



First Quarter 2024 Financial Results

MKS Instruments, Inc.
May 9, 2024



Safe Harbor for Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 regarding the future financial performance, business prospects and growth of MKS Instruments, Inc. (“MKS,” the “Company,” “our,” or “we”). These statements are only predictions based on current assumptions and expectations. Any statements that are not statements of historical fact (including statements containing the words “will,” “projects,” “intends,” “believes,” “plans,” “anticipates,” “expects,” “estimates,” “forecasts,” “continues” and similar expressions) should be considered to be forward-looking statements. Actual events or results may differ materially from those in the forward-looking statements set forth herein. Among the important factors that could cause actual events to differ materially from those in the forward-looking statements that we make are the need to generate sufficient cash flows to service and repay the substantial indebtedness we incurred in connection with our acquisition of Atotech Limited (“Atotech”), which we completed in August 2022 (the “Atotech Acquisition”); the terms of our existing credit facilities under which we incurred such debt; our entry into the chemicals technology business through the Atotech Acquisition, in which we did not have previous experience and which may expose us to significant additional liabilities; the risk that we are unable to integrate the Atotech Acquisition successfully or realize the anticipated synergies, cost savings and other benefits of the Atotech Acquisition; legal, reputational, financial and contractual risks resulting from the ransomware incident we identified in February 2023, and other risks related to cybersecurity, data privacy and intellectual property; competition from larger, more advanced or more established companies in our markets; the ability to successfully grow our business, including through growth of the Atotech business and growth of the Electro Scientific Industries, Inc. business, which we acquired in February 2019, and financial risks associated with those and potential future acquisitions, including goodwill and intangible asset impairments; manufacturing and sourcing risks, including those associated with limited and sole source suppliers and the impact and duration of supply chain disruptions, component shortages, and price increases; changes in global demand; the impact of a pandemic or other widespread health crisis; risks associated with doing business internationally, including geopolitical conflicts, such as the conflict in the Middle East, trade compliance, regulatory restrictions on our products, components or markets, particularly the semiconductor market, and unfavorable currency exchange and tax rate fluctuations, which risks become more significant as we grow our business internationally and in China specifically; conditions affecting the markets in which we operate, including fluctuations in capital spending in the semiconductor, electronics manufacturing and automotive industries, and fluctuations in sales to our major customers; disruptions or delays from third-party service providers upon which our operations may rely; the ability to anticipate and meet customer demand; the challenges, risks and costs involved with integrating or transitioning global operations of the companies we have acquired; risks associated with the attraction and retention of key personnel; potential fluctuations in quarterly results; dependence on new product development; rapid technological and market change; acquisition strategy; volatility of stock price; risks associated with chemical manufacturing and environmental regulation compliance; risks related to defective products; financial and legal risk management; and the other important factors described under the heading “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 and any subsequent Quarterly Reports on Form 10-Q, each as filed with the U.S. Securities and Exchange Commission. MKS is under no obligation to, and expressly disclaims any obligation to, update or alter these forward-looking statements, whether as a result of new information, future events or otherwise, even if subsequent events cause our views to change, after the date of this presentation. Amounts reported in this presentation are preliminary and subject to finalization prior to the filing of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024.

Notes on Presentation



Use of Non-GAAP Financial Measures

This presentation includes financial measures that are not in accordance with U.S. generally accepted accounting principles (“Non-GAAP financial measures”). These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, MKS’ reported results under U.S. generally accepted accounting principles (“GAAP”), and may be different from Non-GAAP financial measures used by other companies. In addition, these Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. MKS management believes the presentation of these Non-GAAP financial measures is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results.

MKS is not providing a quantitative reconciliation of forward-looking Non-GAAP gross margin, operating expenses, operating income, operating margin, interest expense, net, income tax rate, net earnings, net earnings per diluted share and Adjusted EBITDA to their most directly comparable GAAP financial measures because it is unable to estimate with reasonable certainty the ultimate timing or amount of certain significant items without unreasonable efforts. These items include, but are not limited to, acquisition and integration costs, amortization of intangible assets, ransomware remediation costs, restructuring expense, goodwill and intangible asset impairments, excess and obsolescence inventory charges, amortization of debt issuance costs, debt refinancing fee, loss on extinguishment of debt, and the income tax effect of these items. These items are uncertain, depend on various factors, including, but not limited to, the Atotech Acquisition, and interest rate and refinancing environment, and could have a material impact on GAAP reported results for the relevant period.

For further information regarding Non-GAAP financial measures, including a change to how we define Adjusted EBITDA, please refer to the appendix at the end of this presentation. In addition, for a detailed breakout of revenues by end-market, please visit the Net Revenues by End Market presentation available under Events & Presentation on the Investor Relations section of MKS’ website at investor.mks.com.

Q1 2024 Results: Resilience, Execution, Profitability



- Revenue exceeded midpoint of guidance
- Adjusted EBITDA and Non-GAAP EPS exceeded high end of guidance
- Strong gross margins of 47.8%, reflective of the value of proprietary offerings, disciplined cost control and operational execution

Poised to Capitalize on Leading Positions Entering Next Upturn

Semiconductor

- Vacuum solutions enable critical deposition and etch processes that are necessary in the manufacturing of HBM, DRAM, NAND and Logic semiconductors
- Optical solutions solve complex challenges in lithography, metrology and inspection
- Motion Control solutions enable precise positioning of the wafer in hybrid bonding applications

Electronics & Packaging

- Combination of Laser Drilling and Chemistry expertise positions MKS for growth in Package Substrates – a critical building block of Advanced Packaging
- MKS is process tool of record (PTOR) in the Low-Earth Orbit (“LEO”) satellite application – a fast-growing application in the PCB industry

Specialty Industrial

- Leveraging our technology across broad end markets to generate strong margins and cash flows
- Addressing wide array of specialized applications in Industrial, Life and Health Sciences, and Research and Defense markets.

Harnessing a broad base of capabilities and key enabling technologies across all markets

Recent Customer Accolades

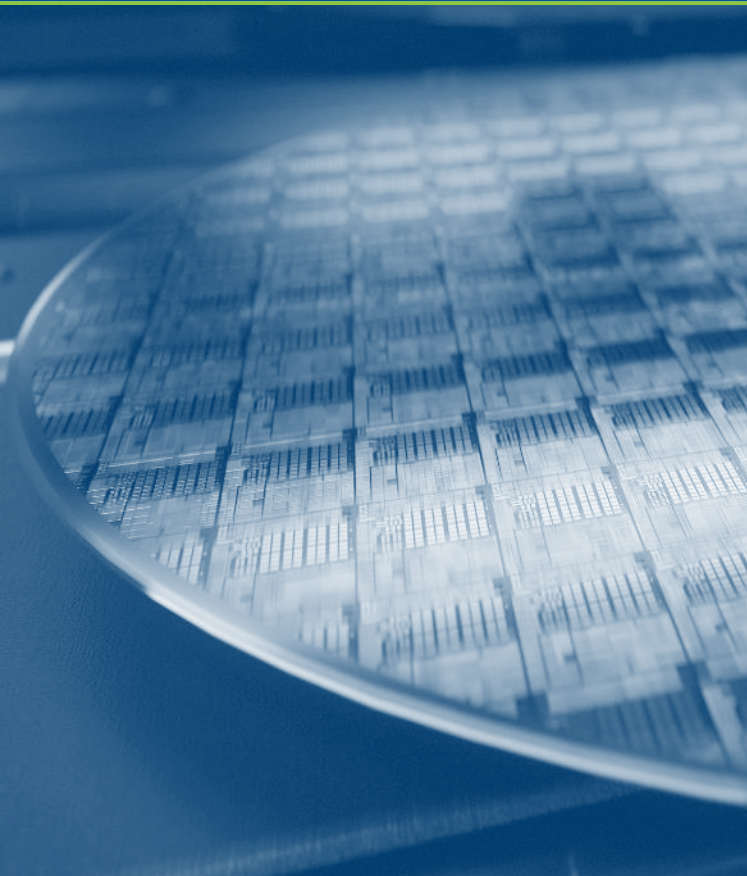
Samsung Electro-Mechanics

- MKS Korea recognized for support in the development and trial production of new products

STMicroelectronics

- MKS received the Best Performance Materials Supplier award and the Innovation/Value Engineering award for work in developing new adhesion promoter technology

Q1'24 Market Highlights: Semiconductor



Q/Q CHANGE -3%

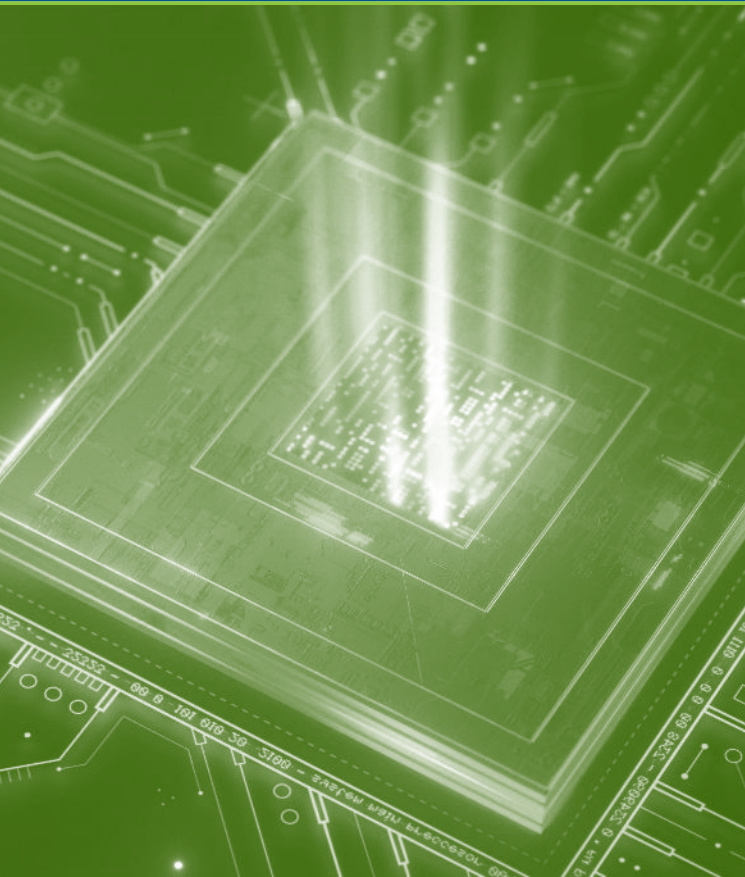
Y/Y CHANGE +14%

Y/Y CHANGE¹ -20%
Excluding FX and Ransomware

- Revenue exceeded expectations, with slightly stronger demand and improved conversion of customer backlog
- Overall muted demand for Vacuum solutions for Deposition and Etch – mainly due to low levels of NAND spending
- Photonics Solutions for lithography, metrology and inspection applications remained robust
- Expect Q2 revenue to be slightly down, with recovery in capital equipment spend expected to return gradually in the second half of 2024

¹ For further information regarding estimated impact of FX and Ransomware, refer to the appendix at the end of this presentation.

Q1'24 Market Highlights: Electronics & Packaging



Q/Q CHANGE -8%

Y/Y CHANGE -7%

Y/Y CHANGE¹ +1%

Excluding FX, Palladium and Ransomware

- Revenue in-line with expectations despite the unfavorable impact of foreign currency and lower palladium prices
- Slightly better demand for plating equipment for high density multi-layer PCB, expected to be primarily driven by AI Server market demand
- Increased demand for laser drilling systems for fast growing Low-earth Orbit application
- Expect Q2 revenue to be higher due to increase in plating equipment and seasonal increase in chemistry following lower first quarter utilization

¹ For further information regarding estimated impact of FX, Palladium and Ransomware, refer to the appendix at the end of this presentation.

Q1'24 Market Highlights: Specialty Industrial



Q/Q CHANGE +1%

Y/Y CHANGE +18%

Y/Y CHANGE¹ +4%

Excluding FX, Palladium and Ransomware

- Revenue slightly better than expected due to modest sequential improvement across Life and Health Sciences and Research and Defense markets
- General Metal Finishing business in Automotive market flat Q/Q
- Expect Q2 revenue in line with Q1 levels

¹ For further information regarding estimated impact of FX, Palladium and Ransomware, refer to the appendix at the end of this presentation.

Q1'24 Revenue & Select Financial Measures

	Q1'24	Q4'23	Q1'23	Y/Y Change Excl. Fx, Pd and Ransomware ¹
Semiconductor	\$351M	\$362M	\$309M	-20%
Electronics & Packaging	\$208M	\$226M	\$222M	1%
Specialty Industrial	\$309M	\$305M	\$263M	4%
Revenue	\$868M	\$893M	\$794M	-6%

Non-GAAP Financial Measures

Gross Margin	47.8%	46.0%	42.2%
Operating Margin	20.2%	20.3%	12.1%
Interest Expense, Net	\$75M	\$76M	\$76M
Income Tax Rate	23.3%	15.6%	(46.8%)
Net Earnings	\$79M	\$78M	\$32M
Net Earnings per Diluted Share	\$1.18	\$1.17	\$0.48
Adjusted EBITDA	\$217M	\$218M	\$140M
Adjusted EBITDA Margin	25.0%	24.4%	17.6%

GAAP Financial Measures

Gross Margin	47.8%	46.0%	42.2%
Operating Margin	12.2%	2.7%	0.1%
Interest Expense, net	\$81M	\$83M	\$82M
Income Tax Rate	23.1%	14.2%	46.6%
Net Income (Loss)	\$15M	\$(68)M	\$(42)M
Net Income (Loss) per Diluted Share	\$0.22	\$(1.02)	\$(0.64)

Q1'24 SUMMARY

- Revenue above the midpoint of guidance, primarily due to better-than-expected revenue from our Semiconductor market
- Gross margin exceeded high end of guidance range due to better-than-expected volumes, favorable product mix, continued cost control and certain non-recurring items
- Non-GAAP operating margin and Adjusted EBITDA margin exceeded high end of guidance range due to strong gross margin and operating leverage
- Achieved Atotech cost synergy target of \$55 million exiting Q1, on the early end of expected timeframe
- Refinanced our term loan, which included the pay down of our term loan A and elimination of financial maintenance covenant that applied while term loan A was outstanding
- Made another \$50 million voluntary debt prepayment in April

¹ For further information regarding estimated impact of FX, Palladium and Ransomware, refer to the appendix at the end of this presentation.

Balance Sheet & Cash Flow

	Q1'24	Q4'23
Cash & Short-Term Investments	\$846M	\$875M
Accounts Receivable	\$576M	\$603M
Inventories	\$971M	\$991M
Total Current Assets	\$2,661M	\$2,696M
Total Assets	\$8,931M	\$9,118M
Term Loan Principal	\$4,892M	\$4,953M
Total Liabilities	\$6,507M	\$6,646M
Stockholders' Equity	\$2,424M	\$2,472M
Operating Cash Flow	\$67M	\$180M
Free Cash Flow	\$49M	\$146M
Unlevered Free Cash Flow	\$108M	\$194M

Q1'24 SUMMARY

- Liquidity of \$1.5 billion, consisting of \$846 million of cash and short-term investments and an undrawn revolving credit facility of \$675 million
- Net leverage ratio of 4.3x
- Voluntary debt prepayment of \$50 million
- Free cash flow of \$49 million and unlevered free cash flow of \$108 million
- Issued cash dividend of \$15 million or \$0.22 per share

Outlook

	Q2'24	Q1'24 Actual
Revenue	\$860M +/- \$40M	\$868M
Non-GAAP Financial Measures		
Gross Margin	46.5% +/- 100 bps	47.8%
Operating Expenses	\$240M +/- \$5M	\$240M
Operating Income	\$160M +/- \$23M	\$175M
Operating Margin	18.6% +/- 170 bps	20.2%
Interest Expense, Net	\$79M	\$75M
Income Tax Rate	22.6%	23.3%
Net Earnings	\$63M +/- \$17M	\$79M
Net Earnings per Diluted Share	\$0.93 +/- \$0.26	\$1.18
Adjusted EBITDA	\$197M +/- \$23M	\$217M
Diluted Share Count	67.6M	67.4M

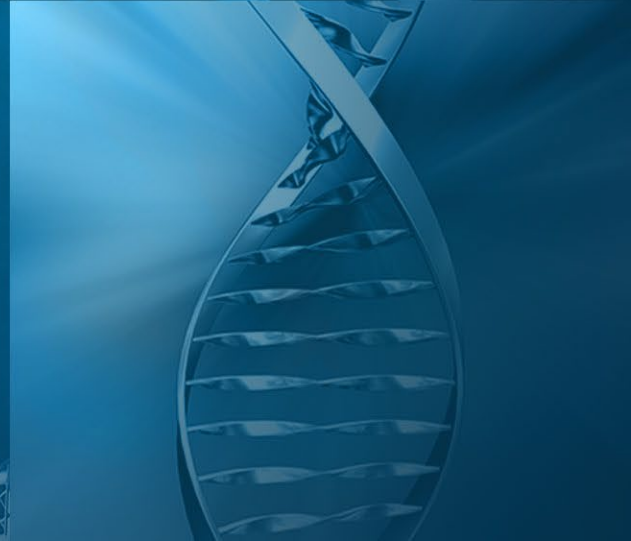
Outlook

- Q2 '24 Revenue outlook by end-market:
 - Semiconductor – \$335M +/- \$15M
 - Electronics & Packaging – \$220M +/- \$10M
 - Specialty Industrial – \$305M +/- \$15M
- Q2 '24 Gross Margin reflects anticipated product mix and excludes certain first quarter items not expected to recur
- Q2 '24 Non-GAAP Opex consistent with the first quarter
 - For remainder of 2024, anticipate Non-GAAP Opex of \$240M - \$250M per quarter

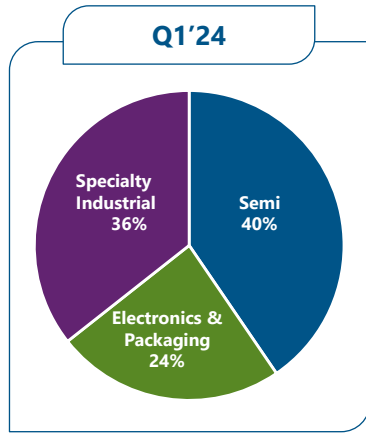
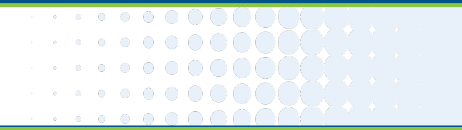
Closing Remarks

- **Continue to execute well** navigating the cyclical softness in our end-markets
- **Pleased with strong profitability** and margin profile
- **Well-positioned** for next cyclical upturn

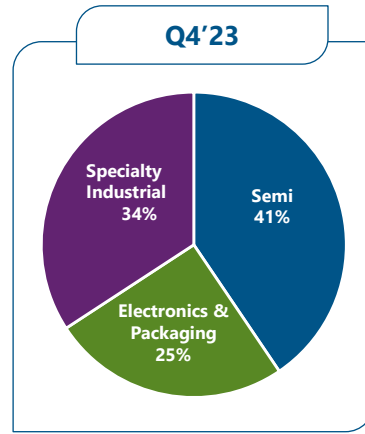
Q&A



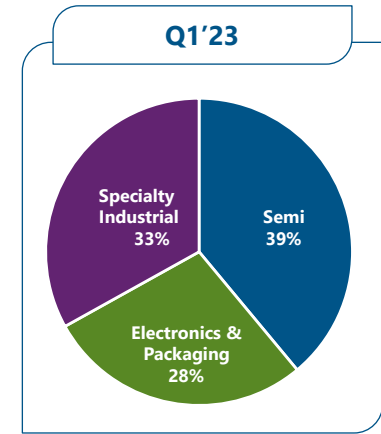
Revenue



Consumables & Service 42%



Consumables & Service 41%



Consumables & Service 43%

Revenue

				Q1'24 vs Q1'23 ⁽¹⁾					
	Q1'24	Q4'23	Q1'23	Total Change	FX	Pd	Change Excluding FX & Pd	Ransomware	Change Excluding FX, Pd & Ransomware
Semiconductor	\$ 351	\$ 362	\$ 309	14%	-1%	0%	15%	35%	-20%
Electronics & Packaging	208	226	222	-7%	-3%	-7%	3%	2%	1%
Specialty Industrial	309	305	263	18%	-2%	-1%	21%	16%	4%
	\$ 868	\$ 893	\$ 794	9%	-2%	-2%	13%	20%	-6%
Consumables & Service	\$ 364	\$ 368	\$ 338						
Consumables & Service %	42%	41%	43%						

¹ "Total Change" represents the percentage change in net revenues. "FX" and "Pd" reflect the estimated impact of foreign exchange rates and palladium prices on net revenues, respectively. "Ransomware" reflects the estimated impact of the ransomware incident identified in Q1'23 on net revenues in Q1'23. "Change Excluding FX & Pd" is the difference between (i) "Total Change" and (ii) "FX" and "Pd." "Change Excluding FX, Pd & Ransomware" is the difference between (i) "Total Change" and (ii) "FX", "Pd" and "Ransomware."

in millions except percentages

Appendix – GAAP to Non-GAAP Reconciliations

	Q1'24	Q4'23	Q1'23
Net Income (loss)	\$ 15	\$ (68)	\$ (42)
Acquisition and integration costs (Note 1)	1	3	6
Restructuring (Note 2)	3	7	1
Amortization of intangible assets	62	70	81
Goodwill and intangible asset impairments (Note 3)	—	75	—
Amortization of debt issuance costs (Note 4)	6	7	6
Fees and expenses related to amendments to the Term Loan Facility (Note 5)	3	2	—
Ransomware incident (Note 6)	—	1	7
Loss on extinguishment of debt (Note 7)	9	8	—
Tax effect of Non-GAAP adjustments (Note 8)	(20)	(26)	(27)
Non-GAAP net earnings	<u>\$ 79</u>	<u>\$ 78</u>	<u>\$ 32</u>
Non-GAAP net earnings per diluted share	<u>\$ 1.18</u>	<u>\$ 1.17</u>	<u>\$ 0.48</u>
Weighted average diluted shares outstanding	67.4	67.1	66.8
GAAP gross profit	\$ 415	\$ 411	\$ 335
GAAP gross margin	<u>47.8%</u>	<u>46.0%</u>	<u>42.2%</u>
Non-GAAP gross profit	<u>\$ 415</u>	<u>\$ 411</u>	<u>\$ 335</u>
Non-GAAP gross margin	47.8%	46.0%	42.2%

in millions, other than per diluted share amounts and percentages

Appendix – GAAP to Non-GAAP Reconciliations

	Q1'24	Q4'23	Q1'23
Operating expenses	\$ 309	\$ 387	\$ 334
Acquisition and integration costs (Note 1)	1	3	6
Restructuring (Note 2)	3	7	1
Amortization of intangible assets	62	70	81
Goodwill and intangible asset impairments (Note 3)	—	75	—
Fees and expenses related to amendments to the Term Loan Facility (Note 5)	3	2	—
Ransomware incident (Note 6)	—	1	7
Non-GAAP operating expenses	<u>\$ 240</u>	<u>\$ 229</u>	<u>\$ 240</u>
Income from operations	\$ 106	\$ 24	\$ 1
Operating margin	12.2%	2.7%	0.1%
Acquisition and integration costs (Note 1)	1	3	6
Restructuring (Note 2)	3	7	1
Amortization of intangible assets	62	70	81
Goodwill and intangible asset impairments (Note 3)	—	75	—
Fees and expenses related to amendments to the Term Loan Facility (Note 5)	3	2	—
Ransomware incident (Note 6)	—	1	7
Non-GAAP income from operations	<u>\$ 175</u>	<u>\$ 182</u>	<u>\$ 96</u>
Non-GAAP operating margin	20.2%	20.3%	12.1%
Interest expense, net	\$ 81	\$ 83	\$ 82
Amortization of debt issuance costs (Note 4)	6	7	6
Non-GAAP interest expense, net	<u>\$ 75</u>	<u>\$ 76</u>	<u>\$ 76</u>

in millions, except percentages

Appendix – GAAP to Non-GAAP Reconciliations

	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
Net Income (loss)	\$ 15	\$ (68)	\$ 39	\$ (1,769)	\$ (42)
Interest expense, net	81	83	89	84	82
Other (income) expense, net (Note 9)	(3)	12	7	11	(2)
Provision (benefit) for income taxes	4	(11)	(17)	(22)	(37)
Depreciation	26	25	25	25	26
Amortization of intangible assets	62	70	68	76	81
Stock-based compensation	15	11	13	13	18
Excess and obsolete charge from discontinued product line (Note 10)	—	—	13	—	—
Acquisition and integration costs (Note 1)	1	3	3	5	6
Restructuring (Note 2)	3	7	1	11	1
Goodwill and intangible asset impairments (Note 3)	—	75	—	1,827	—
Gain on sale of long-lived assets (Note 11)	—	—	(2)	—	—
Fees and expenses related to amendments to the Term Loan Facility (Note 5)	3	2	—	—	—
Ransomware incident (Note 6)	—	1	2	4	7
Loss on extinguishment of debt (Note 7)	9	8	—	—	—
Adjusted EBITDA (Note 9)	<u>\$ 217</u>	<u>\$ 218</u>	<u>\$ 241</u>	<u>\$ 265</u>	<u>\$ 140</u>
Adjusted EBITDA margin	25.0%	24.4%	25.8%	26.4%	17.6%
Term loan principal outstanding as of March 31, 2024	\$ 4,891				
Cash & short-term investments as of March 31, 2024	<u>846</u>				
Net debt as of March 31, 2024	<u>\$ 4,045</u>				
Adjusted EBITDA for twelve months ended March 31, 2024 (Note 9)	\$ 940				
Net leverage ratio at March 31, 2024	4.3x				

in millions, except percentages and net leverage ratio

Appendix – GAAP to Non-GAAP Reconciliations

	Q1'24	Q4'23	Q1'23
Net cash provided by operating activities	\$ 67	\$ 180	\$ 37
Purchases of property, plant and equipment	(18)	(34)	(17)
Free cash flow	<u>\$ 49</u>	<u>\$ 146</u>	<u>\$ 20</u>

	Q1'24	Q4'23	Q1'23
Free cash flow	\$ 49	\$ 146	\$ 20
Cash paid for interest	75	61	77
Tax effect on cash paid for interest ¹	(16)	(13)	(16)
Unlevered free cash flow	<u>\$ 108</u>	<u>\$ 194</u>	<u>\$ 81</u>

¹Tax effect of cash paid for interest was calculated at the statutory US Federal Statutory rate of 21%

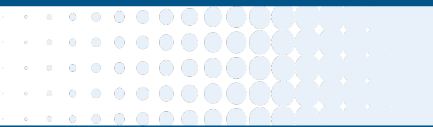
in millions

Appendix – GAAP to Non-GAAP Reconciliations

	Q1'24			Q4'23		
	Income Before Income Tax	Provision for Income Taxes	Effective Tax Rate	(Loss) Income Before Income Tax	(Benefit) Provision for Income Taxes	Effective Tax Rate
GAAP	\$ 19	\$ 4	23.1%	\$ (79)	\$ (11)	14.2%
Acquisition and integration costs (Note 1)	1	—		3	—	
Restructuring (Note 2)	3	—		7	—	
Amortization of intangible assets	62	—		70	—	
Goodwill and intangible asset impairments (Note 3)	—	—		75	—	
Amortization of debt issuance costs (Note 4)	6	—		7	—	
Fees and expenses related to amendments to the Term Loan Facility (Note 5)	3	—		2	—	
Ransomware incident (Note 6)	—	—		1	—	
Loss on extinguishment of debt (Note 7)	9	—		8	—	
Tax effect of Non-GAAP adjustments (Note 8)	—	20		—	26	
Non-GAAP	\$ 103	\$ 24	23.3%	\$ 94	\$ 15	15.6%
	Q1'23					
	(Loss) Income Before Income Tax	Benefit for Income Taxes	Effective Tax Rate			
GAAP	\$ (79)	\$ (37)	46.6%			
Acquisition and integration costs (Note 1)	6	—				
Restructuring (Note 2)	1	—				
Amortization of intangible assets	81	—				
Amortization of debt issuance costs (Note 4)	6	—				
Ransomware incident (Note 6)	7	—				
Tax effect of Non-GAAP adjustments (Note 8)	—	27				
Non-GAAP	\$ 23	\$ (10)	-46.8%			

in millions, except percentages

Appendix – GAAP to Non-GAAP Reconciliations



Non-GAAP financial measures adjust GAAP financial measures for the items listed below. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, MKS' reported GAAP results, and may be different from Non-GAAP financial measures used by other companies. In addition, these Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. MKS management believes the presentation of these Non-GAAP financial measures is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results. Totals presented may not sum and percentages may not recalculate using figures presented due to rounding.

Note 1: Acquisition and integration costs relate to the Atotech Acquisition.

Note 2: Restructuring costs primarily related to severance costs due to global cost-saving initiatives.

Note 3: During the three months ended June 30, 2023, we noted softer industry demand, particularly in the personal computer and smartphone markets and concluded there was a triggering event at our Materials Solutions Division, which represents the former Atotech business, and Equipment Solutions Business, which represents the former Electro Scientific Industries business and is a reporting unit of our Photonics Solutions Division. We performed a quantitative assessment which resulted in an impairment of \$1.3 billion for our Materials Solutions Division and \$0.5 billion for our Equipment Solutions Business. In addition, during the three months ended December 31, 2023, as part of our annual goodwill and intangible asset impairment analysis, we recorded additional impairment charges of \$62 million for our Materials Solutions Division and \$13 million for our Equipment Solutions Business.

Note 4: We recorded additional interest expense related to the amortization of debt issuance costs associated with our term loan facility.

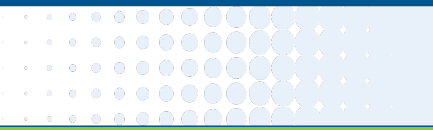
Note 5: During the three months ended March 31, 2024, we recorded fees and expenses related to an amendment to our term loan facility where we borrowed additional amounts under our USD term loan B and EUR term loan B and fully paid our term loan A. During the three months ended December 31, 2023, we recorded fees and expenses related to an amendment to the USD term loan B under our term loan facility.

Note 6: We recorded costs, net of recoveries, associated with the ransomware incident we identified on February 3, 2023. These costs were primarily comprised of various third-party consulting services, including forensic experts, restoration experts, legal counsel, and other information technology and accounting professional expenses, enhancements to our cybersecurity measures, and costs to restore our systems and access our data.

Note 7: During the three months ended March 31, 2024, we recorded a charge to write-off deferred financing fees and original issue discount costs related to the extinguishment of the term loan A under our term loan facility. During the three months ended December 31, 2023, we recorded a charge to write-off deferred financing fees and original issue discount costs related to the repricing of the USD term loan B under our term loan facility.

Note 8: Non-GAAP adjustments are tax effected at applicable statutory rates resulting in a difference between the GAAP and Non-GAAP tax rates.

Appendix – GAAP to Non-GAAP Reconciliations



Non-GAAP financial measures adjust GAAP financial measures for the items listed below. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, MKS' reported GAAP results, and may be different from Non-GAAP financial measures used by other companies. In addition, these Non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. MKS management believes the presentation of these Non-GAAP financial measures is useful to investors for comparing prior periods and analyzing ongoing business trends and operating results. Totals presented may not sum and percentages may not recalculate using figures presented due to rounding.

Note 9: In the fourth quarter of 2023, we modified our definition of Adjusted EBITDA to exclude other (income) expense, net from this Non-GAAP measure. Other (income) expense, net primarily relates to changes in foreign exchange rates. We believe this change enhances investor insight into our operational performance. We have applied this modified definition of Adjusted EBITDA to all periods presented.

Note 10: We recorded an excess and obsolescence inventory charge related to a product line that is being discontinued.

Note 11: We recorded a gain on the sale of a minority interest investment in a private company.