



Veeco

MAKING A MATERIAL DIFFERENCE

# Investor Presentation

August 2024

# 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; global conflicts; 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; cybersecurity attacks and our ability to safeguard sensitive information and protect our intellectual property rights in key technologies; the effects of regional or global health epidemics; 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.

# Contents

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## Overview

Veeco at a Glance  
Who is Veeco?

## Strategy & SAM Opportunities

Investment Strategy  
SAM Opportunities

## Financials

Historical Revenue  
2024 Outlook

## Customers, Resource Alignment, Veeco Team & ESG

## Backup & Financial Tables



# Veeco at a Glance



Global provider of semiconductor capital equipment



Differentiated technologies with opportunities to expand served available markets

Patents

>350

Employees

~1,200

2023 Revenue

\$666M

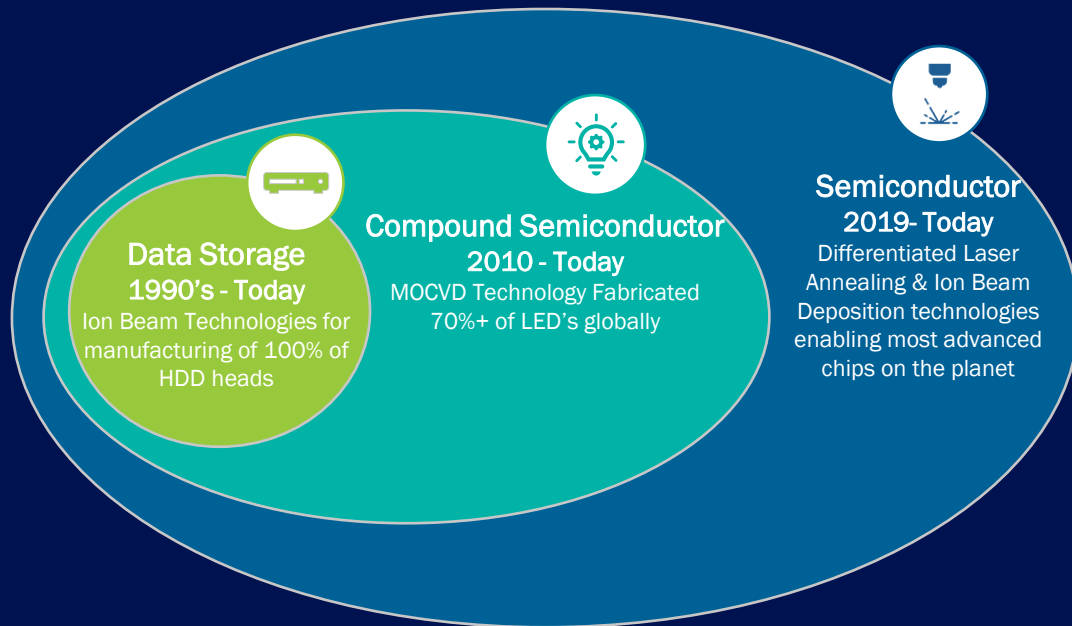


Solving customers high value materials challenges



Financial strength and flexibility

# Who is Veeco?



## Strong History

Solving materials challenges

## Growth Focus

Semiconductor & Compound Semiconductor

## Well Positioned

Leading edge customers drive growth

# Strategy & SAM

# Investment Strategy Enabling SAM Expansion

## Technologies Driving Growth TODAY

- LSA systems qualified for all leading logic customers GAA architecture
- EUV Mask Blank Business expanding to new applications
- Strong year-over-year growth in Advanced Packaging wet processing business, driven by HBM

## SAM Expansion Driving FUTURE Growth

- Laser Annealing SAM to grow above \$1.0B from \$600M
  - Expanding LSA adoption in memory
  - Nanosecond Annealing in logic & memory for new leading-edge applications
- IBD for Front End Semi growing from \$0 to \$350M
  - For memory & logic applications where low resistance metals most critical
- Compound Semi opportunities in Power Electronics and Photonics

## Evaluation Program Anchors Growth Strategy

- NSA & IBD programs progressing well, targeting additional 2025 shipments
- Targeting LSA shipment to 2<sup>nd</sup> leading DRAM customer in early 2025
- Shipped 300mm GaN on Silicon evaluation to Tier 1 Power Device customer in Compound Semi market

# Available Market



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

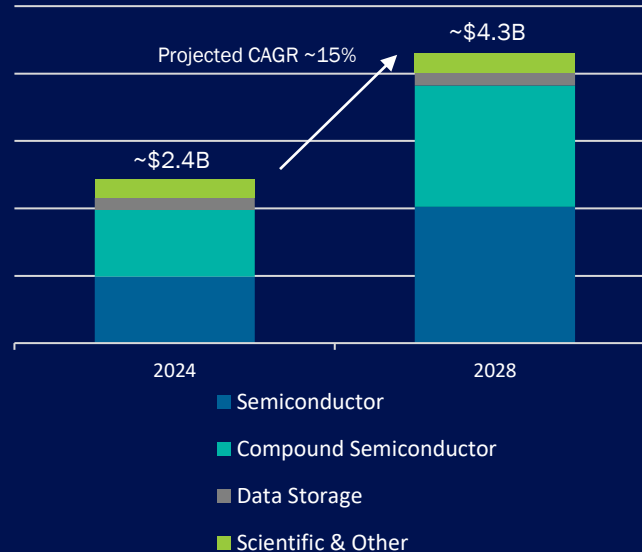


**Semiconductor** opportunity expected to grow to ~\$2.0B driven by Laser Annealing, Nanosecond Annealing and Ion Beam Deposition equipment



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

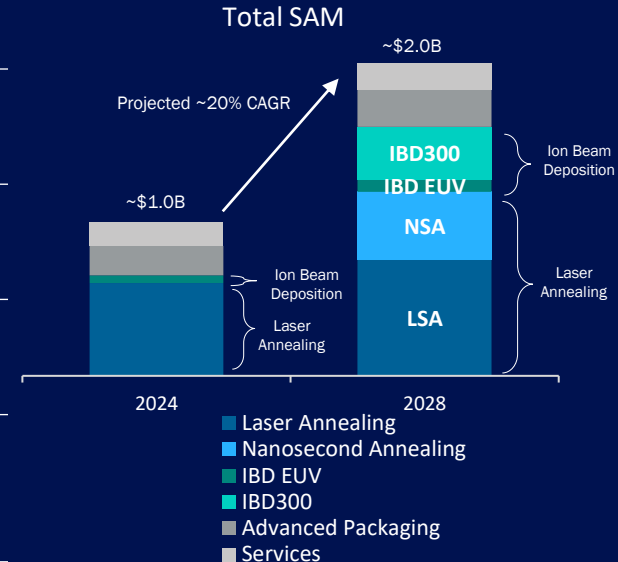
## Total Veeco SAM





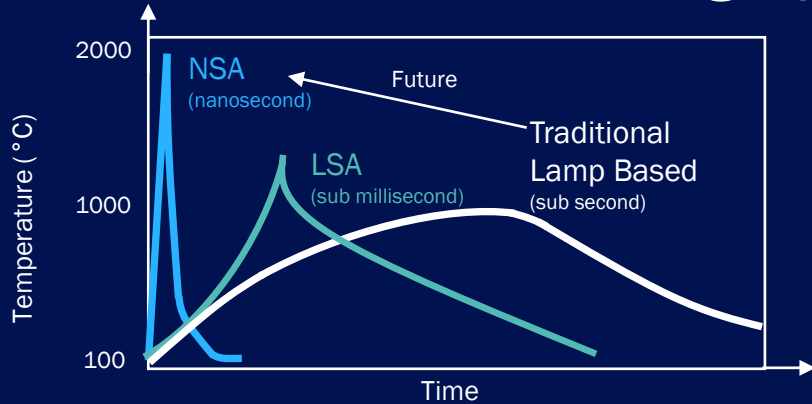
# Semiconductor SAM Growth

	Key Drivers of SAM Growth (Systems Only)	2024	2028
	<b>Laser Spike Annealing (LSA)</b>		
	<ul style="list-style-type: none"> <li>PTOR at three Tier 1 logic and one Tier 1 memory customers' advanced nodes</li> </ul>	~\$600M	~\$750M
<b>New</b>	<b>Nanosecond Annealing (NSA)</b>		
	<ul style="list-style-type: none"> <li>Under evaluation at two Tier 1 logic customers</li> <li>Ideal for new advanced node 3D device applications, including backside power delivery</li> </ul>	~\$0M	~\$450M
	<b>IBD EUV Mask Blanks</b>		
	<ul style="list-style-type: none"> <li>PTOR for EUV mask blank deposition</li> </ul>	~\$50M	~\$100M
<b>New</b>	<b>IBD300 Front End Semi</b>		
	<ul style="list-style-type: none"> <li>Under evaluation at two Tier 1 memory customers</li> <li>IBD differentiates vs. traditional PVD for deposition of high-density films requiring low resistivity</li> <li>Key applications are memory bit-line &amp; logic wiring</li> </ul>	~\$0M	~\$350M



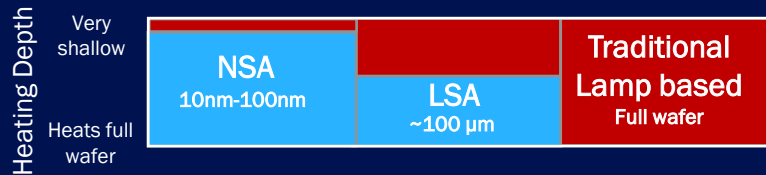
Laser Annealing, Nanosecond Annealing and IBD300 to drive growth in Semiconductor market

# 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



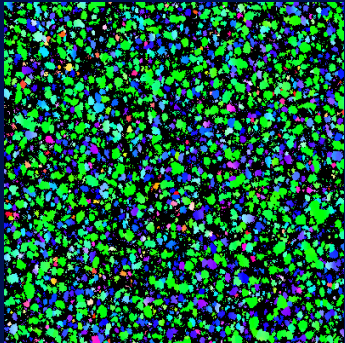
Nanosecond Annealing a substantial opportunity to expand to new leading-edge applications

# IBD300– 300mm Front End Semi Opportunity

## Illustration of grain size and distribution

**TODAY**

**Incumbent Technology**

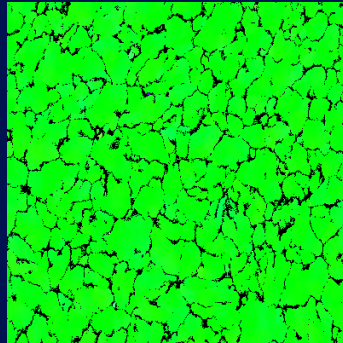


Non-uniform, randomly oriented grains of small size = higher resistivity



**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**

# 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

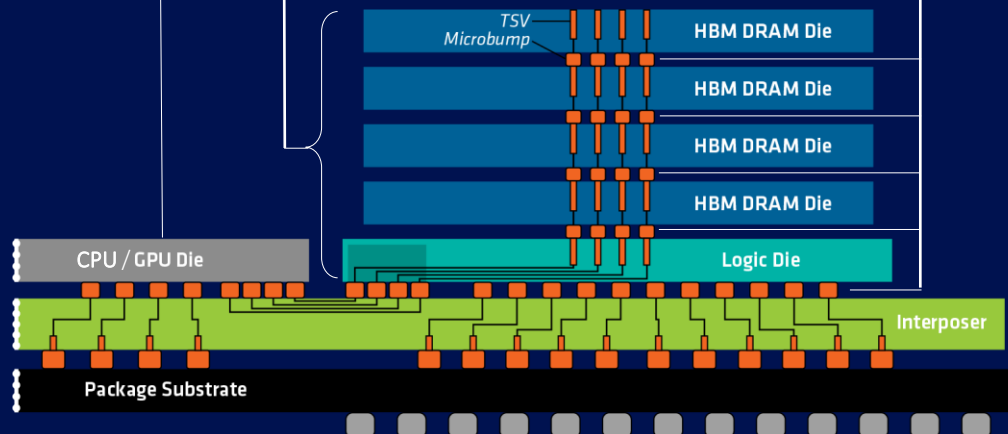
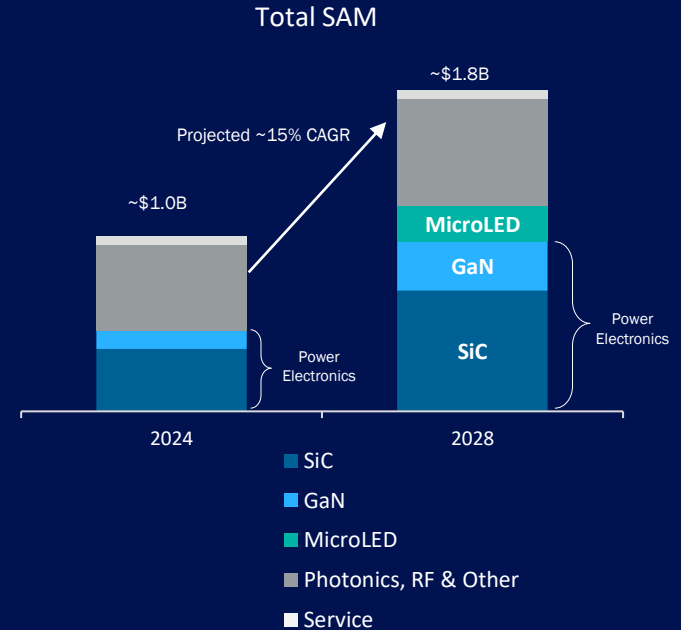


Illustration of typical AI chip

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

# Compound Semiconductor SAM Growth

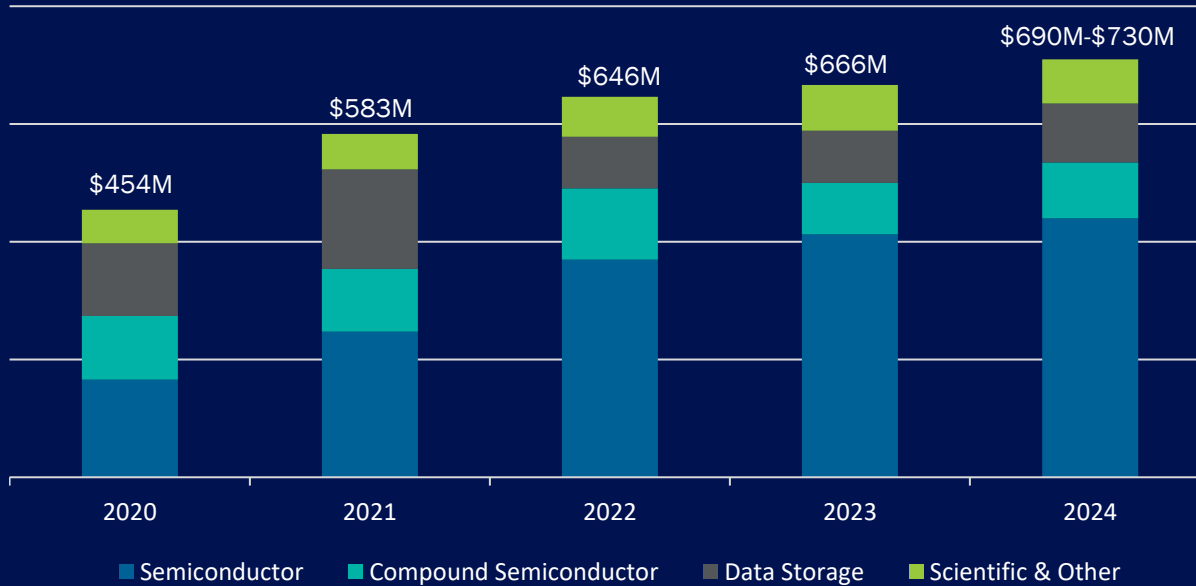
	Key Drivers of SAM Growth (Systems Only)	2024	2028
<b>SiC Power Electronics</b>	<ul style="list-style-type: none"> <li>Single wafer SiC CVD for 8 inch addresses high voltage and power applications such as EVs</li> </ul>	~\$350M	~\$650M
<b>GaN Power Electronics</b>	<ul style="list-style-type: none"> <li>Single wafer MOCVD platform for 8 &amp; 12 inch GaN wafer sizes</li> </ul>	~\$100M	~\$300M
<b>MicroLED</b>	<ul style="list-style-type: none"> <li>Batch platform for traditional red MicroLED</li> <li>Single wafer platform for disruptive Red, Green and Blue on same wafer using GaN on Si</li> </ul>	~\$0M	~\$200M



Significant growth opportunities in Epitaxy Equipment for Power Electronics

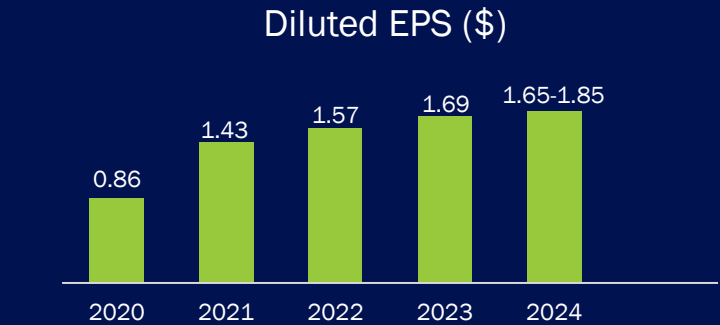
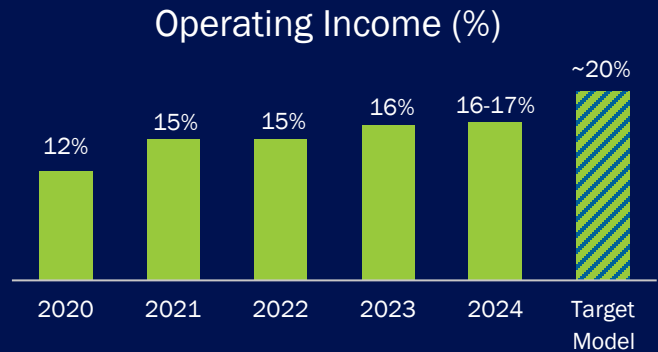
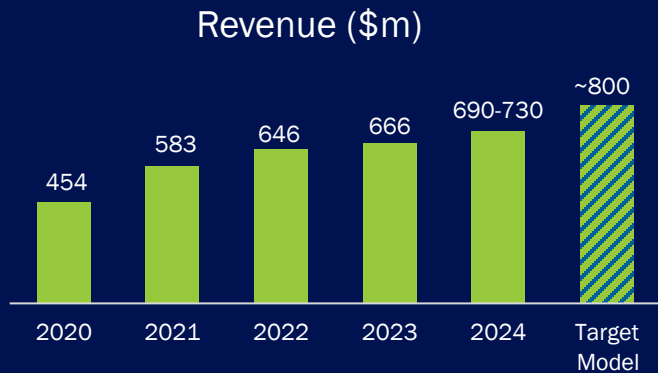
# Financials

# Revenue by End-Market



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

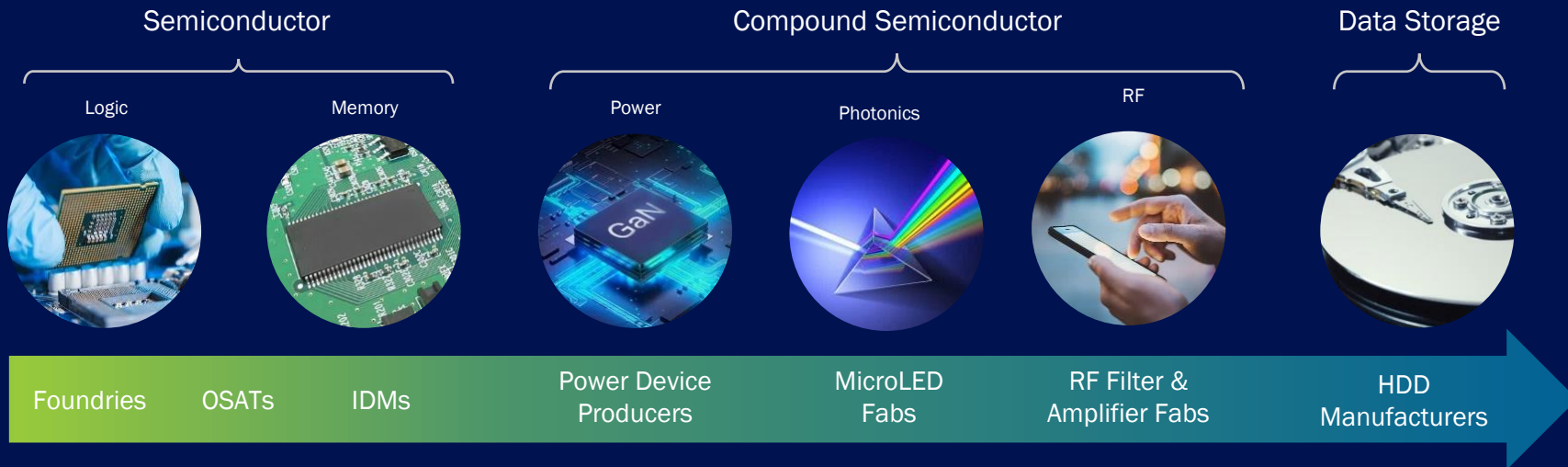
# Historical Financials & 2024 Outlook (Non-GAAP)





# Customers, Resource Alignment, Veeco Team & ESG

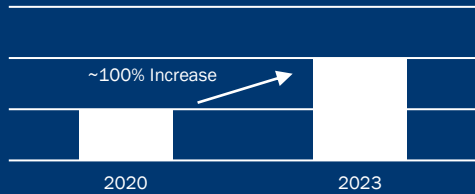
# Serving a Diverse Customer Base



# Resources Aligned for Growth

## Strategic Optimization of our R&D Spending Portfolio

R&D Applied to Semiconductor



R&D

In 2022 we completed our capacity build-out of a new leased facility in San Jose to support manufacturing our Semiconductor products.



Manufacturing

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

Service

## Evaluations

	Historically	2021	2024+
Evals	1 to 2	~10	Similar*
Markets	Compound Semi	Semi & Compound Semi	Semi & Compound Semi

# 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

# 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

### Quality Scores

Governance:	1
Social:	1
Environment:	4

ISS ESG 

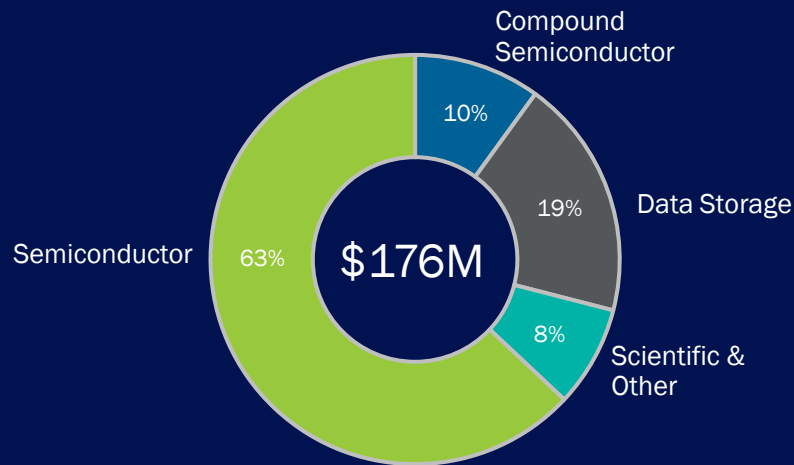
### Corporate Score

‘21: D+ ⇒ ‘22: C ⇒ ‘23: C

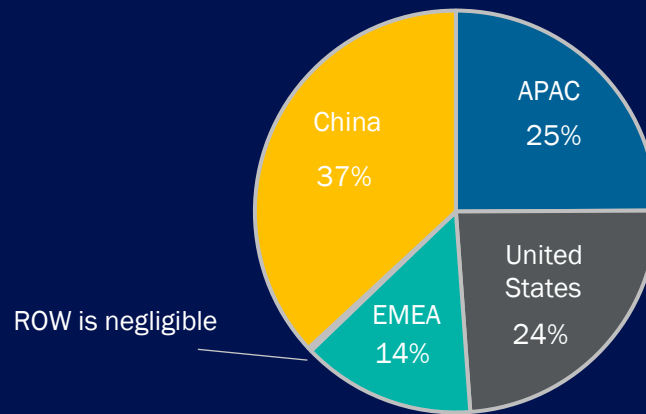
# Backup and Financial Tables

# 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

# 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.



# 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

# 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

# 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

# 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

# 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.

# 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.

# 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

# 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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
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



# Q2 2024 Actual: GAAP to Non-GAAP Reconciliation

\$ millions	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
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

# Q3 2024 Guidance

(\$ millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
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

# Thank You