

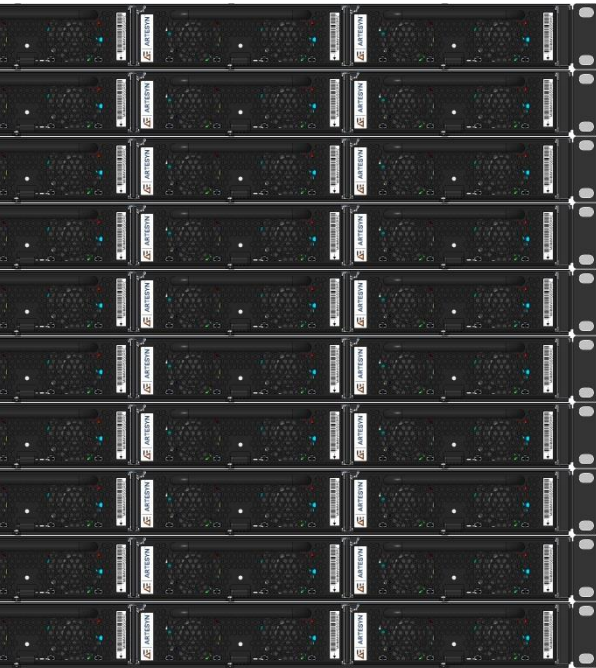
Q1 2022 Earnings Presentation

MAY 4, 2022

SAFE HARBOR

The company's guidance with respect to anticipated financial results, potential future growth and profitability, guidance on possible future results, future business mix, expectations regarding future market trends, future performance within specific markets and other statements herein or made on the above-announced conference call that are not historical information are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These risks are described in Advanced Energy's Form 10-K, Form 10-Q and other reports and statements filed with the Securities and Exchange Commission (SEC), which can be obtained from the SEC's website or from our Investors page at ir.advancedenergy.com. Forward-looking statements are made and based on information available to us as of May 4, 2022. Aspirational goals and targets should not be interpreted in any respect as guidance. We assume no obligation to update the information in this presentation.

Q1 2022 SUMMARY



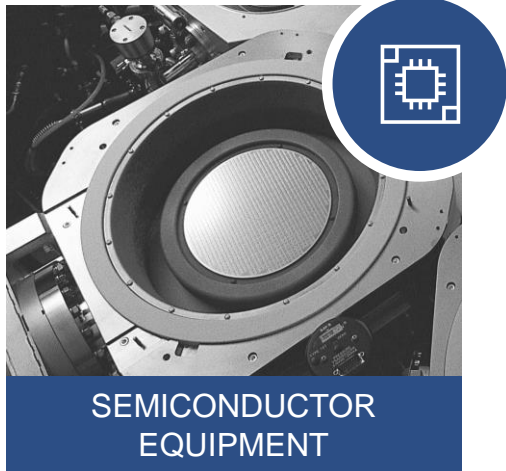
Combining 10 sets of 3X LCM4000HV 4 KW AC-DC modules in the LCM12K 1U shelf to deliver up to 120 KW DC power to an indoor farming or large-scale commercial LED application

- **Q1 2022 results exceeded high end of guidance ranges**
 - Revenue was \$397 million; non-GAAP⁽¹⁾ earnings were \$1.24 per share
 - Semiconductor revenue reached a quarterly record and grew 13% Q/Q
 - Gaining momentum with good execution, new product traction and an energized team
- **Good manufacturing execution in a dynamic supply chain environment**
 - Maintain full staffing levels at our factories and continue to purchase parts at a high premium
 - Partner with customers to qualify alternative ICs and redesign boards to mitigate supply impact
 - Supply chain and material cost premiums continue to pace revenue and earnings in Q2 2022
- **Strong demand and improved margins should unlock pent up earnings potential**
 - Demand remains strong with backlog reaching over \$1.0 billion, up 9% Q/Q and 150% Y/Y
 - On track to deliver >\$6.00 per share annualized earnings⁽²⁾ by Q4 2022 as supply chain improves
- **Remain focused on bringing new technologies and products to our customers**
 - Launched differentiated products, grew opportunity funnel and won designs in proprietary applications
 - Acquired SL power in April to expand portfolio and broaden customer base in medical and industrial

(1) Detailed explanations of non-GAAP financials and reconciliations of GAAP to non-GAAP financials can be found at the end of this presentation

(2) This target is on a non-GAAP basis and should not be interpreted in any respect as guidance

SOLID PERFORMANCE ACROSS OUR MARKETS



SEMICONDUCTOR EQUIPMENT

\$203M, up 12% Y/Y

- Exceeded \$200 million of semi revenue for the first time
- Overcame significant COVID headwinds late in Q1 to deliver upside to initial targets
- Made good progress in dielectric etch, RPS and panel-level packaging



INDUSTRIAL & MEDICAL

\$83M, up 6% Y/Y

- Strong demand and backlog
- Released new lighting power solution with high-efficiency, high-density technologies
- Acquired SL Power to accelerate growth in medical and industrial markets



DATA CENTER COMPUTING

\$76M, up 29% Y/Y

- Delivered revenue above expectation on better availability of scarce parts
- Continued supply constraints to pace sales in this market



TELECOM & NETWORKING

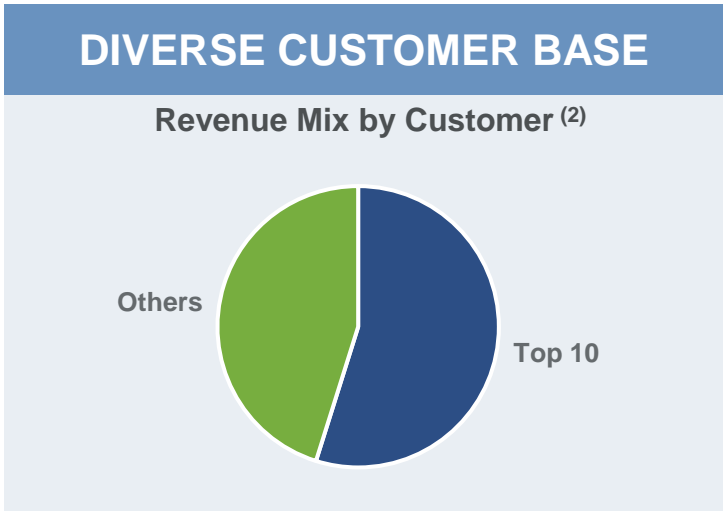
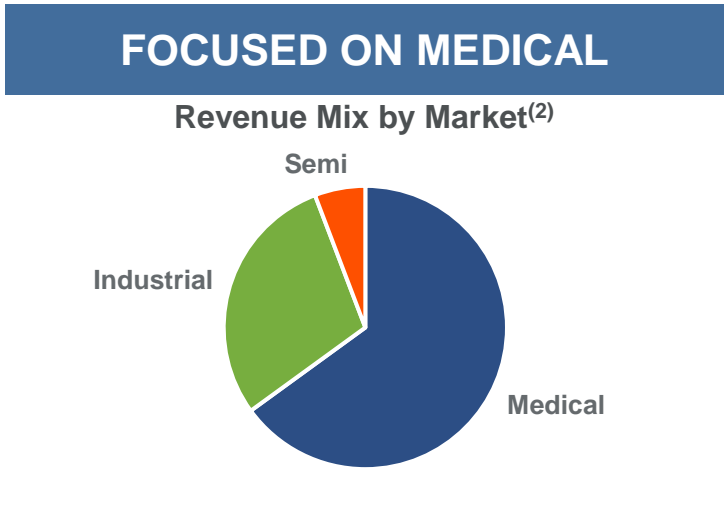
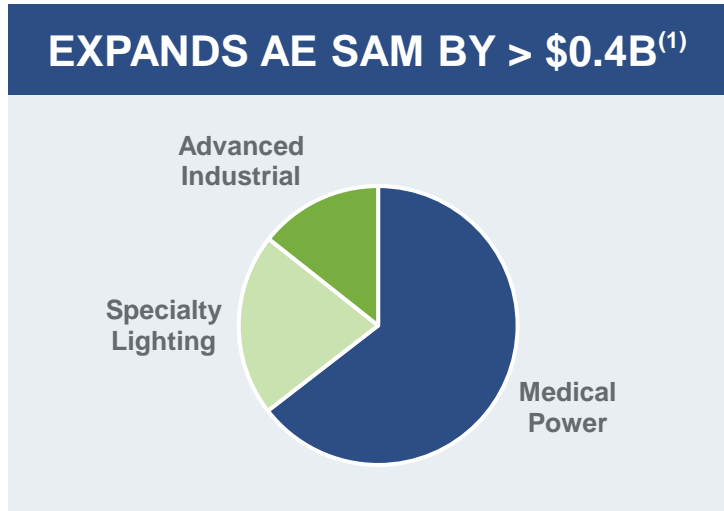
\$35M, up 6% Y/Y

- Accelerated 5G infrastructure investment driving strong demand
- Limited by supply of key components

AT A GLANCE: SL POWER ELECTRONICS



- Leading supplier of power conversion products for medical and advanced industrial applications
- Trusted partner for providing customized solutions to leading medical equipment OEMs
- Years of experience in mission-critical applications



HIGHLIGHTS



2021 REVENUE
\$66 million



PRODUCT FAMILIES
>20



YEARS IN BUSINESS
60



EMPLOYEES
543



NO. OF SITES
5

(1) Company estimates; incremental to previously disclosed AE SAM of \$9.0B
(2) Mix based on 3-year average from fiscal 2019 to 2021

SL POWER ACQUISITION BENEFITS AND DETAILS

STRATEGIC BENEFITS

- Expands AE's addressable market in industrial and medical power supplies by > \$400 million
- Complements AE's medical portfolio with low operating power, low emission (EMI/EMC), medical-grade power supplies
- Broadens AE's reach in advanced industrial applications, including specialty lighting and test and measurement
- Delivers significant potential revenue and cost synergies by cross selling and integration into AE's operations
- Enhances AE's core competency in power conversion technologies
- Expected to be Non-GAAP earnings⁽¹⁾ accretive in Year 1 and non-GAAP margin⁽¹⁾ accretive after full integration

TRANSACTION DETAILS

Total Consideration

Profitability

Meeting Return Criteria

- Total purchase price of \$144.5 million, subject to customary adjustments
- All cash transaction
- 2021 non-GAAP operating margin structure similar to AE
- Expect operating synergies ~\$4M within 2 years⁽²⁾
- Non-GAAP EPS⁽¹⁾ accretive in Year 1
- Post synergy ROIC at > 10%

Q1 2022 FINANCIAL HIGHLIGHTS



REVENUE
\$397 million
Up 0.1% Q/Q



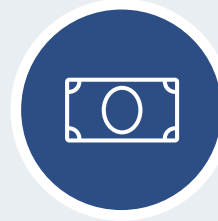
NON-GAAP EPS*
\$1.24
Down 9% Q/Q on higher tax



NON-GAAP GROSS MARGIN*
36.6%
Up 110 bps Q/Q



NON-GAAP OP MARGIN*
14.5%
Up 70 bps Q/Q



OPERATING CASH FLOW
\$9.9 million
Lower on increased NWC



CASH & INVESTMENTS
\$524 million
Net Cash of \$136 million

Q1 2022 REVENUE BY MARKET

(figures in \$ millions)	Q1 2022	Q4 2021	Q1 2021	Q/Q	Y/Y
Semiconductor Equipment	\$203.0	\$179.3	\$180.7	13.2%	12.3%
Industrial & Medical	\$82.9	\$98.8	\$78.4	-16.1%	5.7%
Data Center Computing	\$76.2	\$80.1	\$59.2	-4.8%	28.9%
Telecom & Networking	\$35.4	\$38.7	\$33.3	-8.7%	6.1%
Total Revenue	\$397.5	\$396.9	\$351.6	0.1%	13.0%

INCOME STATEMENTS

(figures in \$ millions, except percentage and EPS)	Q1 2022	Q4 2021	Q1 2021	Q/Q	Y/Y
Revenue	\$397.5	\$396.9	\$351.6	0.1%	13.0%
GAAP gross margin	36.3%	35.2%	39.1%		
GAAP operating expenses	\$99.7	\$97.5	\$93.3	2.2%	6.8%
GAAP operating margins from continuing ops	11.2%	10.6%	12.6%		
GAAP EPS from continuing ops	\$0.98	\$1.05	\$0.99	-6.7%	-1.0%
Non-GAAP gross margin*	36.6%	35.5%	39.7%		
Non-GAAP operating expenses*	\$87.6	\$86.1	\$79.5	1.7%	10.2%
Non-GAAP operating margins*	14.5%	13.8%	17.1%		
Non-GAAP EPS*	\$1.24	\$1.36	\$1.29	-8.8%	-3.9%

BALANCE SHEET & CASH FLOW

- Cash and investments of \$524 million
 - Net cash of \$136 million
- Receivables increased to \$249 million
 - DSO of 56 days on timing of revenue
- Inventory increased to \$361 million
 - Turns of 2.8 times on increased material buys
- Payables decreased to \$183 million
 - DPO of 65 days on timing of materials buys
- Operating cash flow from continuing ops of \$9.9 million
- CAPEX of \$13.1 million
- Repurchased \$6.6 million of stock
 - Average price of \$80 per share

(figures in \$ millions)	Q1 2022	Q4 2021	Q1 2021
Cash & Investments	\$523.5	\$546.7	\$512.8
Account Receivable	\$248.7	\$237.2	\$236.9
Inventory	\$360.8	\$338.4	\$247.6
Total Assets	\$1,832.4	\$1,817.3	\$1,699.3
Accounts Payables	\$183.1	\$193.7	\$162.6
Total Debt	\$387.9	\$392.7	\$317.8
Total Liabilities	\$931.0	\$945.8	\$853.0
Shareholders' Equity	\$900.7	\$870.9	\$845.6

GUIDANCE

	Q2 2022 Guidance
Revenue	\$395M +/- \$25M
GAAP EPS from continuing operations	\$0.65 +/- \$0.30
Non-GAAP EPS*	\$1.05 +/- \$0.30

QUARTERLY NON-GAAP FINANCIALS*

Quarterly Trend

(figures in \$ millions, except percentage and EPS)

All figures from Continuing Operations

	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1
Backlog	300.1	280.1	281.5	290.7	405.7	534.7	771.4	927.8	1,012.4
Revenue	315.5	339.9	389.5	371.0	351.6	361.3	346.1	396.9	397.5
Gross Profit	119.1	131.6	154.9	146.4	139.7	137.3	124.9	141.0	145.3
Gross Margin	37.8%	38.7%	39.8%	39.5%	39.7%	38.0%	36.1%	35.5%	36.6%
Total OPEX	74.7	77.8	78.9	76.9	79.5	82.6	83.6	86.1	87.6
OPEX %	23.7%	22.9%	20.3%	20.7%	22.6%	22.9%	24.2%	21.7%	22.0%
Operating Income	44.4	53.8	76.0	69.5	60.2	54.7	41.2	54.8	57.8
Operating Income %	14.1%	15.8%	19.5%	18.7%	17.1%	15.1%	11.9%	13.8%	14.5%
Depreciation	6.6	6.6	7.2	7.3	7.3	7.5	7.9	8.1	8.4
EBITDA	51.0	60.4	83.2	76.8	67.6	62.2	49.1	63.0	66.1
EBITDA %	16.2%	17.8%	21.4%	20.7%	19.2%	17.2%	14.2%	15.9%	16.6%
Other Income/(Expense)	(3.5)	(0.5)	(2.4)	(2.3)	(2.6)	(1.9)	(1.7)	(2.5)	(2.1)
Income Before Taxes	40.9	53.3	73.6	67.2	57.6	52.8	39.6	52.3	55.6
Tax Provision/(Benefit)	6.0	7.9	9.8	9.8	7.9	4.7	5.6	0.9	8.9
Tax Rate	14.6%	14.8%	13.3%	14.7%	13.7%	8.9%	14.0%	1.6%	16.0%
Non-GAAP Net Income	34.9	45.4	63.8	57.3	49.7	48.1	34.0	51.5	46.7
Net Income %	11.1%	13.4%	16.4%	15.4%	14.1%	13.3%	9.8%	13.0%	11.8%
Non-GAAP EPS	0.91	1.18	1.66	1.49	1.29	1.25	0.89	1.36	1.24
Average Shares Outstanding	38.6	38.5	38.5	38.5	38.6	38.6	38.4	37.9	37.8

NON-GAAP MEASURES

Advanced Energy's non-GAAP measures exclude the impact of non-cash related charges such as stock-based compensation and amortization of intangible assets, as well as discontinued operations, and non-recurring items such as acquisition-related costs and restructuring expenses. The non-GAAP measures included in this presentation are not in accordance with, or an alternative for, similar measures calculated under generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that these non-GAAP measures provide useful information to management and investors to evaluate business performance without the impacts of certain non-cash charges, non-economic foreign currency remeasurements, and other cash charges which are not part of our usual operations. We use these non-GAAP measures to assess performance against business objectives, make business decisions, develop budgets, forecast future periods, assess trends, and evaluate financial impacts of various scenarios. In addition, management's incentive plans include these non-GAAP measures as criteria for achievements. Additionally, we believe that these non-GAAP measures, in combination with its financial results calculated in accordance with GAAP, provide investors with additional perspective. To gain a complete picture of all effects on our financial results from any and all events, management does (and investors should) rely upon the GAAP measures as well, as the items excluded from non-GAAP measures may contribute to not accurately reflecting the underlying performance of the company's continuing operations for the period in which they are incurred. Furthermore, the use of non-GAAP measures has limitations in that such measures do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

NON-GAAP RECONCILIATION

Reconciliation of Non-GAAP measure - operating expenses and operating income, excluding certain items (in thousands)

	Three Months Ended		
	March 31,		December 31,
	2022	2021	2021
Gross profit from continuing operations, as reported	\$ 144,316	\$ 137,503	\$ 139,747
Adjustments to gross profit:			
Stock-based compensation	231	350	(19)
Facility expansion, relocation costs and other	1,284	1,838	997
Acquisition-related costs	(502)	8	234
Non-GAAP gross profit	<u>145,329</u>	<u>139,699</u>	<u>140,959</u>
Non-GAAP gross margin	36.6%	39.7%	35.5%
Operating expenses from continuing operations, as reported	99,659	93,321	97,537
Adjustments:			
Amortization of intangible assets	(5,509)	(5,384)	(5,556)
Stock-based compensation	(3,697)	(5,351)	(2,939)
Acquisition-related costs	(1,668)	(2,028)	(679)
Facility expansion, relocation costs and other	—	(51)	(17)
Restructuring charges	(1,218)	(1,038)	(2,231)
Non-GAAP operating expenses	<u>87,567</u>	<u>79,469</u>	<u>86,115</u>
Non-GAAP operating income	<u>\$ 57,762</u>	<u>\$ 60,230</u>	<u>\$ 54,844</u>
Non-GAAP operating margin	14.5%	17.1%	13.8%

Reconciliation of Non-GAAP measure - income excluding certain items (in thousands)

	Three Months Ended		
	March 31,		December 31,
	2022	2021	2021
Income from continuing operations, less non-controlling interest, net of income taxes	\$ 36,876	\$ 38,358	\$ 39,753
Adjustments:			
Amortization of intangible assets	5,509	5,384	5,556
Acquisition-related costs	1,166	2,036	913
Facility expansion, relocation costs, and other	1,284	1,889	1,014
Restructuring charges	1,218	1,038	2,231
Unrealized foreign currency (gain) loss	(1,285)	(2,202)	(134)
Acquisition-related costs and other included in other income (expense), net	—	87	(3,093)
Tax effect of non-GAAP adjustments	(1,069)	(1,284)	3,017
Non-GAAP income, net of income taxes, excluding stock-based compensation	<u>43,699</u>	<u>45,306</u>	<u>49,257</u>
Stock-based compensation, net of taxes	3,025	4,362	2,233
Non-GAAP income, net of income taxes	<u>\$ 46,724</u>	<u>\$ 49,668</u>	<u>\$ 51,490</u>

Reconciliation of non-GAAP measure - per share earnings excluding certain items (in thousands)

	Three Months Ended		
	March 31,		December 31,
	2022	2021	2021
Diluted earnings per share from continuing operations, as reported	\$ 0.98	\$ 0.99	\$ 1.05
Add back:			
Per share impact of non-GAAP adjustments, net of tax	0.26	0.30	0.31
Non-GAAP per share earnings	<u>\$ 1.24</u>	<u>\$ 1.29</u>	<u>\$ 1.36</u>

RECONCILIATION OF GAAP TO NON-GAAP GUIDANCE

Reconciliation of Q2 2022 Guidance

	<u>Low End</u>	<u>High End</u>
Revenue	\$370 million	\$420 million
Reconciliation of non-GAAP earnings per share		
GAAP earnings per share	\$ 0.35	\$ 0.95
Stock-based compensation	0.15	0.15
Amortization of intangible assets	0.14	0.14
Restructuring and other	0.19	0.19
Tax effects of excluded items	<u>(0.05)</u>	<u>(0.05)</u>
Non-GAAP earnings per share	<u>\$ 0.75</u>	<u>\$ 1.35</u>