



# A Best-in-Class Industrial Growth Enterprise

May 2024

# SAFE HARBOR

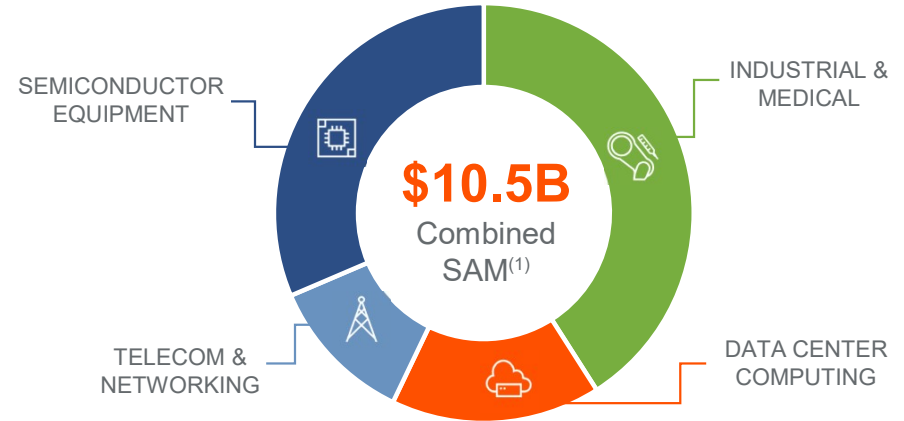
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# ADVANCED ENERGY AT A GLANCE

Headquartered in Denver Colorado, **Advanced Energy (NASDAQ: AEIS)** is a global leader in design and manufacture of highly engineered **precision power** conversion, measurement and control solutions for **mission-critical applications and processes**

## Leader in Precision Power



### BY THE NUMBERS



**1981**  
Founded



**~10,000**  
Global Employees  
(2023 Year End)



**700+**  
Patents Issued  
Globally



**\$1.66B**  
2023 Revenue



**\$207M**  
2023 Non-GAAP  
Operating Income

# PRECISION POWER LEADER FOR THE DIGITAL ECONOMY



## PURE PLAY POWER LEADER

Strategic focus on precision power ensures sustainable advantage and scale



## OUTPERFORMING MARKETS

Track record of broadening market reach, growing share and adding content



## PROPRIETARY SOLUTIONS

Lead with differentiated, highly-engineered, high value products and technologies



## ACCELERATING EARNINGS

Capture long life-cycle revenues and optimize margins to target growing EPS at >2X faster than revenue

# WE ARE THE PURE PLAY POWER LEADER

AE provides precision power conversion and control solutions for a wide range of high value and long life-cycle applications



SEMICONDUCTOR EQUIPMENT



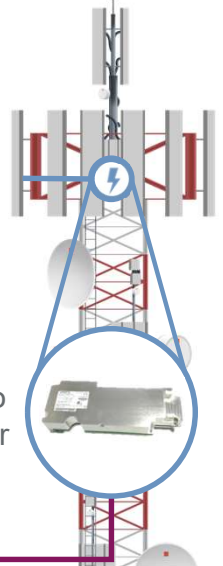
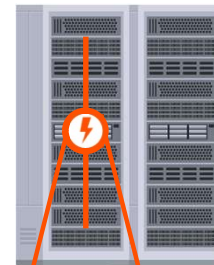
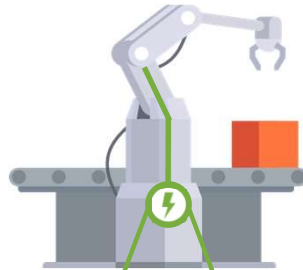
INDUSTRIAL & MEDICAL



DATA CENTER COMPUTING



TELECOM & NETWORKING



Grid Power



Facility Power

Process Power

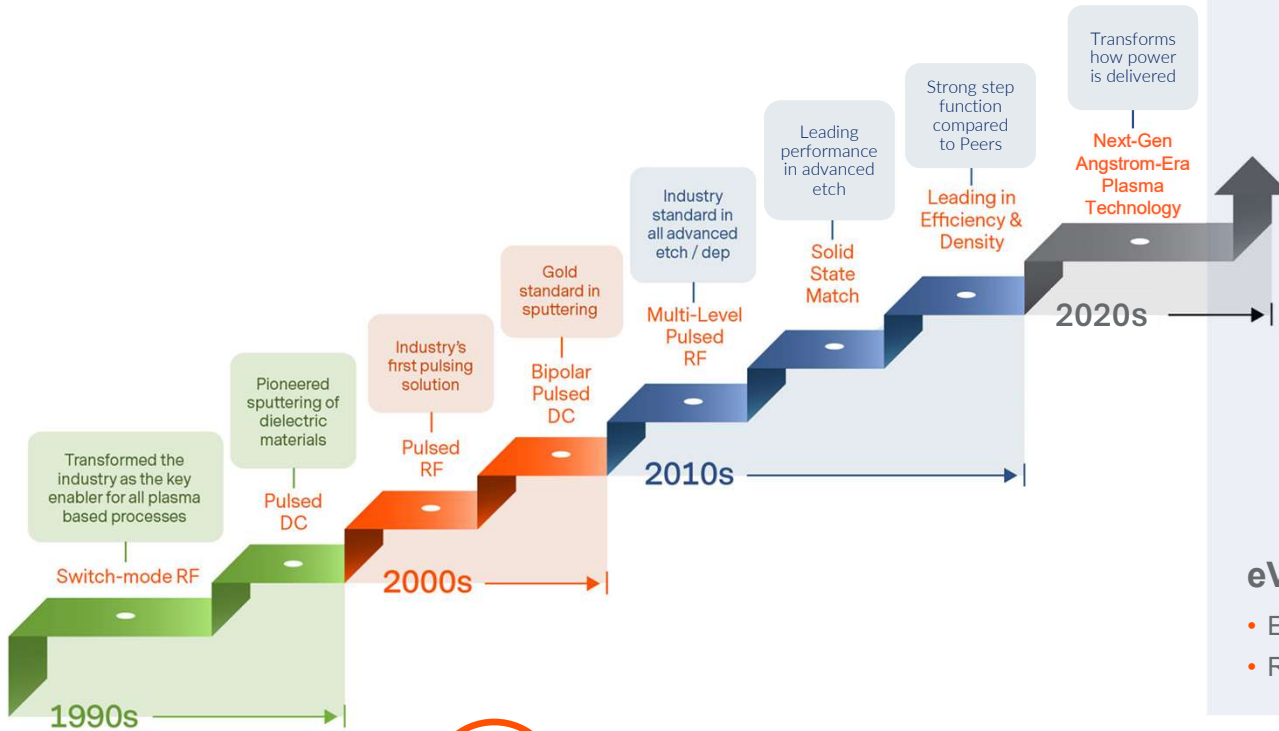
Custom Power

Server Power

Radio Power

~70% of revenue comes from sole-sourced designs

# A HISTORY OF INNOVATION AND TECHNOLOGY LEADERSHIP



## Angstrom-Era Precision Plasma Power



eVerest RF Generator

- Dynamic multi-level pulsing with ultra-fast RF response
- Widens process window, improves yield and throughput
- Modular architecture accelerates time to market



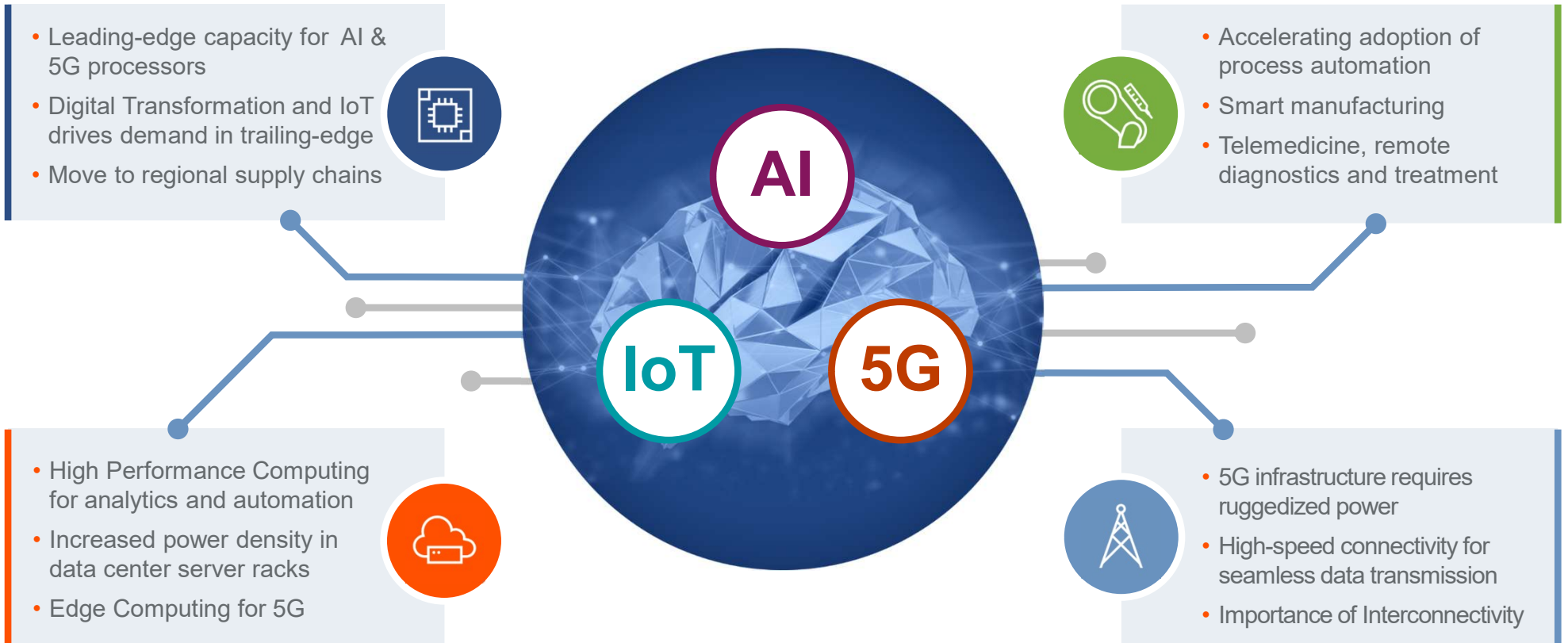
eVoS™ Asymmetric Bias Waveform Generator

- Enables new ways of process tuning with direct plasma control
- Reduces losses by delivering power where the plasma needs it



AE leads with generations of power delivery innovations

# DATA ECONOMY DRIVES GROWTH ACROSS OUR 4 VERTICALS





# FOCUS ON PROPRIETARY DESIGNS TO ACCELERATE GROWTH

## AE TARGETED GROWTH STRATEGIES



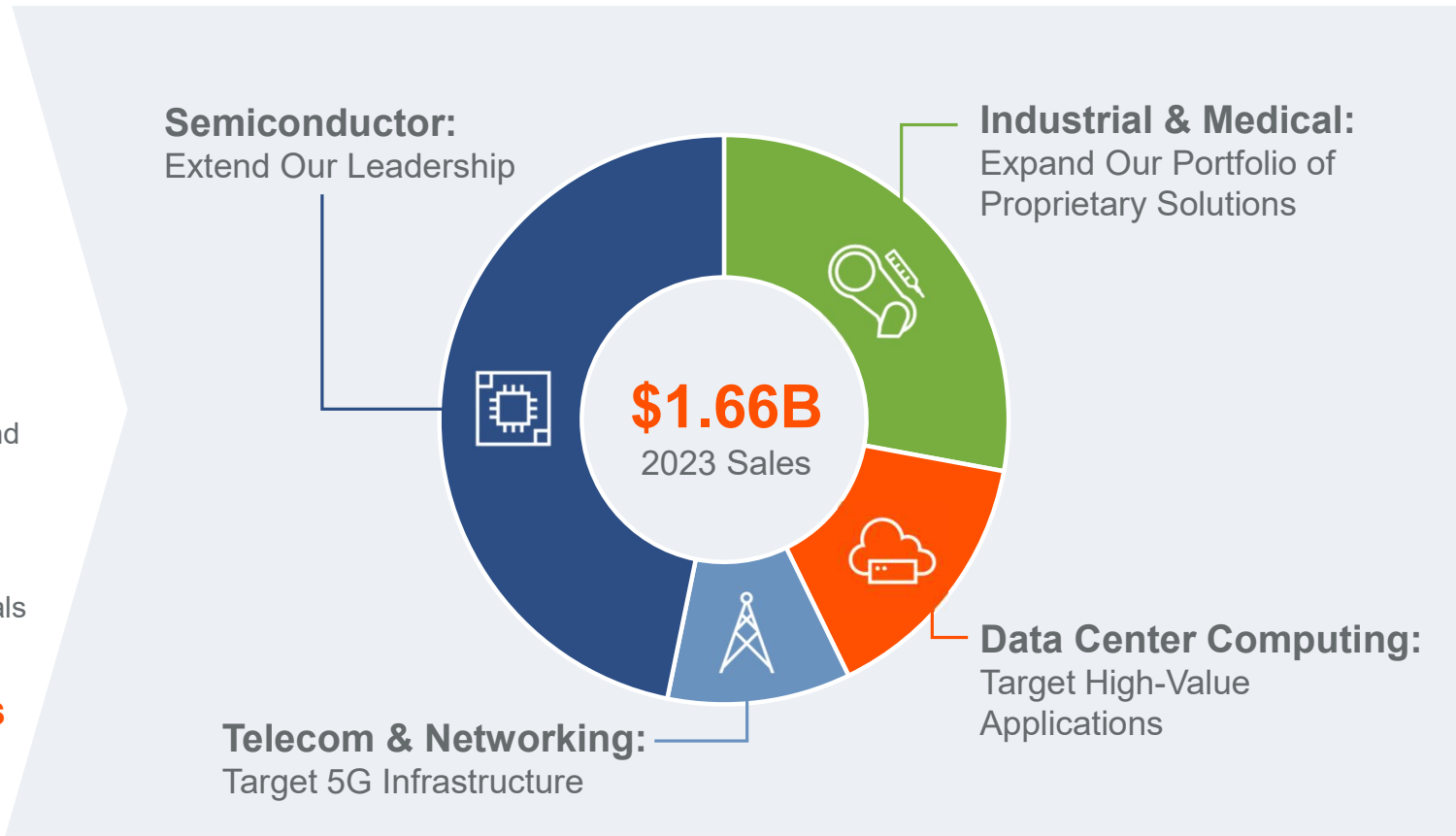
**GROW SHARE**  
Across Mission-Critical  
Precision Power Verticals



Invest in **INNOVATION** and  
Technology Leadership



Leverage Strong Financials  
and Increased Scale to  
Capitalize on  
**NEW OPPORTUNITIES**





# SEMICONDUCTOR: EXTEND OUR LEADERSHIP

## MARKET LEADER WITH PROVEN TRACK RECORD

**No.1**

Market share every year for over 10 years in Process Power and RF Power<sup>(1)</sup>

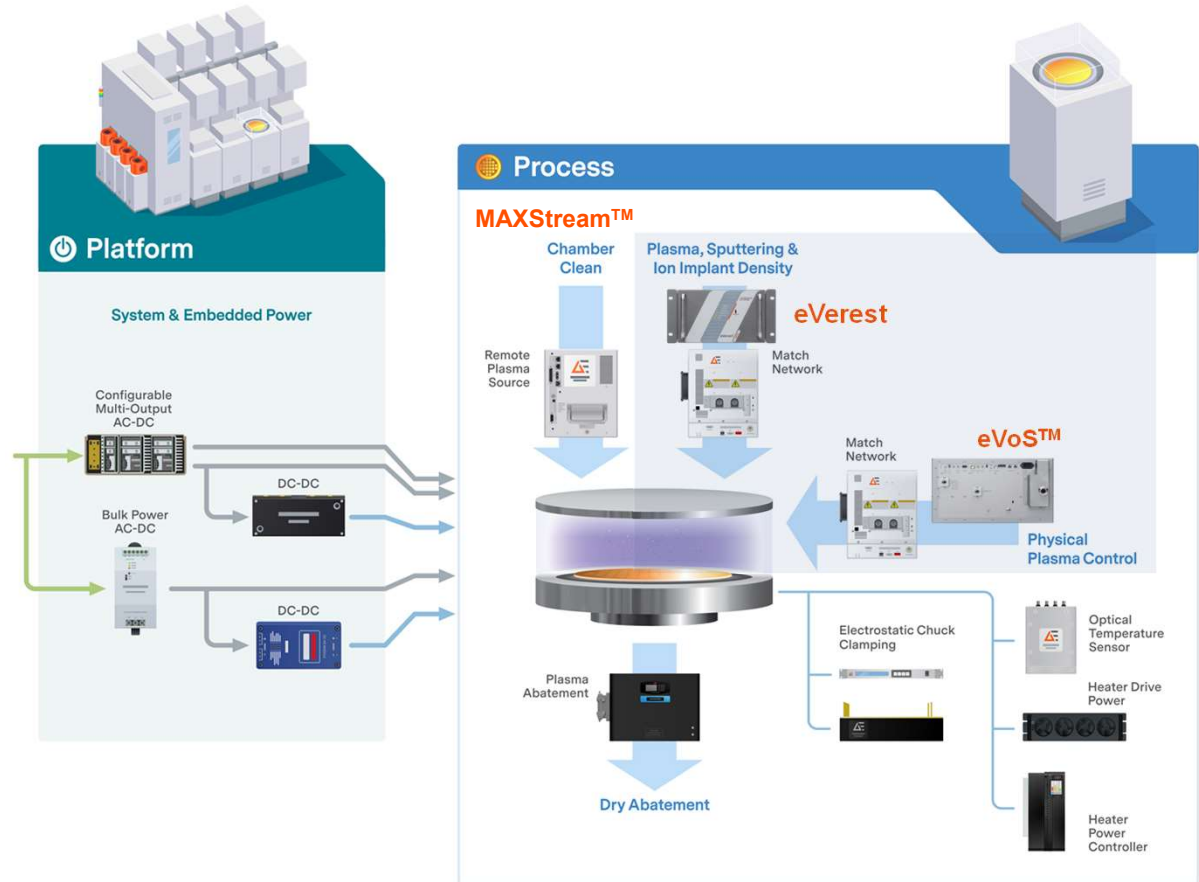
**13%**

10-year Semi Product Revenue CAGR<sup>(2)</sup>

## TARGET TO CONTINUE TO OUTGROW OUR MARKET

**>1.2X**

AE targeted Semi revenue CAGR over WFE<sup>(3)</sup> CAGR

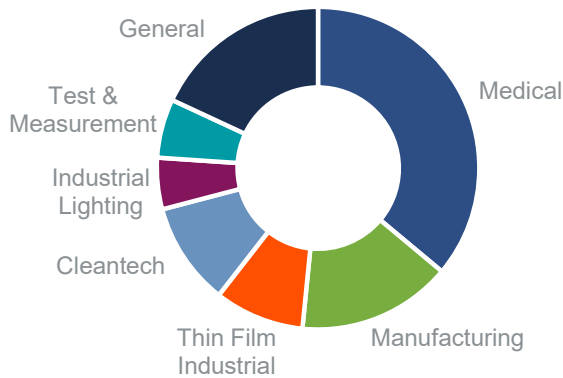


(1) AEIS market share per TechInsights; Process Power is based on RF+DC market share  
 (2) 10-year CAGR 2013 - 2023  
 (3) WFE = Wafer Fab Equipment market based on internal estimate and 3<sup>rd</sup> party market forecasts

# INDUSTRIAL & MEDICAL: EXPAND OUR PORTFOLIO OF PROPRIETARY SOLUTIONS

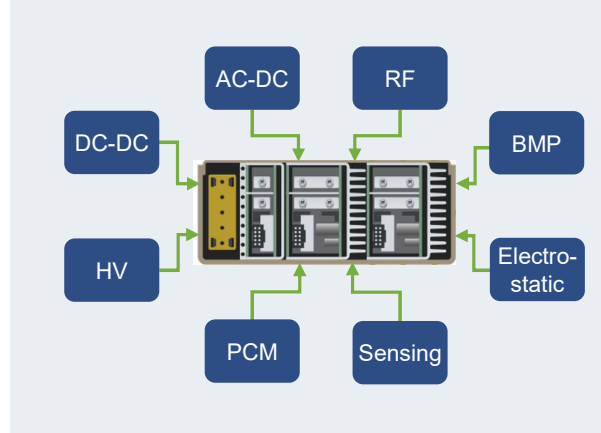
## LARGE MARKET WITH A WIDE RANGE OF NICHE OPPORTUNITIES

Large SAM<sup>(1)</sup> of \$4.3B



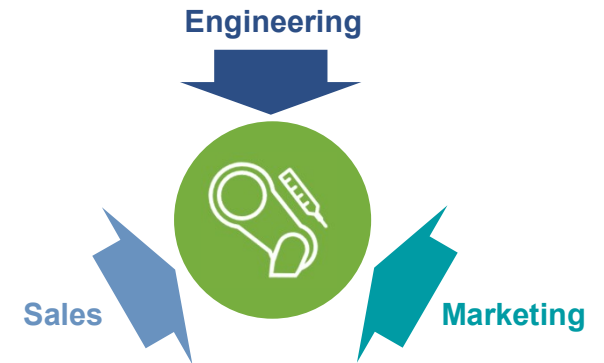
- Large SAM consists of many small and medium **high-value opportunities**
- Target long-life cycle and proprietary applications to capture **sole-source positions**

## LEVERAGE BROAD PORTFOLIO OF STANDARD PRODUCTS TO DELIVER CUSTOM SOLUTIONS



- Most **comprehensive portfolio** of standard power products
- Develop **modified standard or full custom solutions** to solve customers' challenging power delivery problems

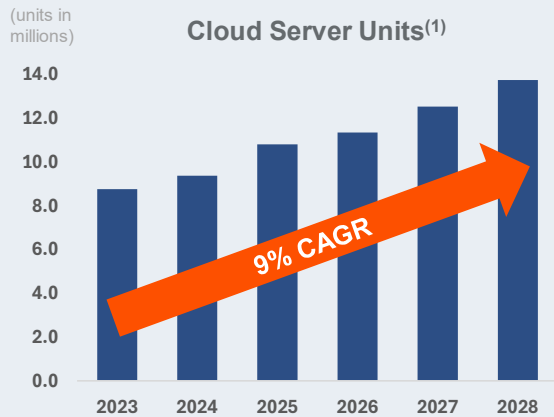
## ACCELERATING INVESTMENTS TO DRIVE GROWTH



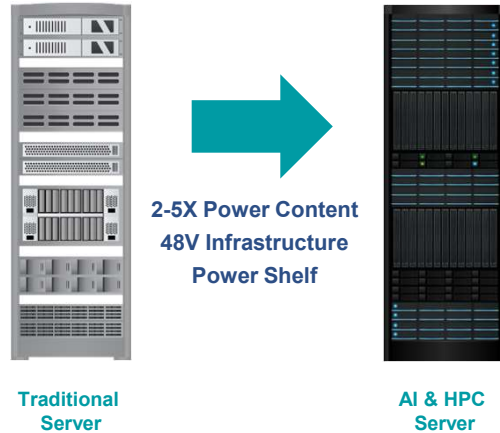
- **Allocate more** engineering, sales and marketing resources to I&M applications
- Investments in our digital platform help **broaden our customer base** and drive future market share gains in I&M

# DATA CENTER COMPUTING: TARGET HIGH-VALUE APPLICATIONS

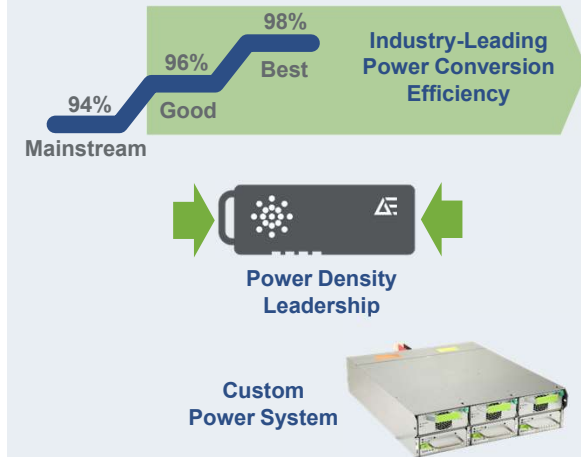
## GROWING INVESTMENTS



## AI DRIVES HIGH-VALUE CONTENT



## AE TECHNOLOGY LEADERSHIP

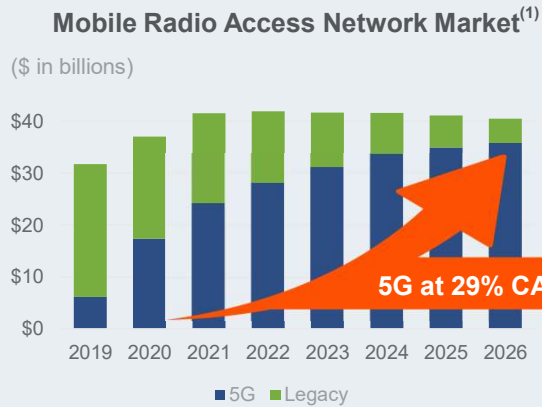


## OUR FOCUSED STRATEGY

- **Technologies** that address the most difficult power delivery problems
- Win **high value applications** at Tier-I and Tier-II hyperscale customers
- Capture additional opportunities with **48V transition**
- Deliver **best-in-class** quality and performance

# TELECOM & NETWORKING: TARGET 5G INFRASTRUCTURE

## 5G INFRASTRUCTURE MARKET GROWTH TREND



- Growth returning to wireless infrastructure with 5G launch
- Increased capacity demand driven by expanding use cases

## GROWTH STRATEGY

- Win proprietary designs in 5G radio power for both macro and small cells
- Target high value opportunities in Data Center Networking

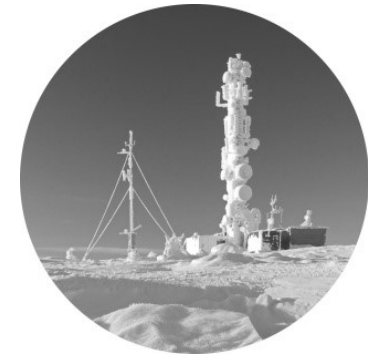
## WHY WE WIN

- Industry-leading high density, rugged power supplies for outdoor radio
- Deep application knowledge necessary in 5G radio design
- 20+ years of customer intimacy with leading OEMs

Powering many of the largest wireless networks across the world

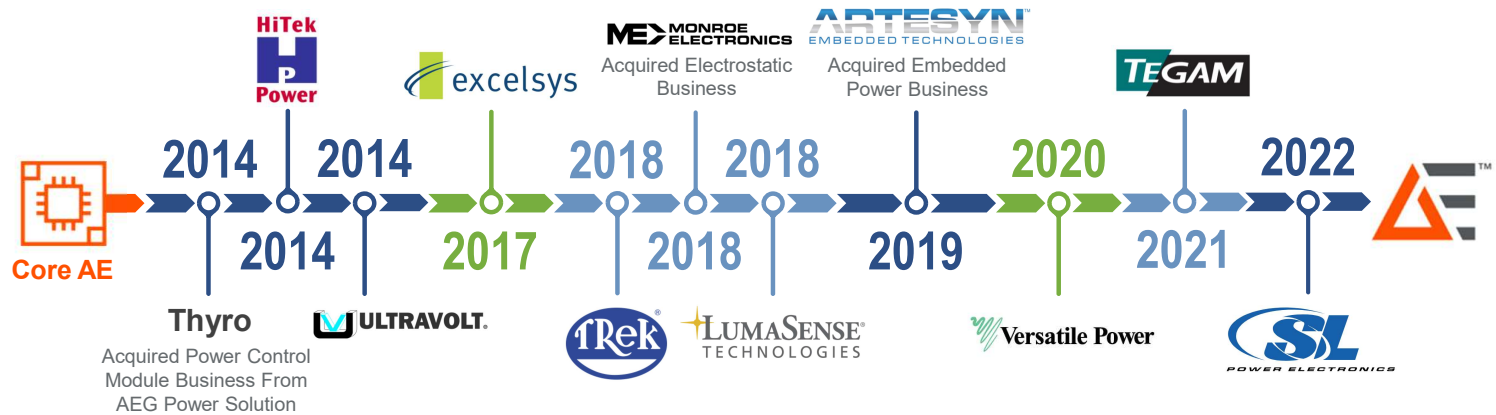


**High reliability  
ruggedized power  
supply for the harshest  
environments**



# INORGANIC GROWTH: GROW SCOPE AND LEVERAGING SCALE

**Strong Track Record**  
 Deployed >\$700M adding ~\$800M of pro forma revenue<sup>(1)</sup>



## Well-Defined Acquisition Criteria

- Precision Power and Controls
- Expand SAM, portfolio & technology
- Synergistic with current organization

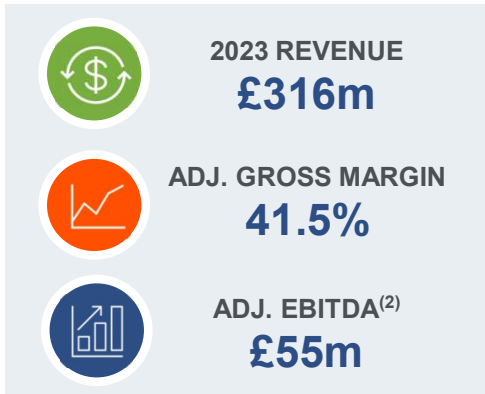
## Solid Funnel of Opportunities

- Large and fragmented power market
- Plenty of differentiated high-value targets
- Extend our leadership

## Discipline and Value Creation

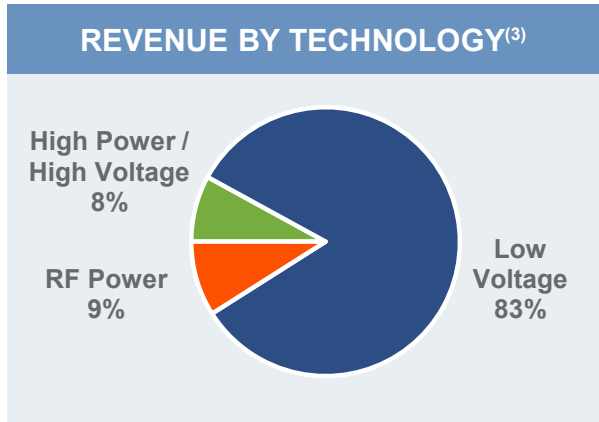
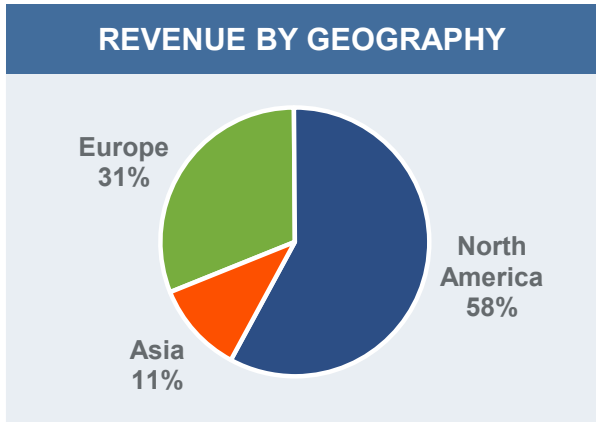
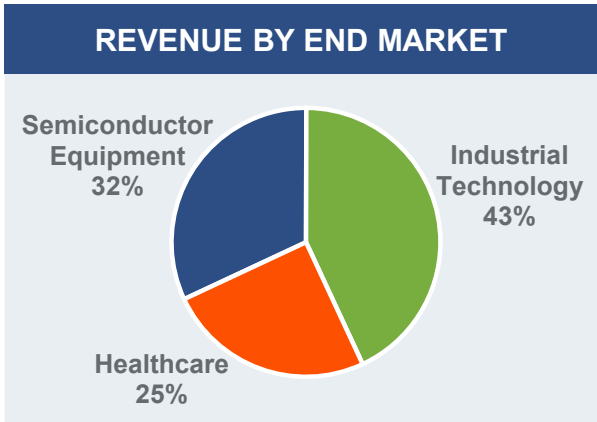
- Analytical and deliberate
- Accretive to EPS within first year
- Target ROIC > 10%

# POSSIBLE OFFER TO ACQUIRE XP POWER<sup>(1)</sup>



## RATIONALE FOR THE OFFER

- Consistent with AE's growth strategy of focusing on precision power
- Delivers more value to customers in Industrial, Medical and Semiconductor applications
- Extends geographic footprint with expanded presence in the U.S., Europe and Asia
- Expands AE's offerings with a broader and complementary product and technology portfolio
- Accelerates path to achieving our long-term gross margin target of over 40%



(1) Note: Company data based on 2023 reported results disclosed in 2023 Annual Report and Year End Presentation  
 (2) Calculated based on Adjusted Operating Profit of £38.1m + Adjusted Depreciation and Amortization of £16.9m  
 (3) Estimated based on market sizes and market shares as disclosed in 2023 Year End Presentation

# POSSIBLE OFFER TRANSACTION DETAILS

## DETAILS

### Three Proposals to the Board of XP Power

- On October 25, 2023, at £17.00 per share in cash, valuing XP Power's equity at £338m<sup>1</sup>
- On November 5, 2023, at £18.50 per share in cash, valuing XP Power's equity at £368m<sup>1</sup>
- On May 7, 2024, at £19.50 per share in cash, valuing XP Power's equity at £468m<sup>2</sup>

### Latest Proposal

- A possible offer of £19.50 per share in cash to acquire the entire issued and to be issued shares

### Consideration

- Total proposed consideration of £571 million, or US\$720 million<sup>3</sup>
- All-cash proposal using available cash from balance sheet
- Based on 2023 Adj. EBITDA of £55 million, an implied EV / 2023 EBITDA of approx. 10.4X<sup>4</sup>
- XP Power capitalizes a portion of R&D expense, and adjusted for US GAAP effectively lowers EBITDA

### Additional Information

- The proposed transaction is in line with AE's M&A strategy and capitalizes on the experiences from the SL Power Electronics acquisition in 2022
- The proposed transaction is expected to be accretive to Non-GAAP EPS within year 1
- No certainty that any firm offer will be made, nor as to the terms on which any firm offer might be made
- Up to 28 days to either announce a firm intention to make an offer for the shares of XP Power<sup>5</sup>, or announce that Advanced Energy does not intend to make an offer

(1) Based on 19.9 million shares at the time of the offer

(2) Based on 24.0 million shares at the time of the offer, reflecting the increased number of shares following XP Power's November 6, 2023 Fundraising

(3) Total proposed consideration calculated based on £19.50 x 24.0m shares + net debt of £103.4m; GBP/USD exchange rate of 1.26.

(4) Implied EV / 2023 EBITDA = Total Consideration of £571m / 2023 Adjusted EBITDA of £55m

(5) Intention to make a firm offer in accordance with Rule 3.5 of the Singapore Takeover Code



# Q1 2024 FINANCIAL HIGHLIGHTS



REVENUE  
**\$327 million**



NON-GAAP EPS<sup>(1)</sup>  
**\$0.58**



NON-GAAP GROSS MARGIN<sup>(1)</sup>  
**35.1%**



NON-GAAP OP MARGIN<sup>(1)</sup>  
**6.6%**



OPERATING CASH FLOW<sup>(2)</sup>  
**\$8 million**



TOTAL CASH<sup>(3)</sup>  
**\$1.02 billion**  
Net Cash of \$106 million

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

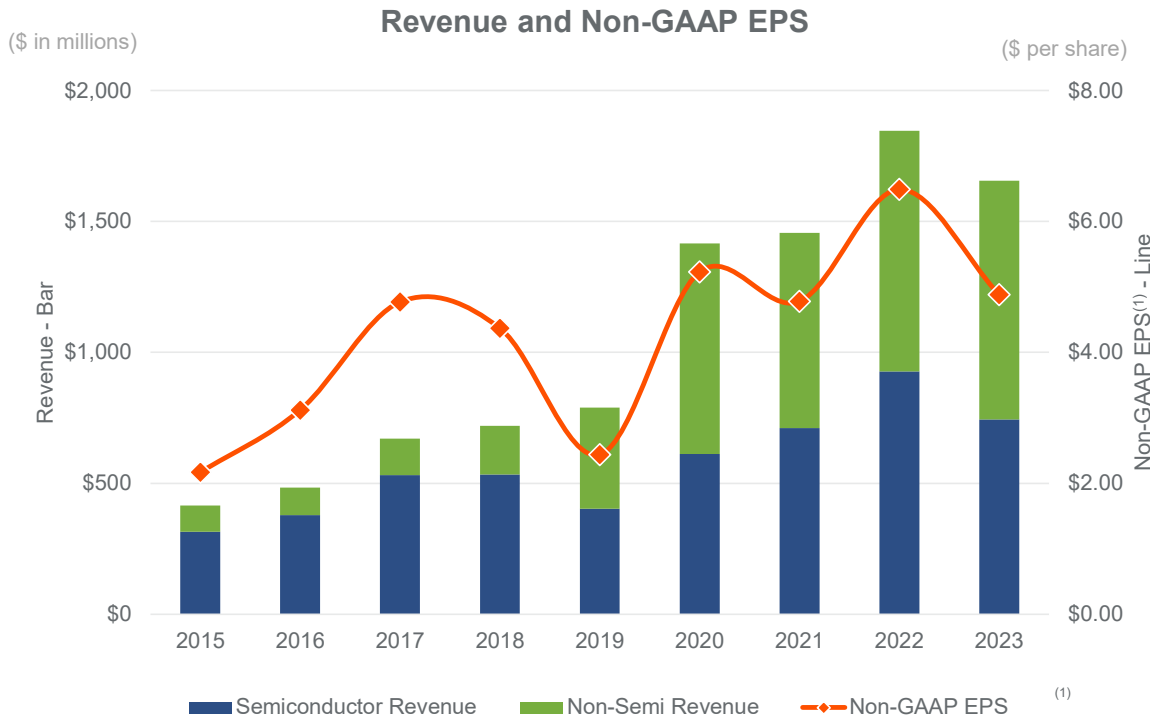
(2) Cash flow from operating activities from continuing operations

(3) Net Cash = Cash less Current portion of long-term debt and Long-term debt

# GROWING REVENUE AND EARNINGS THROUGH CYCLES

## MORE BALANCED REVENUE MIX OVER TIME

## BENEFITS OF DIVERSIFICATION



- Revenue growth driven by a combination of organic and inorganic growth
- Increased diversification into multiple markets enables future performance to be substantially better than previous market cycles
- 2023 total revenue down 10% Y/Y, with semi revenue down 20% Y/Y, partially offset by aggregate non-semi revenue flat Y/Y
- Manufacturing and cost optimization, favorable mix shift, and volume recovery position us to deliver higher earnings through business cycles

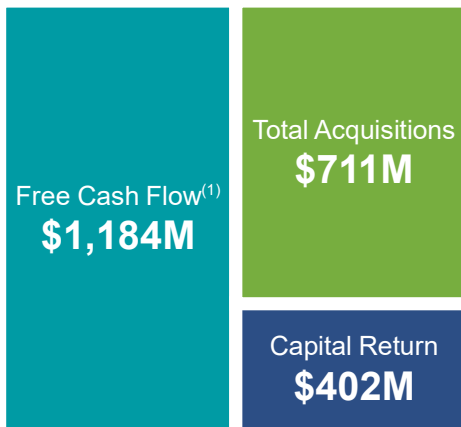
## SOLID EXECUTION ENABLED US TO ACHIEVE LONG-TERM TARGETS

	FROM 2020 ANALYST EVENT		2H 2022 PERFORMANCE	
	ASPIRATIONAL GOALS	LONG-TERM VISION	2H'22 RUN-RATE	UPDATE
Total Revenue (\$M)	\$1,650	\$2,500	\$2,014	Ahead of our 3-year plan
Acquired Revenue (\$M)	-	~\$500	~\$95	Solid Progress
N.G. Gross Margins <sup>(1)</sup>	>40%	>40%	37.0%	~300bps Impact due to Supply
N.G. OPEX <sup>(1)</sup> as % of Revenue	20%	20%	19.9%	Inline with Target
Non-GAAP EPS <sup>(1)</sup>	\$7.50	\$12.00	<b>\$7.64</b>	<b>Surpassed Aspirational Goal</b>

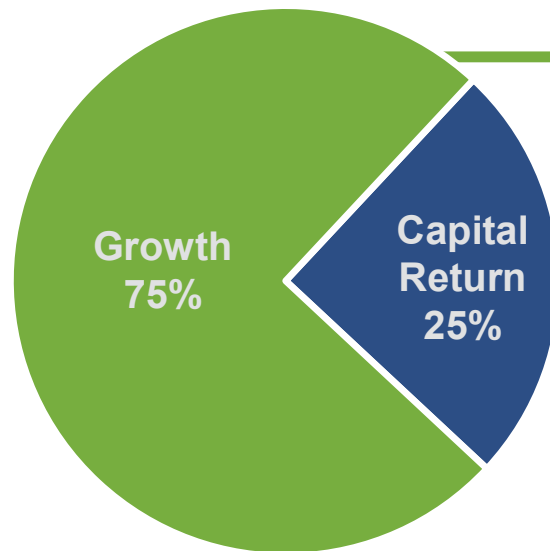
# CAPITAL ALLOCATION PLAN

## Capital Allocation Track Record

2014 to 2023 (Cumulative)



## Allocation of Free Cash Flow



### GROWTH THROUGH STRATEGIC ACQUISITIONS: ~75%

- M&A Engine with a disciplined process
- Solid track record in deploying capital to value-creating acquisitions
- Building a solid funnel of targets
- Target net debt leverage at less than 3.0x for the right deal
- Increase liquidity with convertible note offering

### SHARE REPURCHASE AND DIVIDEND PROGRAM: ~25%

- Opportunistic repurchase program to take advantage of market volatility
- Quarterly dividend program at \$0.10/share



**Strong Balance Sheet**  
supports continued inorganic growth

(1) Free Cash Flow defined as CFO from Continuing Operations – CAPEX.

# CONVERTIBLE NOTE ENABLES FLEXIBILITY FOR GROWTH

## CURRENT CAPITALIZATION

\$ in millions	Current 3/31/2024	Leverage <sup>(1,2)</sup> (x Adj. EBITDA)	Coupon	Maturity / Expiration <sup>(4)</sup>
Cash	\$1,017.8			
Term Loan A due 2026	\$350.0	1.7x	SOFR + 75	Sep-26
*SWAP fixed portion of Term A	\$216.3	-	1.17%	Sep-24
*Variable rate portion of Term A	\$133.7	-	6.18%	Sep-26
Revolving Credit Facility due 2026	-	-	SOFR + 75	Sep-26
Convertible Note due 2028	\$575.0	2.7x	2.50%	Sep-28
Gross Debt	\$925.0	4.4x		
Less: debt discount	\$13.5	-		
Net Debt <sup>(3)</sup>	-\$106.3	-0.5x		

## USE OF PROCEEDS

### STRATEGIC ACQUISITIONS

- Strong track record of accretive acquisitions
- Solid funnel of opportunities in a large, fragmented market
  - Small technology tuck-ins in Semi
  - Larger, high-value targets in Industrial & Medical
- Well defined acquisition criteria aligned with growth strategy
- Track record of de-levering after acquisitions

### OPPORTUNISTIC REFINANCING

- Refinance and repay part or all of existing indebtedness
- Offset rising interest costs when SWAP expires in Sep-24
- Maintain balance sheet flexibility to invest in future growth

(1) Leverage defined as Net Debt / LTM Adjusted EBITDA; Adjusted EBITDA is a non-GAAP measure, and detailed explanations of non-GAAP financials and reconciliations between GAAP and non-GAAP financials can be found at the end of this presentation  
 (2) LTM Adjusted EBITDA = \$210 million  
 (3) Net Debt = Gross Debt less Debt Discount – Cash  
 (4) The SWAP expires in September 2024

## STRONG PERFORMANCE THROUGH CYCLES

- **Good execution in 2023**
  - Revenue of \$1.66 billion down 10% Y/Y, non-GAAP<sup>(1)</sup> EPS of \$4.88, record operating cash flow of \$213 million
  - 2023 benefited from our diversification strategy, with revenue performance significantly improved from previous semi downturns and better than many of our semi sub-system peers
- **Investments in new products, channel strategy, and factory optimization yielding results**
  - Launched 20 new products in 2023, including game-changing platforms such as eVoS™, eVerest™ and NeoPower
  - Achieved record number of design wins in the Semiconductor, Industrial and Medical markets
  - Launched new digital platform in 2023, with web traffic and engagement levels > 2X in six months
  - Completed closure of 2 small factories in Q4, in addition to Shenzhen closure in Q1
- **Expect business levels to increase through the remainder of 2024 as markets improve**
  - Believe Q1 was a trough and Q2 revenue to rebound driven by a surge in Data Center Computing demand
  - Expect 2024 EPS to be largely inline with our previous projections, and 2H'24 outlook remains largely unchanged
- **Expect to deliver strong growth and market share gains as markets recover**
  - Maintain momentum in new product launches and design wins
  - Broaden our customer base and expand presence at existing customers with channel strategy and website
  - Continue to improve operational efficiency, optimize manufacturing footprint, and control costs
  - Leverage strong balance sheet to look for acquisitions that make financial and strategic sense

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The background is a collage of images related to technology and energy. On the left, there is a close-up of a person wearing a surgical cap, safety glasses, and a face mask, holding a square silicon chip. In the center, there are two tall, lattice-structured communication towers. The overall color scheme is dominated by shades of blue, with green and orange accents at the bottom and top right.

THANK YOU

# ENVIRONMENT, SOCIAL AND GOVERNANCE

## COMMITMENTS

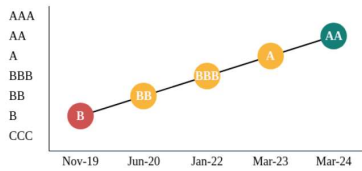
In 2022, Advanced Energy launched the **ESG Working Group**, which is responsible for defining our ESG approach and advancing our ESG program

## MSCI ESG RATINGS



CCC B BB BBB A **AA** AAA

### ESG Rating history



ESG Rating history shows five most recent rating actions



## ENVIRONMENT

- Inventing Energy Efficient Products
- Implementing Energy Efficient Operations
- Reducing Waste

**98%**

Advanced Energy launched power conversion products for energy-intensive data center computing applications with conversion efficiency approaching 98%

**86%**

Total Waste Diversion Rate in our Asia Pacific factories

**~35%**

From 2014 to 2022, our factories in China and the Philippines reduced Scope 2 CO<sub>2</sub> emissions by 23,941 metric tonnes, a ~35% reduction from the base year.

## SOCIAL

- Empowering Our People
- Engaging with Our Communities

**~45%**

Women comprise almost half of our global workforce

**>85%**

of employees are proud to work at AE based on 2022 employee survey

**0.45**

Total Recordable Incident Rate (TRIR) and 0.26 Loss Time Incidence Rate (LTIR)

**345**

Employees participated in our leadership development program in 2022

## GOVERNANCE

- Enabling Effective Management
- Enhancing Transparency

**90%**

of our board members are independent, non-executive directors

**30%**

of our Board of Directors are women

**4.6**

years of average tenure for Board of Directors

**2**

Women leaders added to Advanced Energy's Executive Leadership Team in 2022

## Q2 2024 GUIDANCE

(\$ in millions, except per share data)	Guidance
Revenue	\$350 +/- \$20
GAAP EPS from continuing operations	\$0.25 +/- \$0.25
Non-GAAP <sup>(1)</sup> EPS	\$0.73 +/- \$0.25

# QUARTERLY NON-GAAP FINANCIALS<sup>(1)</sup>

## Quarterly Trend

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

All figures from Continuing Operations

	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1
<b>Revenue</b>	<b>351.6</b>	<b>361.3</b>	<b>346.1</b>	<b>396.9</b>	<b>397.5</b>	<b>440.9</b>	<b>516.3</b>	<b>490.7</b>	<b>425.0</b>	<b>415.5</b>	<b>410.0</b>	<b>405.3</b>	<b>327.5</b>
<b>Gross Profit</b>	<b>139.7</b>	<b>137.3</b>	<b>124.9</b>	<b>141.0</b>	<b>145.3</b>	<b>163.8</b>	<b>193.4</b>	<b>179.4</b>	<b>156.5</b>	<b>147.8</b>	<b>148.2</b>	<b>144.5</b>	<b>115.0</b>
<b>Gross Margin</b>	<b>39.7%</b>	<b>38.0%</b>	<b>36.1%</b>	<b>35.5%</b>	<b>36.6%</b>	<b>37.1%</b>	<b>37.5%</b>	<b>36.6%</b>	<b>36.8%</b>	<b>35.6%</b>	<b>36.1%</b>	<b>35.7%</b>	<b>35.1%</b>
<b>Total OPEX</b>	<b>79.5</b>	<b>82.6</b>	<b>83.6</b>	<b>86.1</b>	<b>87.6</b>	<b>94.2</b>	<b>99.8</b>	<b>100.9</b>	<b>99.7</b>	<b>98.5</b>	<b>97.3</b>	<b>94.9</b>	<b>93.5</b>
<b>OPEX %</b>	<b>22.6%</b>	<b>22.9%</b>	<b>24.2%</b>	<b>21.7%</b>	<b>22.0%</b>	<b>21.4%</b>	<b>19.3%</b>	<b>20.6%</b>	<b>23.5%</b>	<b>23.7%</b>	<b>23.7%</b>	<b>23.4%</b>	<b>28.6%</b>
<b>Operating Income</b>	<b>60.2</b>	<b>54.7</b>	<b>41.2</b>	<b>54.8</b>	<b>57.8</b>	<b>69.6</b>	<b>93.6</b>	<b>78.5</b>	<b>56.8</b>	<b>49.3</b>	<b>50.9</b>	<b>49.7</b>	<b>21.5</b>
<b>Operating Income %</b>	<b>17.1%</b>	<b>15.1%</b>	<b>11.9%</b>	<b>13.8%</b>	<b>14.5%</b>	<b>15.8%</b>	<b>18.1%</b>	<b>16.0%</b>	<b>13.4%</b>	<b>11.9%</b>	<b>12.4%</b>	<b>12.3%</b>	<b>6.6%</b>
<b>Depreciation</b>	<b>7.3</b>	<b>7.5</b>	<b>7.9</b>	<b>8.1</b>	<b>8.4</b>	<b>8.5</b>	<b>8.5</b>	<b>8.8</b>	<b>9.5</b>	<b>9.4</b>	<b>9.7</b>	<b>9.7</b>	<b>10.0</b>
<b>EBITDA<sup>(2)</sup></b>	<b>67.6</b>	<b>62.2</b>	<b>49.1</b>	<b>63.0</b>	<b>66.1</b>	<b>78.1</b>	<b>102.1</b>	<b>87.3</b>	<b>66.3</b>	<b>58.7</b>	<b>60.7</b>	<b>59.4</b>	<b>31.5</b>
<b>EBITDA %</b>	<b>19.2%</b>	<b>17.2%</b>	<b>14.2%</b>	<b>15.9%</b>	<b>16.6%</b>	<b>17.7%</b>	<b>19.8%</b>	<b>17.8%</b>	<b>15.6%</b>	<b>14.1%</b>	<b>14.8%</b>	<b>14.6%</b>	<b>9.6%</b>
<b>Other Income/(Expense)</b>	<b>(2.6)</b>	<b>(1.9)</b>	<b>(1.7)</b>	<b>(2.5)</b>	<b>(2.1)</b>	<b>(2.2)</b>	<b>(1.9)</b>	<b>(1.1)</b>	<b>0.5</b>	<b>0.2</b>	<b>1.3</b>	<b>5.2</b>	<b>5.1</b>
<b>Income Before Taxes</b>	<b>57.6</b>	<b>52.8</b>	<b>39.6</b>	<b>52.3</b>	<b>55.6</b>	<b>67.4</b>	<b>91.7</b>	<b>77.4</b>	<b>57.3</b>	<b>49.5</b>	<b>52.3</b>	<b>54.8</b>	<b>26.6</b>
<b>Tax Provision/(Benefit)</b>	<b>7.9</b>	<b>4.7</b>	<b>5.6</b>	<b>0.9</b>	<b>8.9</b>	<b>13.1</b>	<b>12.1</b>	<b>13.2</b>	<b>10.4</b>	<b>7.6</b>	<b>3.8</b>	<b>8.1</b>	<b>4.7</b>
<b>Tax Rate</b>	<b>13.7%</b>	<b>8.9%</b>	<b>14.0%</b>	<b>1.6%</b>	<b>16.0%</b>	<b>19.4%</b>	<b>13.2%</b>	<b>17.0%</b>	<b>18.1%</b>	<b>15.3%</b>	<b>7.2%</b>	<b>14.8%</b>	<b>17.7%</b>
<b>Non-GAAP Net Income</b>	<b>49.7</b>	<b>48.1</b>	<b>34.0</b>	<b>51.5</b>	<b>46.7</b>	<b>54.3</b>	<b>79.6</b>	<b>64.2</b>	<b>47.0</b>	<b>41.9</b>	<b>48.5</b>	<b>46.7</b>	<b>21.9</b>
<b>Net Income %</b>	<b>14.1%</b>	<b>13.3%</b>	<b>9.8%</b>	<b>13.0%</b>	<b>11.8%</b>	<b>12.3%</b>	<b>15.4%</b>	<b>13.1%</b>	<b>11.1%</b>	<b>10.1%</b>	<b>11.8%</b>	<b>11.5%</b>	<b>6.7%</b>
<b>Non-GAAP EPS</b>	<b>1.29</b>	<b>1.25</b>	<b>0.89</b>	<b>1.36</b>	<b>1.24</b>	<b>1.44</b>	<b>2.12</b>	<b>1.70</b>	<b>\$1.24</b>	<b>\$1.11</b>	<b>\$1.28</b>	<b>\$1.24</b>	<b>\$0.58</b>
<b>Average Shares Outstanding</b>	<b>38.6</b>	<b>38.6</b>	<b>38.4</b>	<b>37.9</b>	<b>37.8</b>	<b>37.7</b>	<b>37.6</b>	<b>37.7</b>	<b>37.8</b>	<b>37.8</b>	<b>37.9</b>	<b>37.6</b>	<b>37.7</b>



(1) Detailed explanations of non-GAAP financials can be found at the end of this presentation; detailed quarterly reconciliations of GAAP to non-GAAP financials can be found in our filings with the SEC

(2) EBITDA is defined as non-GAAP net operating income + depreciation

## NON-GAAP MEASURES

Advanced Energy's non-GAAP measures exclude the impact of non-cash related charges such as stock-based compensation, amortization of intangible assets, and long-term unrealized foreign exchange gains and losses, as well as discontinued operations, and non-recurring items such as acquisition-related costs, facility expansion and related costs, restructuring, asset impairments, and other charges, as they are not indicative of future performance. The tax effect of our non-GAAP adjustments represents the anticipated annual tax rate applied to each non-GAAP adjustment after consideration of their respective book and tax treatments. In addition, the tax effect also includes a discrete tax benefit associated with the release of a portion of our deferred tax asset valuation allowance.

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

(\$ in thousands, except percentage and \$ per share)

## Reconciliation of Non-GAAP measure - operating expenses and operating income, excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Gross profit from continuing operations, as reported	\$ 112,829	\$ 155,111	\$ 142,866
Adjustments to gross profit:			
Stock-based compensation	829	383	472
Facility expansion, relocation costs and other	1,308	957	1,146
Acquisition-related costs	44	53	44
Non-GAAP gross profit	115,010	156,504	144,528
Non-GAAP gross margin	35.1%	36.8%	35.7%
Operating expenses from continuing operations, as reported	112,152	115,073	129,096
Adjustments:			
Amortization of intangible assets	(6,947)	(7,062)	(7,068)
Stock-based compensation	(10,176)	(6,418)	(7,716)
Acquisition-related costs	(1,266)	(878)	(1,372)
Restructuring, asset impairments, and other charges	(245)	(1,043)	(18,071)
Non-GAAP operating expenses	93,518	99,672	94,869
Non-GAAP operating income	\$ 21,492	\$ 56,832	\$ 49,659
Non-GAAP operating margin	6.6%	13.4%	12.3%

## Reconciliation of Non-GAAP measure - income excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Income from continuing operations, less non-controlling interest, net of income tax	\$ 5,787	\$ 31,752	\$ 37,891
Adjustments:			
Amortization of intangible assets	6,947	7,062	7,068
Acquisition-related costs	1,310	931	1,416
Facility expansion, relocation costs, and other	1,308	957	1,146
Restructuring, asset impairments, and other charges	245	1,043	18,071
Unrealized foreign currency gain	(1,757)	1,053	2,728
Tax effect of non-GAAP adjustments, including certain discrete tax benefits	(622)	(1,121)	(28,030)
Non-GAAP income, net of income tax, excluding stock-based compensation	13,218	41,677	40,290
Stock-based compensation, net of tax	8,694	5,304	6,387
Non-GAAP income, net of income tax	\$ 21,912	\$ 46,981	\$ 46,677

## Reconciliation of non-GAAP measure - per share earnings excluding certain items

	Three Months Ended		
	March 31,		December 31,
	2024	2023	2023
Diluted earnings per share from continuing operations, as reported	\$ 0.15	\$ 0.84	\$ 1.01
Add back:			
Per share impact of non-GAAP adjustments, net of tax	0.43	0.40	0.23
Non-GAAP earnings per share	\$ 0.58	\$ 1.24	\$ 1.24

# NON-GAAP RECONCILIATION

(\$ in thousands, except percentage and \$ per share)

## Reconciliation of Non-GAAP measure - operating expenses and operating income, excluding certain items

	Year Ended December 31,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross profit from continuing operations, as reported	\$ 216,870	\$ 253,147	\$ 356,381	\$ 365,607	\$ 315,652	\$ 541,869	\$ 532,322	\$ 675,506	\$ 592,398
Adjustments to gross profit:									
Stock-based compensation		351	1,394	742	525	567	764	1,478	2,059
Facility expansion, relocation costs and other				1,328	3,891	4,349	6,189	5,295	2,334
Acquisition-related costs				569	8,290	5,381	3,585	(299)	238
Non-GAAP gross profit	<u>216,870</u>	<u>253,498</u>	<u>357,775</u>	<u>368,246</u>	<u>328,358</u>	<u>552,166</u>	<u>542,860</u>	<u>681,980</u>	<u>597,029</u>
Non-GAAP gross margin	52.3%	52.4%	53.3%	51.2%	41.6%	39.0%	37.3%	37.0%	36.1%
Operating expenses from continuing operations, as reported	110,214	126,290	155,611	194,054	261,264	365,846	380,641	442,411	478,704
Adjustments:									
Amortization of intangible assets	(4,368)	(4,167)	(4,350)	(5,774)	(12,168)	(20,129)	(22,060)	(26,114)	(28,254)
Stock-based compensation	(2,810)	(5,981)	(11,155)	(8,961)	(6,803)	(11,705)	(14,975)	(18,371)	(28,942)
Acquisition-related costs			(150)	(1,726)	(12,002)	(10,209)	(6,803)	(8,637)	(4,026)
Facility expansion, relocation costs and other				(518)	(948)	(2,213)	(229)	—	(189)
Restructuring	(197)			(4,239)	(5,038)	(13,166)	(4,752)	(6,814)	(26,977)
Non-GAAP operating expenses	<u>102,839</u>	<u>116,142</u>	<u>139,956</u>	<u>172,836</u>	<u>224,305</u>	<u>308,424</u>	<u>331,822</u>	<u>382,475</u>	<u>390,316</u>
Non-GAAP operating expenses as % of revenue	24.8%	24.0%	20.9%	24.0%	28.4%	21.8%	22.8%	20.7%	23.6%
Non-GAAP operating income	<u>\$ 114,031</u>	<u>\$ 137,356</u>	<u>\$ 217,819</u>	<u>\$ 195,410</u>	<u>\$ 104,053</u>	<u>\$ 243,742</u>	<u>\$ 211,038</u>	<u>\$ 299,505</u>	<u>\$ 206,713</u>
Non-GAAP operating margin	27.5%	28.4%	32.5%	27.2%	13.2%	17.2%	14.5%	16.2%	12.5%



# NON-GAAP RECONCILIATION

(\$ in thousands, except percentage and \$ per share)

## Reconciliation of Non-GAAP measure - income excluding certain items

	Year Ended December 31,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Income from continuing operations, less non-controlling interest, net of income taxes	\$ 83,482	\$ 116,948	\$ 136,101	\$ 147,063	\$ 56,461	\$ 135,096	\$ 134,663	\$ 201,875	\$ 130,749
Adjustments:									
Amortization of intangible assets	4,368	4,167	4,350	5,774	12,168	20,129	22,060	26,114	28,254
Acquisition-related costs			150	2,295	20,292	15,590	10,388	8,338	4,264
Facility expansion, relocation costs, and other				1,846	4,838	6,562	6,418	5,295	2,523
Restructuring	197			4,239	5,038	13,166	4,752	6,814	26,977
Unrealized foreign currency (gain) loss			3,489		—	8,384	(3,543)	(7,645)	(89)
Acquisition-related costs and other included in other (income) expense, net			—		(29)	716	(2,186)	(8,417)	(1,516)
Other charges			40,163	5,703	(13,737)				
Tax effect of non-GAAP adjustments	(1,589)	(2,854)	(5,264)	(4,626)	3,206	(7,611)	(1,346)	(3,008)	(31,303)
Non-GAAP income, net of income taxes, excluding stock-based compensation	86,458	118,261	178,989	162,294	88,237	192,032	171,206	229,366	159,859
Stock-based compensation, net of taxes	2,810	6,332	12,549	9,703	5,627	9,418	12,042	15,444	24,181
Non-GAAP income, net of income taxes	\$ 89,268	\$ 124,593	\$ 191,538	\$ 171,997	\$ 93,864	\$ 201,450	\$ 183,248	\$ 244,810	\$ 184,040

## Reconciliation of non-GAAP measure - per share earnings excluding certain items

	Year Ended December 31,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Diluted earnings per share from continuing operations, as reported	\$ 2.03	\$ 2.92	\$ 3.39	\$ 3.74	\$ 1.47	\$ 3.51	\$ 3.51	\$ 5.35	\$ 5.35
Add back:									
Per share impact of non-GAAP adjustments, net of tax	0.14	0.19	1.37	0.63	0.97	1.72	1.27	1.14	1.14
Non-GAAP earnings per share	\$ 2.17	\$ 3.11	\$ 4.77	\$ 4.37	\$ 2.44	\$ 5.23	\$ 4.78	\$ 6.49	\$ 6.49

## Q2 2024 RECONCILIATION OF GAAP TO NON-GAAP GUIDANCE

(\$ in millions, except per share data)	Low End	Midpoint	High End
<b>Revenue</b>	<b>\$330</b>	<b>\$350</b>	<b>\$370</b>
<b>Reconciliation of Non-GAAP EPS</b>			
<b>GAAP EPS</b>	<b>\$ 0.00</b>	<b>\$ 0.25</b>	<b>\$ 0.50</b>
Stock-based compensation	0.29	0.29	0.29
Amortization of intangible assets	0.19	0.19	0.19
Restructuring and other	0.10	0.10	0.10
Tax effects of excluded items	(0.10)	(0.10)	(0.10)
<b>Non-GAAP<sup>(1)</sup> EPS</b>	<b>\$ 0.48</b>	<b>\$ 0.73</b>	<b>\$ 0.98</b>