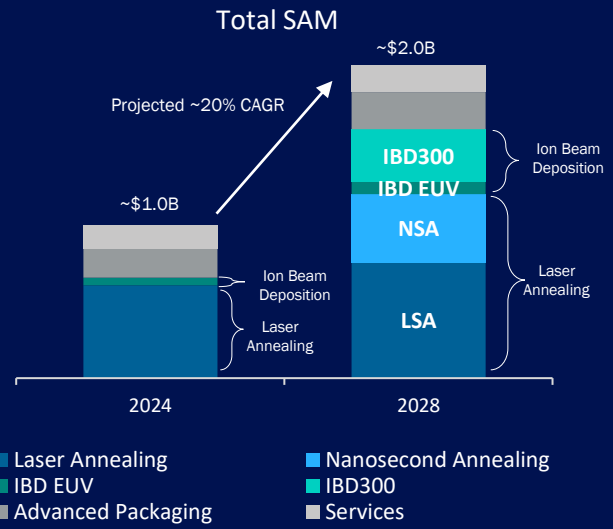

SAM – Served Available Market SiC – Silicon Carbide GaN – Gallium Nitride

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


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# Semiconductor SAM Growth

| Key Drivers | | 2024 | 2028 |
|---|---|---|---|
| Laser Spike Annealing (LSA) | • PTOR at 3 Tier 1 logic and 1 HBM DRAM customer<br>• Targeting evaluation agreement in late 2024 & early 2025 evaluation shipment to 2nd HBM customer | ~$600M | ~$750M |
| New Nanosecond Annealing (NSA) | • 2 evaluation systems at Tier 1 logic customers<br>• Strong pull from 3rd Tier 1 logic customer for evaluation tool | ~$0M | ~$450M |
| IBD EUV Mask Blanks | • PTOR for EUV mask blank deposition | ~$50M | ~$100M |
| New IBD300 Front End Semi | • 2 evaluation systems at HBM customers<br>• Strong pull from Tier 1 logic customers for evaluation tools | ~$0M | ~$350M |




Laser Annealing, Nanosecond Annealing and IBD300 to drive growth in Semiconductor market

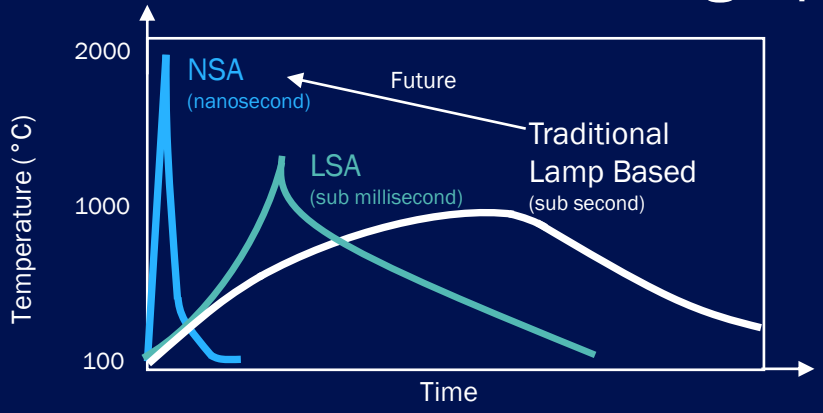
*Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis*

EUV – Extreme Ultraviolet
IBD – Ion Beam Deposition
PTOR – Production Tool of Record

Amounts may not calculate precisely due to rounding.

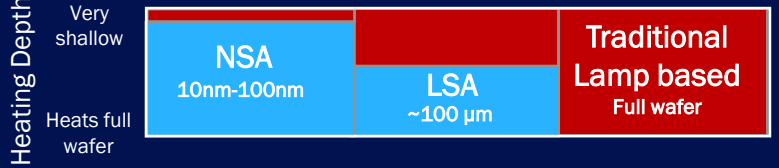

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# Nanosecond Annealing Opportunity




- Scaling challenges driving the need for new annealing capabilities
- NSA broadening Laser Annealing adoption to new leading edge Logic and Memory applications
  - **Shallow anneal** enabling backside power delivery and 3D devices
  - **Material Modification** steps to improve performance by changing device structure and properties
- Potential for initial logic HVM orders in 2025

Illustration of Wafer Cross Section




**Nanosecond Annealing a substantial opportunity to expand to new leading-edge applications**

HVM – High Volume Manufacturing

NSA – Nanosecond Annealing
LSA – Laser Spike Annealing



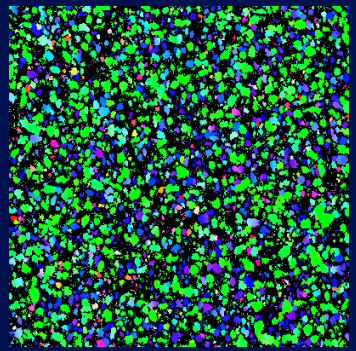
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# IBD300– 300mm Front End Semi Opportunity

Illustration of grain size and distribution

***TODAY***

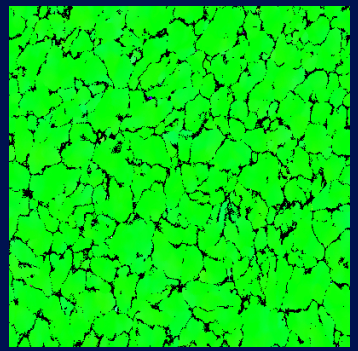
**Incumbent Technology**



Non-uniform, randomly oriented grains of small size = higher resistivity

***FUTURE***

**IBD**



Uniformly oriented large grains = lowest resistivity

- Industry leader in Ion Beam Technology
- Lower resistance metals essential for improved device performance & customer scaling
- IBD achieving superior thin film properties vs incumbent technologies, including lower resistivity
- Ideal for advanced applications where low resistance is most critical

IBD achieving superior thin film properties versus incumbent technologies for advanced applications


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IBD – Ion Beam Deposition

# Veeco Technologies for Artificial Intelligence




## GPU

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

*Additional Future Opportunities*
- Nanosecond Annealing (NSA)
- IBD for low resistivity metals

## High-Bandwidth Memory (HBM) DRAM

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

*Additional Future Opportunities*
- Nanosecond Annealing (NSA)
- IBD for low resistivity metals

## Advanced Packaging

*Current PTOR*
- Wet Processing for micro-bump flux clean

*Additional Future Opportunities*
- Wet Processing for temporary bond clean

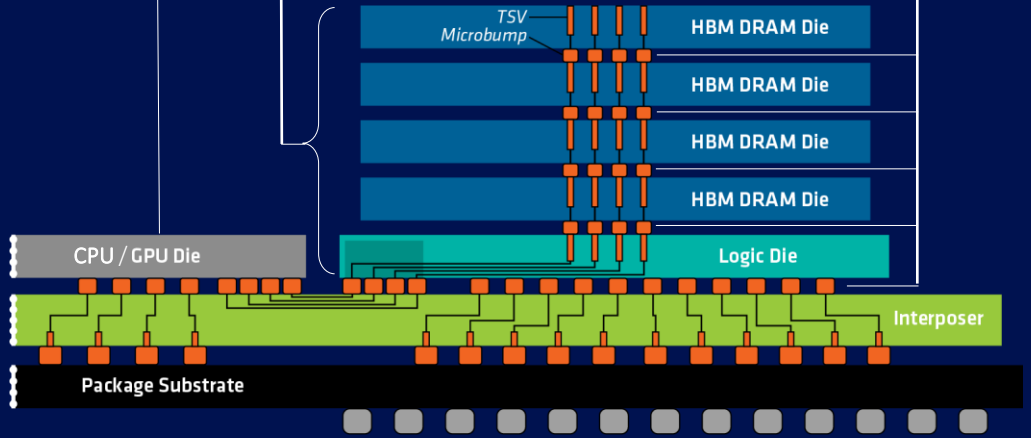



Illustration of typical AI chip

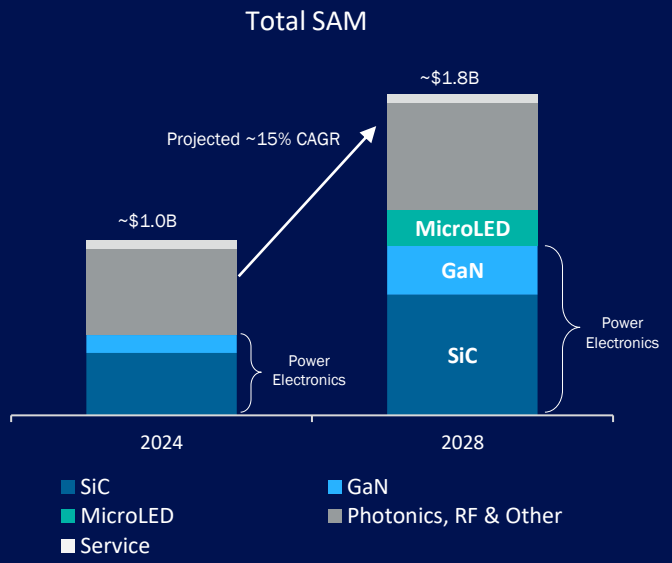
PTOR = Production Tool of Record
TSV = Through Silicon Via
GPU = Graphics Processing Unit
HBM – High-Bandwidth Memory



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# Compound Semiconductor SAM Growth

| Key Drivers | | 2024 | 2028 |
|---|---|---|---|
| **SiC Power Electronics** | • Single wafer SiC CVD for 8 inch addresses high voltage and power applications such as EVs<br>• Targeting evaluation agreements by end of 2024 | **~$350M** | **~$650M** |
| **GaN Power Electronics** | • Single wafer MOCVD platform for 8 & 12 inch GaN wafer sizes<br>• Shipped 300mm evaluation for GaN on Si Power to leading Power Device customer | **~$100M** | **~$300M** |
| **MicroLED** | • Batch platform for traditional red MicroLED<br>• Single wafer platform for disruptive Red, Green and Blue on same wafer using GaN on Si | **~$0M** | **~$200M** |




Significant growth opportunities in Epitaxy Equipment for Power Electronics

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

SiC – Silicon Carbide
GaN – Gallium Nitride

Amounts may not calculate precisely due to rounding.

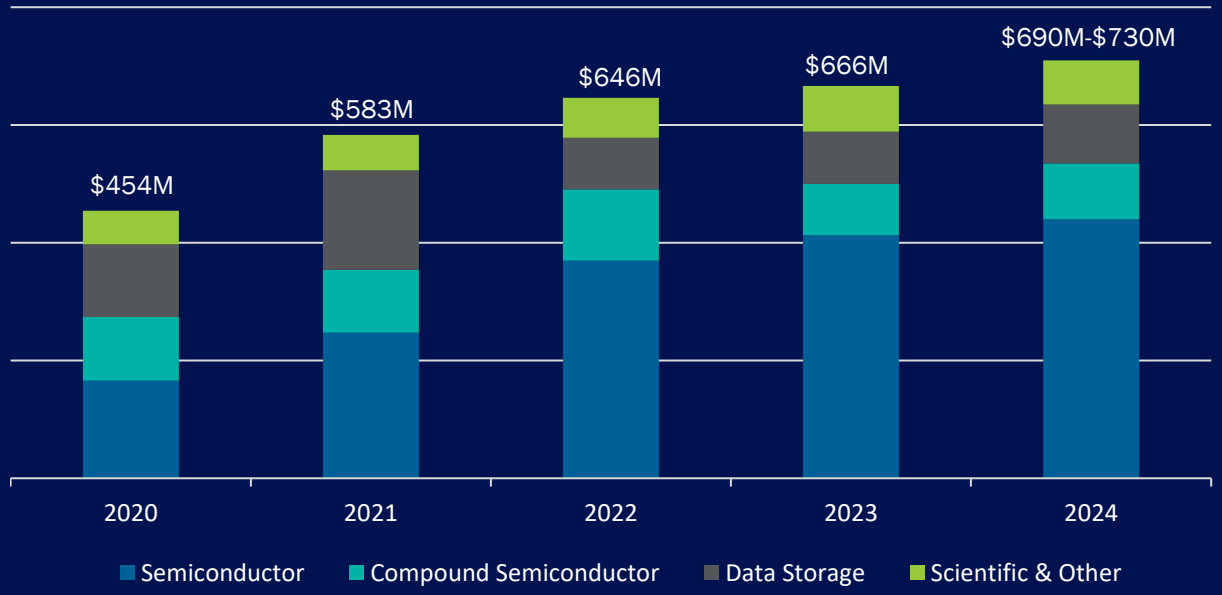

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# Financials


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# Revenue by End-Market



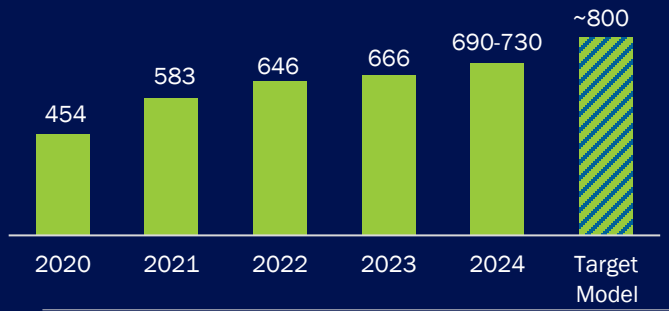

Semiconductor CAGR of ~30% drives increase from 37% of total 2020 revenue to >60% in 2024


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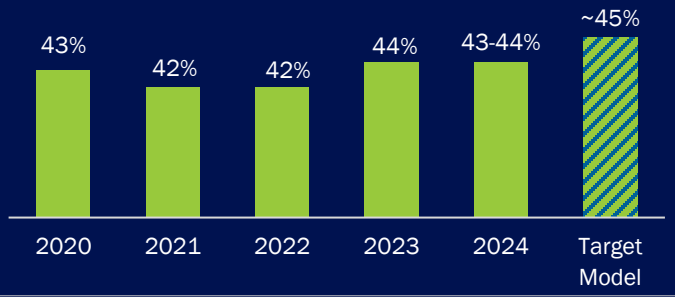
Amounts may not calculate precisely due to rounding.

# Historical Financials & 2024 Outlook (Non-GAAP)

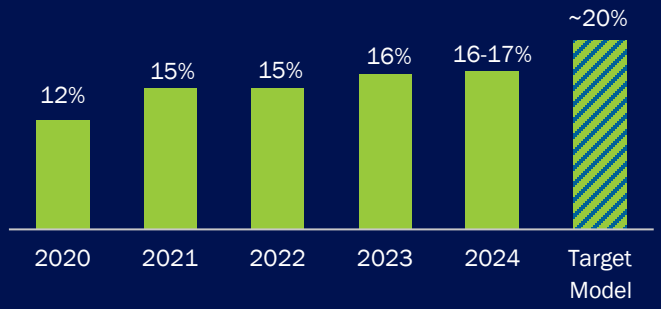
## Revenue ($m)



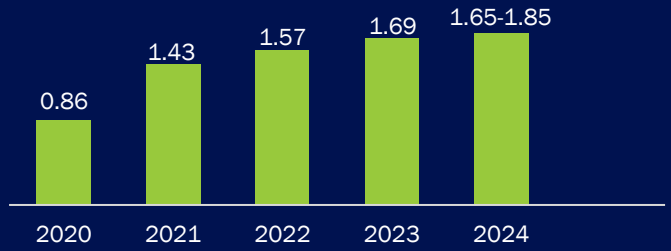

## Gross Margin (%)




## Operating Income (%)




## Diluted EPS ($)





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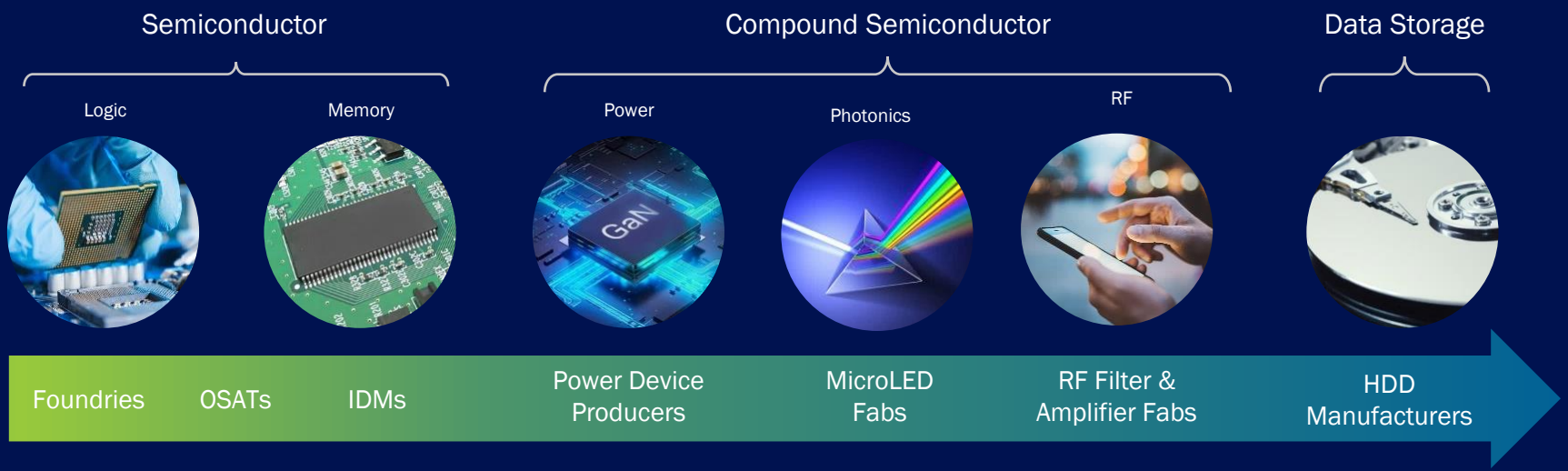
A reconciliation of GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

# Customers, Resource Alignment, Veeco Team & ESG


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# Serving a Diverse Customer Base





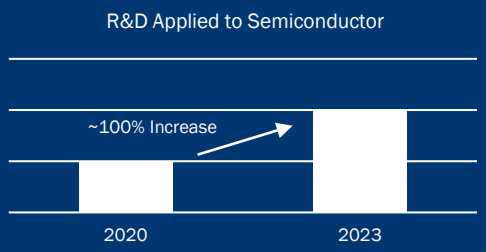
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RF – Radio Frequency
IDM – Integrated Device Manufacturer
OSAT – Outsourced Semiconductor Assembly and Test
HDD – Hard Disk Drive

# Resources Aligned for Growth

## R&D

Strategic Optimization of our R&D Spending Portfolio




## Manufacturing

In 2022 we completed our capacity 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 | 2024+ |
|---|---|---|---|
| Evals | 1 to 2 | ~10 | Similar* |
| Markets | Compound Semi | Semi & Compound Semi | Semi & Compound Semi |

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


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# 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



Jean-Charles Bossert
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

**Quality Scores**

| | |
|---|---|
| Governance: | 1 |
| Social: | 1 |
| Environment: | 4 |

**Corporate Score**

'21: D+ ⇨ '22: C- ⇨ '23: C


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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

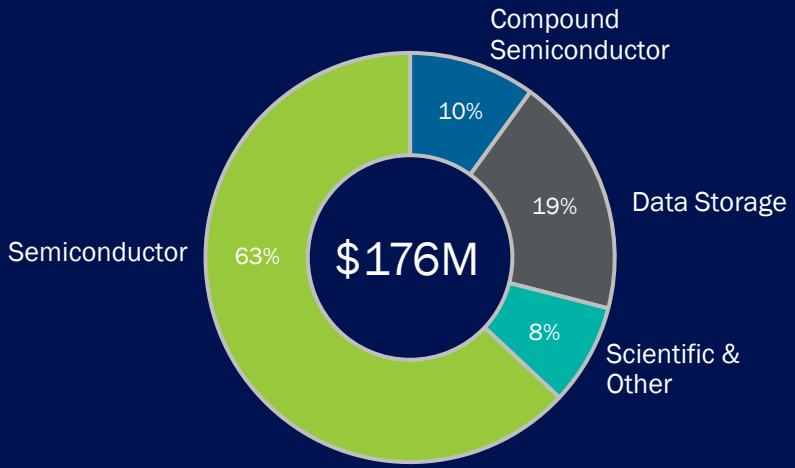
# Backup and Financial Tables


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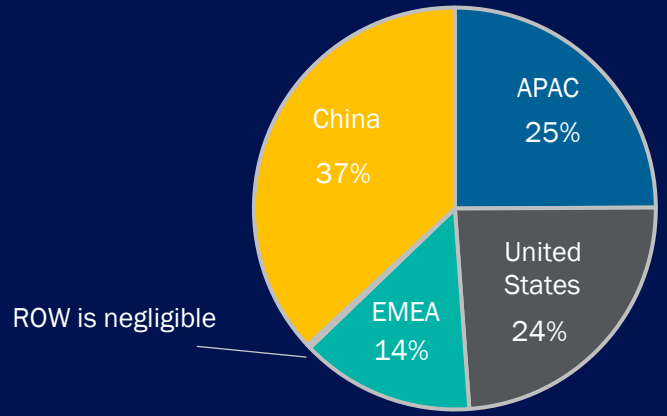
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# Q2 Revenue by Market & Region

## Revenue by Market




## Revenue by Region




| Revenue Trend ($M) | Q2 23 | Q1 24 | Q2 24 |
|---|---|---|---|
| Semiconductor | 106 | 120 | 110 |
| Compound Semi | 24 | 21 | 18 |
| Data Storage | 14 | 18 | 34 |
| Scientific & Other | 17 | 15 | 14 |
| Total | 162 | 174 | 176 |


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Amounts may not calculate precisely due to rounding.

# Q2 Operating Results

| In millions (except per share amounts) | GAAP | | Non-GAAP | |
|---|---|---|---|---|
| | Q1 24 | Q2 24 | Q1 24 | Q2 24 |
| Revenue | $174.5 | $175.9 | $174.5 | $175.9 |
| Gross Profit | 75.4 | 75.4 | 77.1 | 76.8 |
| Gross Margin | 43.2% | 42.9% | 44.2% | 43.7% |
| Operating Expenses | 53.4 | 58.7 | 47.8 | 48.6 |
| Operating Income | 22.0 | 16.7 | 29.4 | 28.3 |
| Net Income | $21.9 | $14.9 | $26.4 | $25.4 |
| Diluted Earnings Per Share | $0.37 | $0.25 | $0.45 | $0.42 |
| Diluted Shares | 60.8 | 62.5 | 60.3 | 62.1 |

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 24 | Q2 24 |
|---|---|---|
| Cash & Short-Term Investments | 297 | 305 |
| Accounts Receivable | 107 | 92 |
| Inventories | 243 | 245 |
| Accounts Payable | 54 | 47 |
| Cash Flow from Operations | 9 | 8 |
| Capital Expenditures | 6 | 3 |
| DSO (days) | 55 | 47 |
| DIO (days) | 218 | 219 |
| DPO (days) | 50 | 43 |


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# 2024 Guidance

## Q3 2024

| | GAAP | Non-GAAP |
|---|---|---|
| Revenue | $170M - $190M | $170M - $190M |
| Gross Margin | 42% - 43% | 43% - 44% |
| Operating Expenses | $57M - $59M | $48M - $50M |
| Net Income | $13M - $19M | $24M - $31M |
| Diluted Earnings Per Share | $0.21 - $0.31 | $0.39 - $0.49 |




## Updated FY 2024 Outlook

- Revenue to $690 - $730 million from $680 - $740 million
- Non-GAAP EPS to $1.65-$1.85 from $1.60-$1.90




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

# Historical Revenue by End-Market

| $M | 2021 | | | | | 2022 | | | | | 2023 | | | | | 2024 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 |
| Semiconductor | 51.6 | 53.7 | 76.3 | 65.4 | 247.1 | 77.6 | 97.5 | 100.4 | 93.8 | 369.4 | 93.1 | 106.3 | 98.2 | 115.2 | 412.7 | 120.4 | 109.9 |
| Compound Semi | 24.8 | 24.2 | 23.3 | 34.7 | 107.0 | 37.1 | 31.1 | 28.1 | 24.9 | 121.2 | 21.2 | 24.1 | 25.7 | 16.3 | 87.3 | 21.0 | 18.2 |
| Data Storage | 41.0 | 52.0 | 39.3 | 36.5 | 168.8 | 21.6 | 21.5 | 27.7 | 16.7 | 87.5 | 21.5 | 13.9 | 34.0 | 19.1 | 88.5 | 18.0 | 34.0 |
| Scientific & Other | 16.4 | 16.4 | 11.4 | 16.3 | 60.5 | 20.1 | 13.8 | 15.7 | 18.4 | 68.0 | 17.7 | 17.4 | 19.6 | 23.4 | 78.0 | 15.1 | 13.8 |
| Total | 133.7 | 146.3 | 150.2 | 153.0 | 583.3 | 156.4 | 164.0 | 171.9 | 153.8 | 646.1 | 153.5 | 161.6 | 177.4 | 173.9 | 666.4 | 174.5 | 175.9 |


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Amounts may not calculate precisely due to rounding.

# Convertible Notes – Outstanding

## As of June 30, 2024

| 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 | 224M | 2.875% | 6.6M | 1.1M | 29.22 |
| Total Convertible Notes | $282M | $275M | 3.0%** | $8.4M | $1.3M | $27.77** |

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

Amounts may not calculate precisely due to rounding.


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# Effect of Convertible Notes on Diluted EPS (Effective Q2 2024)

## 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 | Q1 24 | Q2 24 |
|---|---|---|
| Net sales | $174.5 | $175.9 |
| GAAP gross profit | 75.4 | 75.4 |
| GAAP gross margin | 43.2% | 42.9% |
| Add: Share-based comp | 1.7 | 1.4 |
| Non-GAAP gross profit | $77.1 | $76.8 |
| Non-GAAP gross margin | 44.2% | 43.7% |

| In millions | Q1 24 | Q2 24 |
|---|---|---|
| GAAP Net income | $21.9 | $14.9 |
| Add: Share-based comp | 8.1 | 9.2 |
| Add: Amortization | 1.9 | 1.8 |
| Add: Sale of productive assets | (2.1) | - |
| Add: Changes in contingent consideration | (0.6) | 0.5 |
| Add: Interest expense (income) | (0.7) | (0.3) |
| Add: Tax expense | 0.9 | 2.1 |
| Non-GAAP operating income | $29.4 | $28.3 |

| $ millions, except per share amounts | Q1 24 | Q2 24 |
|---|---|---|
| GAAP Basic weighted average shares | 56.0 | 56.3 |
| GAAP Diluted weighted average shares | 60.8 | 62.5 |
| GAAP Basic EPS | $0.39 | $0.27 |
| GAAP Diluted EPS | $0.37 | $0.25 |
| GAAP Net income | $21.9 | $14.9 |
| Add: Share-based comp | 8.1 | 9.2 |
| Add: Amortization | 1.9 | 1.8 |
| Add: Sale of productive assets | (2.1) | - |
| Add: Changes in contingent consideration | (0.6) | 0.5 |
| Add: Non-cash interest expense | 0.3 | 0.3 |
| Add: Tax adjustment from GAAP to Non-GAAP | (3.0) | (1.4) |
| Non-GAAP net income | 26.4 | 25.4 |
| Non-GAAP basic EPS | $0.47 | $0.45 |
| Non-GAAP diluted EPS | $0.45 | $0.42 |
| Non-GAAP basic weighted average shares | 56.0 | 56.3 |
| Non-GAAP diluted weighted average shares | 60.3 | 62.1 |

| In millions | Q1 24 | Q2 24 |
|---|---|---|
| GAAP operating expenses | $53.4 | $58.7 |
| Share-based compensation | (6.4) | (7.8) |
| Amortization | (1.9) | (1.8) |
| Other | 2.7 | (0.5) |
| Non-GAAP operating expenses | $47.8 | $48.6 |


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# Supplemental Information—GAAP to Non-GAAP Reconciliation

| $ millions | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Net sales | $666.4 | $646.1 | $583.3 | $454.2 |
| GAAP gross profit | 285.1 | 263.1 | 242.3 | 194.3 |
| GAAP gross margin | 42.8% | 40.7% | 41.5% | 42.8% |
| Add: Release of inventory fair value step-up for purchase accounting | - | - | - | 0.3 |
| Add: Share-based comp | 4.9 | 4.6 | 2.4 | 1.9 |
| Add: Other | 0.2 | 3.3 | 0.4 | - |
| Non-GAAP gross profit | $290.2 | $271.0 | $245.1 | $196.5 |
| Non-GAAP gross margin | 43.5% | 41.9% | 42.0% | 43.3% |

| In millions | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| GAAP Net income (loss) | ($30.4) | $166.9 | $26.0 | ($8.4) |
| Add: Share-based comp | 28.6 | 23.0 | 15.2 | 12.7 |
| Add: Amortization | 8.5 | 10.0 | 12.3 | 15.3 |
| Add: Restructuring | - | - | - | 1.1 |
| Add: Asset impairment | - | - | - | 0.3 |
| Add: Release of inventory fair value step-up for purchase accounting | - | - | - | 0.3 |
| 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 |
| Add: Changes in contingent consideration | 0.7 | - | - | - |
| Add: Acquisition related | 1.1 | - | - | - |
| Add: Interest expense (income), net | 1.2 | 9.3 | 26.0 | 23.2 |
| Add: Other (income) expense, net | - | - | 5.0 | 7.8 |
| Add: Tax expense (benefit) | 2.0 | (116.0) | (0.4) | (0.1) |
| Non-GAAP operating income (loss) | $109.6 | $99.8 | $86.6 | $52.5 |

| In millions, except per share amounts | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| GAAP Basic weighted average shares | 53.8 | 49.9 | 49.1 | 48.4 |
| GAAP Diluted weighted average shares | 53.8 | 65.6 | 53.6 | 48.4 |
| GAAP Basic EPS | ($0.56) | $3.35 | $0.53 | ($0.17) |
| GAAP Diluted EPS | ($0.56) | $2.71 | $0.49 | ($0.17) |
| GAAP Net income (loss) | ($30.4) | $166.9 | $26.0 | ($8.4) |
| Add: Share-based comp | 28.6 | 23.0 | 15.2 | 12.7 |
| Add: Amortization | 8.5 | 10.0 | 12.3 | 15.3 |
| Add: Restructuring | - | - | - | 1.1 |
| Add: Asset impairment | - | - | - | 0.3 |
| Add: Release of inventory fair value step-up for purchase accounting | - | - | - | 0.3 |
| 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 |
| Add; Changes in contingent consideration | 0.7 | - | - | - |
| Add: Acquisition related | 1.1 | - | - | - |
| Add: Non-cash interest expense | 1.1 | 0.9 | 13.8 | 13.8 |
| Add: Other (income) expense, net | 97.1 | - | 5.0 | 7.8 |
| Add: Release of valuation allowance on DTA | - | (105.0) | - | - |
| Add: Tax adjustment from GAAP to Non-GAAP | (9.1) | (12.9) | (1.1) | (0.8) |
| Non-GAAP net income (loss) | $98.3 | $89.6 | $73.6 | $42.3 |
| Non-GAAP basic EPS | $1.83 | $1.79 | $1.50 | $0.88 |
| Non-GAAP diluted EPS | $1.69 | $1.57 | $1.43 | $0.86 |
| Non-GAAP basic weighted average shares | 53.8 | 49.9 | 49.1 | 48.4 |
| Non-GAAP diluted weighted average shares | 60.8 | 63.4 | 51.5 | 49.3 |

| In millions | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| GAAP operating expenses | $215.1 | $202.9 | $185.6 | $171.7 |
| Share-based compensation | (23.6) | (18.4) | (12.9) | (10.8) |
| Amortization | (8.5) | (10.0) | (12.3) | (15.3) |
| Other | (2.4) | (3.2) | (1.9) | (1.5) |
| Non-GAAP operating expenses | $180.6 | $171.2 | $158.5 | $144.0 |

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# Q2 2024 Actual: GAAP to Non-GAAP Reconciliation

| $ millions | | Non-GAAP Adjustments | | | |
|---|---|---|---|---|---|
| | GAAP | Share-Based Compensation | Amortization | Other | Non-GAAP |
| Net Sales | $175.9 | | | | $175.9 |
| Gross Profit | 75.4 | 1.4 | — | — | 76.8 |
| Gross Margin | 42.9% | | | | 43.7% |
| Operating Expenses | $58.7 | (7.8) | (1.8) | (0.5) | $48.6 |
| Operating Income | $16.7 | 9.2 | 1.8 | 0.5 | $28.3 |
| Net Income | $14.9 | 9.2 | 1.8 | (0.6) | $25.4 |

| Other Non-GAAP Adjustments | |
|---|---|
| Changes in contingent consideration | $0.5 |
| Subtotal | 0.5 |
| Non-cash Interest Expense | 0.3 |
| Non-GAAP tax adjustment | (1.4) |
| Total Other | ($0.6) |

| Income per Diluted Common Share | | |
|---|---|---|
| | GAAP | Non-GAAP |
| Net Income | $14.9 | $25.4 |
| Add: Interest on Convertible Senior Notes | 0.5 | 0.5 |
| Net income available to common shareholders | 15.5 | 25.9 |
| | | |
| Basic weighted average common shares | 56.3 | 56.3 |
| Add: Dilutive effect of share-based awards | 1.3 | 1.3 |
| Add: Dilutive effect of 2025 Convertible Senior Notes | 1.1 | 1.1 |
| Add: Dilutive effect of 2027 Convertible Senior Notes | 1.8 | 1.4 |
| Add: Dilutive effect of 2029 Convertible Senior Notes | 2.0 | 2.0 |
| Diluted weighted average common shares | 62.5 | 62.1 |
| | | |
| Basic income per common share | $0.27 | $0.45 |
| Diluted income per common share | $0.25 | $0.42 |


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# Q3 2024 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 | $170–$190 | | | | $170–$190 |
| Gross Profit | 72–82 | 2 | — | — | 74–84 |
| Gross Margin | 42%–43% | | | | 43%–44% |
| Operating Expenses | $57–$59 | (8) | (2) | — | $48–$50 |
| Operating Income | $15–$23 | 10 | 2 | — | $26–$34 |
| Net Income | $13–$19 | 10 | 2 | (1) | $24–$31 |
| Income per Diluted Share | $0.21–$0.31 | | | | $0.39–$0.49 |

| Reconciliation of GAAP Net Income to non-GAAP Operating Income | |
|---|---|
| GAAP Net Income | $13–$19 |
| Share-Based Compensation | 10 |
| Amortization | 2 |
| Interest income, net | (1) |
| Income tax expense | 2-4 |
| Non-GAAP Operating Income | $26–$34 |

**FY 2024 Reconciliation of GAAP to non-GAAP Financial Data**

GAAP earnings per diluted share for 2024 is expected between $1.05 and $1.25. Guidance regarding 2024 Non-GAAP earnings per diluted share excludes charges related to estimated share-based compensation expenses of $0.56 per share and amortization expense of $0.11 per share, while including additional estimated income tax expense of $0.07.

| Income per Diluted Common Share | | |
|---|---|---|
| | GAAP | Non-GAAP |
| Net Income | $13–$19 | $24–$31 |
| Add: Interest on Convertible Senior Notes | 0-1 | 0-0 |
| Net income available to common shareholders | 13-20 | 24-31 |
| Basic weighted average common shares | 56 | 56 |
| Add: Dilutive effect of share-based awards | 2-2 | 2-2 |
| Add: Dilutive effect of 2025 Convertible Senior Notes | 0-1 | 1-1 |
| Add: Dilutive effect of 2027 Convertible Senior Notes | 2-2 | 1-1 |
| Add: Dilutive effect of 2029 Convertible Senior Notes | 3-3 | 3-3 |
| Diluted weighted average common shares | 62-63 | 63 |
| Income per diluted common share | $0.21-$0.31 | $0.39-$0.49 |

Amounts may not calculate precisely due to rounding.


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# Thank You


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