UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 28, 2024

OR ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 001-32598

Entegris, Inc.
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**41-1941551** **(I.R.S. Employer Identification No.)**
129 Concord Road, Billerica, Massachusetts **(Address of principal executive offices)**	**01821** **(Zip Code)**

(978) 436-6500
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value per share	**ENTG**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2024, there were 150,997,961 shares of the registrant's common stock outstanding.

ENTEGRIS, INC. AND SUBSIDIARIES
FORM 10-Q
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Cautionary Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains "forward-looking statements." The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should," "may," "will," "would" or the negative thereof and similar expressions are intended to identify such forward-looking statements. These forward-looking statements may include statements about fluctuations in demand for semiconductors; global economic uncertainty and the risks inherent in operating a global business; supply chain matters; inflationary pressures; future period guidance or projections; the Company's performance relative to its markets, including the drivers of such performance; market and technology trends, including the duration and drivers of any growth trends; the development of new products and the success of their introductions; the focus of the Company's engineering, research and development projects; the Company's ability to obtain, protect and enforce intellectual property rights; information technology risks; the Company's ability to execute on our business strategies, including the Company's expansion of its manufacturing presence in Taiwan and in Colorado Springs; the Company's capital allocation strategy, which may be modified at any time for any reason, including with respect to share repurchases, dividends, debt repayments and potential acquisitions; the impact of the acquisitions and divestitures the Company has made and commercial partnerships the Company has established, including the acquisition of CMC Materials, Inc. (now known as CMC Materials LLC) ("CMC Materials"); the amount of goodwill we carry on our balance sheets; key employee retention; future capital and other expenditures, including estimates thereof; the Company's expected tax rate; the impact, financial or otherwise, of any organizational changes or changes in the legal and regulatory environment in which we operate; the impact of accounting pronouncements; quantitative and qualitative disclosures about market risk; climate change and our environmental, social and governance commitments; and other matters. These forward-looking statements are based on current management expectations and assumptions only as of the date of this Quarterly Report, are not guarantees of future performance and involve substantial risks and uncertainties that are difficult to predict and that could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. These risks and uncertainties include, but are not limited to, weakening of global and/or regional economic conditions, generally or specifically in the semiconductor industry, which could decrease the demand for the Company's products and solutions; the level of, and obligations associated with, the Company's indebtedness, including the debts incurred in connection with the acquisition of CMC Materials; risks related to the acquisition and integration of CMC Materials, including the ability to achieve the anticipated value-creation contemplated by the acquisition of CMC Materials; raw material shortages, supply and labor constraints, price increases, inflationary pressures and rising interest rates; operational, political and legal risks of the Company's international operations; the Company's dependence on sole source and limited source suppliers; the Company's ability to meet rapid demand shifts; the Company's ability to continue technological innovation and introduce new products to meet customers' rapidly changing requirements; substantial competition; the Company's concentrated customer base; the Company's ability to identify, complete and integrate acquisitions, joint ventures, divestitures or other similar transactions; the Company's ability to effectively implement any organizational changes; the Company's ability to protect and enforce intellectual property rights; the impact of regional and global instabilities, hostilities and geopolitical uncertainty, including, but not limited to, the ongoing conflicts between Ukraine and Russia and between Israel and Hamas and other tensions in the Middle East, as well as the global responses thereto; the increasing complexity of certain manufacturing processes; changes in government regulations of the countries in which the Company operates, including the imposition of tariffs, export controls and other trade laws, restrictions and changes to national security and international trade policy, especially as they relate to China; fluctuation of currency exchange rates; fluctuations in the market price of the Company's stock; and other risk factors and additional information described in the Company's filings with the Securities and Exchange Commission (the "SEC"), including under the heading "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed on February 15, 2024 (the "Annual Report"), and in the Company's other SEC filings. Except as required under the federal securities laws and the rules and regulations of the SEC, the Company undertakes no obligation to update publicly any forward-looking statements or information contained herein, which speak as of their respective dates.

PART 1. FINANCIAL INFORMATION
Item 1. Financial Statements

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands, except per share data)	September 28, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 432,072	$ 456,929
Trade accounts receivable, net of allowance for credit losses of $4,901 and $6,412	503,165	457,052
Inventories, net	643,034	607,051
Deferred tax charges and refundable income taxes	26,941	63,879
Assets held-for-sale	7,004	278,753
Other current assets	102,873	113,663
Total current assets	1,715,089	1,977,327
Property, plant and equipment, net of accumulated depreciation of $1,026,206 and $908,089	1,542,356	1,468,043
Right-of-use assets - Operating lease	63,634	57,990
Right-of-use assets - Finance lease	21,154	22,409
Goodwill	3,946,575	3,945,860
Intangible assets, net of accumulated amortization of $953,421 and $808,298	1,138,630	1,281,969
Deferred tax assets and other noncurrent tax assets	20,340	31,432
Other assets	24,979	27,561
Total assets	$ 8,472,757	$ 8,812,591
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 65,000	$ —
Accounts payable	174,189	134,211
Accrued payroll and related benefits	108,279	109,559
Accrued interest payable	75,818	24,759
Liabilities held-for-sale	925	19,223
Other accrued liabilities	118,239	148,840
Income taxes payable	44,241	77,403
Total current liabilities	586,691	513,995
Long-term debt, net of unamortized discount and debt issuance costs of $69,310 and $91,633	4,060,690	4,577,141
Pension benefit obligations and other liabilities	58,069	53,733
Deferred tax liabilities and other noncurrent tax liabilities	101,780	190,142
Long term lease liability - Operating lease	54,540	49,719
Long term lease liability - Finance lease	18,477	19,267
Equity:		
Preferred stock, par value $0.01; 5,000 shares authorized; none issued and outstanding as of September 28, 2024 and December 31, 2023	—	—
Common stock, par value $0.01; 400,000 shares authorized; issued and outstanding shares as of September 28, 2024: 151,193 and 150,991, respectively; issued and outstanding shares as of December 31, 2023: 150,566 and 150,364, respectively	1,512	1,506
Treasury stock, at cost: 202 shares held as of September 28, 2024 and December 31, 2023	(7,112)	(7,112)
Additional paid-in capital	2,360,923	2,305,367
Retained earnings	1,296,839	1,151,765
Accumulated other comprehensive loss	(59,652)	(42,932)
Total equity	3,592,510	3,408,594
Total liabilities and equity	$ 8,472,757	$ 8,812,591

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In thousands, except per share data)	Three months ended September 28, 2024	Three months ended September 30, 2023	Nine months ended September 28, 2024	Nine months ended September 30, 2023
Net sales	$ 807,694	$ 888,239	$ 2,391,371	$ 2,711,635
Cost of sales	435,869	521,165	1,291,907	1,558,710
Gross profit	371,825	367,074	1,099,464	1,152,925
Selling, general and administrative expenses	108,455	116,051	336,963	431,514
Engineering, research and development expenses	80,903	66,810	234,664	209,746
Amortization of intangible assets	46,226	51,239	143,898	163,493
Goodwill impairment	—	15,913	—	104,785
Gain on termination of alliance agreement	—	—	—	(154,754)
Operating income	136,241	117,061	383,939	398,141
Interest expense	51,666	77,820	162,726	244,874
Interest income	(1,247)	(2,226)	(5,401)	(5,854)
Other (income) expense, net	(212)	10,243	17,050	13,309
Income before income tax expense (benefit)	86,034	31,224	209,564	145,812
Income tax expense (benefit)	8,190	(2,127)	18,335	2,851
Equity in net loss of affiliates	262	139	685	269
Net income	$ 77,582	$ 33,212	$ 190,544	$ 142,692
Basic earnings per common share	$ 0.51	$ 0.22	$ 1.26	$ 0.95
Diluted earnings per common share	$ 0.51	$ 0.22	$ 1.26	$ 0.95
Weighted average shares outstanding:				
Basic	151,196	150,127	150,849	149,793
Diluted	151,924	151,229	151,820	150,816

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In thousands)	Three months ended September 28, 2024	Three months ended September 30, 2023	Nine months ended September 28, 2024	Nine months ended September 30, 2023
Net income	$ 77,582	$ 33,212	$ 190,544	$ 142,692
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	12,108	(9,174)	(2,683)	(23,451)
Pension liability adjustments	(71)	(33)	(450)	4
Interest rate swap - cash flow hedge, change in fair value - loss, net of tax benefit of $(2,880) and $(3,963) for the three and nine months ended September 28, 2024, respectively, and $(598) and $(667) for the three and nine months ended September 30, 2023 respectively	(9,873)	(2,050)	(13,587)	(2,289)
Other comprehensive income (loss), net of tax	2,164	(11,257)	(16,720)	(25,736)
Comprehensive income	$ 79,746	$ 21,955	$ 173,824	$ 116,956

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

(In thousands)	Common shares issued	Treasury shares	Common shares outstanding	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Defined benefit pension adjustments	Interest rate swap - cash flow hedge	Total
Balance at December 31, 2022	149,339	(202)	149,137	$ 1,493	$ (7,112)	$ 2,205,325	$ 1,031,391	$ (49,083)	$ (83)	$ 36,069	$ 3,218,000
Shares issued under stock plans	530	—	530	6	—	8,981	—	—	—	—	8,987
Share-based compensation expense	—	—	—	—	—	30,678	—	—	—	—	30,678
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(15,092)	—	—	—	(15,092)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	(9,955)	(9,955)
Pension liability adjustment	—	—	—	—	—	—	—	—	37	—	37
Foreign currency translation	—	—	—	—	—	—	—	23,734	—	—	23,734
Net loss	—	—	—	—	—	—	(88,166)	—	—	—	(88,166)
Balance at April 1, 2023	149,869	(202)	149,667	$ 1,499	$ (7,112)	$ 2,244,984	$ 928,133	$ (25,349)	$ (46)	$ 26,114	$ 3,168,223
Shares issued under stock plans	439	—	439	4	—	18,130	—	—	—	—	18,134
Share-based compensation expense	—	—	—	—	—	11,458	—	—	—	—	11,458
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(14,961)	—	—	—	(14,961)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	9,716	9,716
Pension liability adjustment	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation	—	—	—	—	—	—	—	(38,011)	—	—	(38,011)
Net income	—	—	—	—	—	—	197,646	—	—	—	197,646
Balance at July 1, 2023	150,308	(202)	150,106	$ 1,503	$ (7,112)	$ 2,274,572	$ 1,110,818	$ (63,360)	$ (46)	$ 35,830	$ 3,352,205
Shares issued under stock plans	49	—	49	1	—	(1,029)	—	—	—	—	(1,028)
Share-based compensation expense	—	—	—	—	—	10,280	—	—	—	—	10,280
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(15,123)	—	—	—	(15,123)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	(2,050)	(2,050)
Pension liability adjustment	—	—	—	—	—	—	—	—	(33)	—	(33)
Foreign currency translation	—	—	—	—	—	—	—	(9,174)	—	—	(9,174)
Net income	—	—	—	—	—	—	33,212	—	—	—	33,212
Balance at September 30, 2023	150,357	(202)	150,155	$ 1,504	$ (7,112)	$ 2,283,823	$ 1,128,907	$ (72,534)	$ (79)	$ 33,780	$ 3,368,289

(In thousands)	Common shares issued	Treasury shares	Common shares outstanding	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Defined benefit pension adjustments	Interest rate swap - cash flow hedge	Total
Balance at December 31, 2023	150,566	(202)	150,364	$ 1,506	$ (7,112)	$ 2,305,367	$ 1,151,765	$ (61,880)	$ 314	$ 18,634	$ 3,408,594
Shares issued under stock plans	405	—	405	4	—	(5,459)	—	—	—	—	(5,455)
Share-based compensation expense	—	—	—	—	—	7,908	—	—	—	—	7,908
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(15,040)	—	—	—	(15,040)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	(1,073)	(1,073)
Pension liability adjustment	—	—	—	—	—	—	—	—	(379)	—	(379)
Foreign currency translation	—	—	—	—	—	—	—	(9,651)	—	—	(9,651)
Net income	—	—	—	—	—	—	45,266	—	—	—	45,266
Balance at March 30, 2024	150,971	(202)	150,769	$ 1,510	$ (7,112)	$ 2,307,816	$ 1,181,991	$ (71,531)	$ (65)	$ 17,561	$ 3,430,170
Shares issued under stock plans	58	—	58	—	—	616	—	—	—	—	616
Share-based compensation expense	—	—	—	—	—	26,889	—	—	—	—	26,889
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(15,200)	—	—	—	(15,200)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	(2,641)	(2,641)
Foreign currency translation	—	—	—	—	—	—	—	(5,140)	—	—	(5,140)
Net income	—	—	—	—	—	—	67,696	—	—	—	67,696
Balance at June 29, 2024	151,029	(202)	150,827	$ 1,510	$ (7,112)	$ 2,335,321	$ 1,234,487	$ (76,671)	$ (65)	$ 14,920	$ 3,502,390
Shares issued under stock plans	164	—	164	2	—	10,050	—	—	—	—	10,052
Share-based compensation expense	—	—	—	—	—	15,552	—	—	—	—	15,552
Dividends declared ($0.10 per share)	—	—	—	—	—	—	(15,230)	—	—	—	(15,230)
Interest rate swap - cash flow hedge	—	—	—	—	—	—	—	—	—	(9,873)	(9,873)
Pension liability adjustment	—	—	—	—	—	—	—	—	(71)	—	(71)
Foreign currency translation	—	—	—	—	—	—	—	12,108	—	—	12,108
Net income	—	—	—	—	—	—	77,582	—	—	—	$ 77,582
Balance at September 28, 2024	151,193	(202)	150,991	$ 1,512	$ (7,112)	$ 2,360,923	$ 1,296,839	$ (64,563)	$ (136)	$ 5,047	$ 3,592,510

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Nine months ended September 28, 2024	Nine months ended September 30, 2023
Operating activities:		
Net income	$ 190,544	$ 142,692
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	139,848	130,125
Amortization	143,898	163,493
Share-based compensation expense	50,349	52,416
Provision for deferred income taxes	(47,067)	(95,366)
Impairment of goodwill	—	104,785
Loss on extinguishment of debt	11,385	10,862
(Gain) loss from sale of businesses and held-for-sale assets, net	(4,311)	28,579
Gain on termination of alliance agreement	—	(154,754)
Charge for excess and obsolete inventory	29,882	29,314
Impairment of long-lived assets	12,967	—
Amortization of debt issuance costs and original issuance discounts	11,413	16,718
Other	4,533	21,801
Changes in operating assets and liabilities:		
Trade accounts receivable	(52,075)	(295)
Inventories	(68,872)	63,340
Accounts payable and accrued liabilities	52,563	11,804
Other current assets	450	1,644
Income taxes payable and refundable income taxes	(23,708)	(36,774)
Other	3,826	(4,013)
Net cash provided by operating activities	455,625	486,371
Investing activities:		
Acquisition of property, plant and equipment	(208,082)	(328,182)
Proceeds from sale of businesses, net	250,789	134,286
Proceeds from termination of alliance agreement	—	169,251
Other	(1,875)	1,919
Net cash provided by (used in) investing activities	40,832	(22,726)
Financing activities:		
Proceeds from revolving credit facility and short-term debt	30,000	—
Payments of revolving credit facility and short-term debt	(30,000)	(135,000)
Proceeds from long-term debt	224,537	217,449
Payments of long-term debt	(698,311)	(468,950)
Payments for debt issuance costs	—	(3,475)
Payments for dividends	(45,478)	(45,202)
Issuance of common stock	13,617	30,174
Taxes paid related to net share settlement of equity awards	(16,146)	(11,540)
Other	(1,815)	(923)
Net cash used in financing activities	(523,596)	(417,467)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2,282	(15,597)
(Decrease) increase in cash, cash equivalents and restricted cash	(24,857)	30,581
Cash, cash equivalents and restricted cash at beginning of period	456,929	563,439
Cash, cash equivalents and restricted cash at end of period	$ 432,072	$ 594,020

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

Supplemental Cash Flow Information *(In thousands)*	**Nine months ended September 28, 2024**	**Nine months ended September 30, 2023**
Non-cash transactions:		
Equipment purchases in accounts payable	$ 35,062	$ 35,684
Share issuance in exchange for extinguishment of Employee Stock Purchase Plan liability	7,741	7,459
Dividend payable	720	628
Schedule of interest and income taxes paid:		
Interest paid, net of capitalized interest	99,700	292,416
Income taxes paid, net of refunds received	92,333	129,474

See the accompanying notes to condensed consolidated financial statements.

ENTEGRIS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations Entegris, Inc. (“Entegris”, the “Company”, “us”, “we”, or “our”) is a leading supplier of advanced materials and process solutions for the semiconductor and other high-technology industries.

Principles of Consolidation The condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Intercompany profits, transactions and balances have been eliminated in consolidation. Reclassifications of certain prior year amounts have been made to conform to the current year presentation.

Use of Estimates The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, particularly receivables, inventories, property, plant and equipment, right-of-use assets, goodwill, intangibles, accrued expenses, short-term and long-term lease liabilities, income taxes and related accounts, and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and contain all adjustments considered necessary, and are of a normal recurring nature, to present fairly the Company’s financial position as of September 28, 2024 and December 31, 2023, the results of operations and comprehensive income for the three and nine months ended September 28, 2024 and September 30, 2023, the equity statements as of and for the three and nine months ended September 28, 2024 and September 30, 2023, and cash flows for the nine months ended September 28, 2024 and September 30, 2023.

The condensed consolidated financial statements and accompanying notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company’s annual consolidated financial statements and notes. The information included in this Quarterly Report should be read in conjunction with Management’s Discussion and Analysis and consolidated financial statements and notes thereto included in the Company’s Annual Report. The results of operations for the three and nine months ended September 28, 2024 are not necessarily indicative of the results to be expected for the full year.

Recently Adopted Accounting Pronouncements The Company currently has no material recently adopted accounting pronouncements.

Recently Issued Accounting Pronouncements In November 2023, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The updated standard is effective for our annual periods beginning in fiscal year 2024 and interim periods beginning in the first quarter of fiscal year 2025. Early adoption is permitted. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” that requires entities to disclose additional information about federal, state, and foreign income taxes primarily related to the income tax rate reconciliation and income taxes paid. The new standard also eliminates certain existing disclosure requirements related to uncertain tax positions and unrecognized deferred tax liabilities. The guidance is effective for our annual periods beginning in fiscal year 2025. The guidance does not affect recognition or measurement in our condensed consolidated financial statements. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

2. REVENUES

The following table provides information about current contract liabilities from contracts with customers. The contract liabilities are included in Other accrued liabilities in the condensed consolidated balance sheets.

(In thousands)	September 28, 2024	September 30, 2023
Balance at beginning of period	$ 69,051	$ 60,476
Revenue recognized that was included in the contract liability balance at the beginning of the period	(51,582)	(32,736)
Increases due to cash received, excluding amounts recognized as revenue during the period	28,726	56,145
Contract liabilities included as part of dispositions and held-for-sale	—	(6,226)
Balance at end of period	$ 46,195	$ 77,659

3. GOODWILL AND LONG-LIVED ASSET IMPAIRMENT

Electronic Chemicals

During the first quarter of 2023, while the criteria to classify the reporting unit as held-for-sale had not been met, the Company was exploring market interest in a potential sale of the Electronic Chemicals ("EC") reporting unit within the Materials Solutions ("MS") segment. In connection with the sale process, management determined that certain impairment indicators were present and evaluated goodwill, intangible assets, and long-lived assets for impairment in connection with the quarter ended April 1, 2023. The Company completed the divestiture of the EC business on October 2, 2023.

Long-lived assets, including finite-lived intangible assets

During the first quarter of 2023, the Company compared the estimated undiscounted future cash flows generated by the asset group to the carrying amount of the asset group for the reporting unit and determined that the undiscounted cash flows were expected to exceed the carrying value on a held and used basis. Therefore, no impairment was recorded on the long-lived assets or finite-lived intangible assets. The Company considered if the triggering event would cause a potential change to the useful life of the assets and determined no modification to the useful life of the assets was necessary.

Goodwill

The Company compared the reporting unit's fair value to its carrying amount, including goodwill as of April 1, 2023. As the reporting unit's carrying amount, including goodwill, exceeded its fair value, the Company determined the goodwill was impaired and recorded an impairment of $88.9 million during the quarter ended April 1, 2023 and an incremental impairment loss was recorded with the finalization of certain purchase price adjustments of $15.9 million during the three months ended September 30, 2023. The impairment was classified as Goodwill impairment in the Company's condensed consolidated statements of operations. The goodwill impairment was non-taxable. The fair value of the reporting unit was determined using a market-based approach, which was aligned to the expected selling price of approximately $700.0 million. We consider this a Level 3 measurement in the fair value hierarchy. There was no goodwill impairment charge recorded during the three and nine months ended September 28, 2024.

Other business

The Company recorded an impairment charge of $13.0 million related to the long-lived assets of a small, industrial specialty chemicals business that reports within the MS segment due to a change in the fair value of the reporting unit for the three months ended March 30, 2024. The impairment is classified as selling, general and administrative expenses in the Company's condensed consolidated statements of operations. No further impairment charge was recorded in the three months ended September 28, 2024. The fair value of the reporting unit was determined using a market-based approach. We consider this a Level 3 measurement in the fair value hierarchy. This business remains classified as an asset held-for-sale as of September 28, 2024; see Note 4 for further discussion.

4. ASSET HELD-FOR-SALE AND DIVESTITURE

Asset Held-For-Sale - Other

During the fourth quarter of 2023, the Company began the process to sell a small, industrial specialty chemicals business that reports within the MS segment. The related assets and liabilities of the business were classified as held-for-sale in the Company's condensed consolidated balance sheets and measured at the lower of their carrying amount or fair value less cost to sell. The assets and liabilities continue to be marketed for sale and are classified as held-for-sale at September 28, 2024.

The proposed disposition of the business did not meet the criteria to be classified as a discontinued operation in the Company's financial statements since the disposition did not represent a strategic shift that had, or will have, a major effect on the Company's operations and financial results.

Assets held-for-sale and liabilities held-for-sale recorded on the balance sheet were $7.0 million and $0.9 million, respectively, as of September 28, 2024. The loss before income taxes attributable to the business was not significant for the three and nine months ended September 28, 2024, respectively, except for the impairment charge of $13.0 million as noted in Note 3 for the nine months ended September 28, 2024.

Divestiture - Pipeline and Industrial Materials

During the first quarter of 2024, the Company completed the sale of its Pipeline and Industrial Materials ("PIM") business, which became part of the Company with the acquisition of CMC Materials, to SCF Partners, Inc. The PIM business specializes in the manufacture and sale of drag reducing agents and a range of valve maintenance products and services for the oil and gas industry, and reported into the MS segment of the Company.

The Company received gross cash proceeds of $263.2 million, or net proceeds of $256.2 million, and up to $25.0 million in cash earn-out payments contingent upon the performance of the PIM business in 2025 and 2026.

The Company's policy is to account for the contingent consideration arrangement in accordance with ASC 450, Contingencies (Subtopic 450-30). Under this approach, the Company recognizes the contingent consideration receivable in earnings after the contingency is resolved. Accordingly, to determine the initial gain on the sale of the PIM business, the Company did not include an amount related to the contingent consideration arrangement as part of the consideration received.

The following table summarizes the fair value of the sale proceeds received in connection with the divestiture, which are subject to final post-closing adjustment:

(In thousands)		March 1, 2024
Cash proceeds received, gross	$	263,208
Final working capital adjustment		1,189
Cash transferred to the buyer on the closing balance sheet		(230)
Direct costs to sell		(8,005)
Fair value of sale consideration	$	256,162

The disposition of the PIM business did not meet the criteria to be classified as a discontinued operation in the Company's financial statements since the disposition did not represent a strategic shift that had, or will have, a major effect on the Company's operations and financial results.

The carrying amount of net assets associated with the PIM business was approximately $252.8 million. The major classes of assets and liabilities sold consisted of the following:

(In thousands)		
Assets:		**March 1, 2024**
Current assets	$	58,684
Property, plant and equipment, net		118,146
Intangible assets, net		76,692
Goodwill		12,707
Other assets		2,500
Total assets held-for-sale	$	268,729
Liabilities:		
Accounts payable	$	9,485
Accrued expenses		4,672
Long-term liabilities		1,737
Total liabilities held-for-sale	$	15,894

As a result of the sale of the PIM business, the Company recognized a pre-tax loss (gain) of $0.0 million and $(4.3) million, inclusive of a $1.0 million gain reclassified from Accumulated other comprehensive loss for foreign currency translation, presented in Selling, general and administrative expenses in the condensed consolidated statements of operations for the three and nine months ended September 28, 2024, respectively. The Company recorded an income tax (benefit) expense associated with the PIM divestiture of approximately $0.0 million and $1.0 million for the three and nine months ended September 28, 2024, respectively.

5. INVENTORIES

Inventories consisted of the following:

(In thousands)		September 28, 2024		December 31, 2023
Raw materials	$	250,025	$	248,656
Work-in-process		56,857		49,704
Finished goods [1]		336,152		308,691
Total inventories, net	$	643,034	$	607,051

[1] Includes consignment inventories held by customers of $22.3 million and $20.8 million at September 28, 2024 and December 31, 2023, respectively.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill activity for each of the Company's reportable segments that carry goodwill, Material Solutions ("MS"), Microcontamination Control ("MC"), and Advanced Materials Handling ("AMH"), was as follows at September 28, 2024 and December 31, 2023:

(In thousands)	MS	MC	AMH	Total
December 31, 2023	$ 3,631,350	$ 240,408	$ 74,102	$ 3,945,860
Foreign currency translation	(6)	721	—	715
September 28, 2024	$ 3,631,344	$ 241,129	$ 74,102	$ 3,946,575

Identifiable intangible assets at September 28, 2024 and December 31, 2023 consisted of the following:

	September 28, 2024		
(In thousands)	Gross carrying amount	Accumulated amortization	Net carrying value
Developed technology	$ 1,257,034	$ 565,448	$ 691,586
Trademarks and trade names	172,050	46,092	125,958
Customer relationships	630,822	319,652	311,170
In-process research and development [1]	6,600	—	6,600
Other	25,545	22,229	3,316
	$ 2,092,051	$ 953,421	$ 1,138,630

	December 31, 2023		
(In thousands)	Gross carrying amount	Accumulated amortization	Net carrying value
Developed technology	$ 1,256,469	$ 455,720	$ 800,749
Trademarks and trade names	172,031	37,877	134,154
Customer relationships	630,743	293,782	336,961
In-process research and development [1]	7,100	—	7,100
Other	23,924	20,919	3,005
	$ 2,090,267	$ 808,298	$ 1,281,969

[1] Intangible assets acquired in a business combination that are in-process and used in research and development activities are considered indefinite-lived until the completion or abandonment of the research and development efforts. Once the research and development efforts are completed, we move the asset to developed technology, determine the useful life and begin amortizing the assets.

Future amortization expense relating to intangible assets currently recorded in the Company's condensed consolidated balance sheets is estimated to be the following at September 28, 2024:

(In thousands)	Remaining 2024	2025	2026	2027	2028	Thereafter	Total
Future amortization expense	$ 139,613	185,370	180,380	177,822	174,709	280,736	$ 1,138,630

7. DEBT

The Company's debt as of September 28, 2024 and December 31, 2023 consisted of the following:

(In thousands)	September 28, 2024	December 31, 2023
Senior secured term loans B due 2029 at 4.71% [1]	900,000	1,373,774
Senior secured notes due 2029 at 4.75%	1,600,000	1,600,000
Senior unsecured notes due 2030 at 5.95%	895,000	895,000
Senior unsecured notes due 2029 at 3.625%	400,000	400,000
Senior unsecured notes due 2028 at 4.375%	400,000	400,000
Revolving facility due 2027 at 7.08% [2]	—	—
Total debt (par value)	4,195,000	4,668,774
Unamortized discount and debt issuance costs	69,310	91,633
Total debt, net	4,125,690	4,577,141
Less current portion of long-term debt	65,000	—
Total long-term debt, net	$ 4,060,690	$ 4,577,141

Annual maturities of long-term debt, excluding unamortized discount and debt issuance costs, due as of September 28, 2024 were as follows:

(In thousands)	Remaining 2024	2025	2026	2027	2028	Thereafter	Total
Long-term debt obligation maturities*	$65,000 [3]	—	—	—	400,000	3,730,000	$ 4,195,000

* Senior secured term loans B subject to Excess Cash Flow payments to the lenders.

[1] The Company entered into a floating-to-fixed swap contract on its variable rate debt under our senior secured term loan facility due 2029. The effective interest rate after consideration of this floating-to-fixed swap contract was 4.71%. Refer to Note 9 for a description of our interest rate swap contract.

[2] Our senior secured revolving credit facility due 2027 (the "Revolving Facility") bears interest at a rate per annum equal to SOFR, plus an applicable margin of 1.75%. The Revolving Facility has commitments of $575.0 million.

[3] On September 30, 2024, the Company repaid a total of $65.0 million of the outstanding borrowings under the senior secured term loans B due 2029. The Company has classified the debt associated with the repayment as a current liability in the condensed consolidated balance sheets as of September 28, 2024, based on both its intent and ability to repay the debt within the next 12 months.

Senior secured term loans B due 2029

On March 28, 2024, the Company and certain of its subsidiaries entered into Amendment No. 3 (the "Third Amendment"), with the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which amended the Credit and Guaranty Agreement, dated as of November 6, 2018 (as amended and restated as of July 6, 2022 and as subsequently amended on each of March 10, 2023 and September 11, 2023, the "Existing Credit Agreement" and, the Existing Credit Agreement as amended by the Third Amendment, the "Amended Credit Agreement"), by and among the Company, as borrower, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent.

The Third Amendment provides for, among other things, the reduction of the applicable rate of the Company's outstanding senior secured term loans B under the Existing Credit Agreement. After giving effect to the Third Amendment, such outstanding term loans B bear interest, at a rate per annum equal to, at the Company's option, either (i) Term SOFR plus an applicable margin of 1.75% or (ii) a base rate plus an applicable margin of 0.75%. Other than as described herein (and more fully described in the Third Amendment), the terms of the Amended Credit Agreement are substantially similar to the terms of the Existing Credit Agreement. In connection with the Third Amendment, the Company made a prepayment of $354.5 million on the term loans B.

During the three and nine months ended September 28, 2024, the Company repaid a total of $0.0 million and $473.8 million of the outstanding borrowings under the term loans B. For more information concerning repayments of outstanding borrowings under our term loans B, please see Note 14. Subsequent Events. In connection with these repayments and entry into the Third Amendment, the Company incurred a pre-tax loss on extinguishment and modification of debt of $0.0 million and $12.3 million for the three and nine months ended September 28, 2024, respectively, which is included in Other (income) expense, net in the condensed consolidated statements of operations.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company is required to record certain assets and liabilities at fair value. The valuation methods used for determining the fair value of these financial instruments by hierarchy are as follows:

Level 1 Cash and cash equivalents consist of various bank accounts used to support our operations and investments in institutional money-market funds that are traded in active markets.

Level 2 Derivative financial instruments include an interest rate swap contract. The fair value of our derivative instruments is estimated using standard valuation models and market-based observable inputs over the contractual term, including the prevailing SOFR-based yield curves for the interest rate swap, and forward rates. The fair value of our debt is estimated
based on independent broker/dealer bids or by comparison to other debt securities having similar durations, yields and credit
ratings.

Level 3 No Level 3 financial instruments.

The following table presents financial instruments, other than debt, that we measure at fair value on a recurring basis. See Note 7 to our condensed consolidated financial statements for a discussion of our debt. In instances where the inputs used to measure the fair value of an asset fall into more than one level of the hierarchy, we have classified it based on the lowest level input that is significant to the determination of the fair value.

	Fair Value Measurements at Reporting Date Using							
(In thousands):	Level 1		Level 2		Level 3		Total	
Assets:	September 28, 2024	December 31, 2023	September 28, 2024	December 31, 2023	September 28, 2024	December 31, 2023	September 28, 2024	December 31, 2023
Cash and cash equivalents	$ 432,072	$ 456,929	$ —	$ —	$ —	$ —	$ 432,072	$ 456,929
Derivative financial instruments - Interest rate swap - cash flow hedge	—	—	6,519	24,069	—	—	6,519	24,069
Total	$ 432,072	$ 456,929	$ 6,519	$ 24,069	$ —	$ —	$ 438,591	$ 480,998

Other Fair Value Disclosures

The estimated fair value and carrying value of our debt as of September 28, 2024 and December 31, 2023 were as follows:

	September 28, 2024		December 31, 2023	
(In thousands)	Carrying Value	Fair Value	Carrying Value	Fair Value
Total debt, net	$ 4,125,690	$ 4,140,175	$ 4,577,141	$ 4,536,238

9. DERIVATIVE INSTRUMENTS

The Company is exposed to various market risks, including risks associated with interest rates and foreign currency exchange rates. One objective of the Company's risk management program is to mitigate these risks using derivative instruments.

Cash Flow Hedges - Interest Rate Swap Contract

In July 2022, the Company entered into a floating-to-fixed swap agreement on its variable rate debt under our senior secured term loan facility due 2029 (the "Term Loan Facility"). The interest rate swap was designated specifically to the Term Loan Facility and qualifies as a cash flow hedge. The notional amount is scheduled to decrease quarterly and will expire on December 30, 2025. As with cash flow hedges, unrealized gains are recognized as assets and unrealized losses are recognized as liabilities. Unrealized gains and losses are designated as effective or ineffective based on a comparison of the changes in fair value of the interest rate swaps and changes in fair value of the underlying exposures being hedged. The effective portion is recorded as a component of Accumulated other comprehensive loss in the condensed consolidated balance sheets and will be reflected in earnings during the period the hedged transaction effects earnings, while the ineffective portion is recorded as a component of Interest expense in the condensed consolidated statements of operations.

Foreign Currency Contracts Not Designated as Hedges

The Company enters into foreign exchange contracts in an effort to mitigate the risks associated with currency fluctuations on certain foreign currency balance sheet exposures. These foreign exchange contracts do not qualify for hedge accounting. The Company recognizes the change in fair value of its foreign currency forward contracts in the condensed consolidated statements of operations.

The notional amounts of our derivative instruments were as follows:

(In thousands)		
Derivatives designated as hedging instruments:	**September 28, 2024**	**December 31, 2023**
Interest rate swap contract - cash flow hedge	$ 900,000	$ 1,350,000

The fair values of our derivative instruments included in the condensed consolidated balance sheets were as follows:

(In thousands)		
Condensed Consolidated Balance Sheets Location	**Derivative Assets**	
Derivatives designated as hedging instruments - Interest rate swap contract - cash flow hedge	**September 28, 2024**	**December 31, 2023**
Other current assets	$ 6,297	$ 21,451
Other assets	222	2,618

The following table summarizes the effects of our derivative instruments on our condensed consolidated statements of operations:

(In thousands)		**Gain recognized in Condensed Consolidated Statements of Operations**			
		Three months ended		**Nine months ended**	
Derivatives designated as hedging instruments:	**Condensed Consolidated Statements of Operations Location**	**September 28, 2024**	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Interest rate swap contract - cash flow hedge	Interest expense	$ (5,587)	$ (9,530)	$ (23,241)	$ (27,081)
Derivatives not designated as hedging instruments:					
Foreign exchange contracts	Other (income) expense, net	$ —	$ —	$ —	$ (374)

The following table summarizes the effects of our derivative instruments on Accumulated other comprehensive loss:

(In thousands)	**Loss recognized in Other comprehensive loss**			
	Three months ended		**Nine months ended**	
Derivatives designated as hedging instruments:	**September 28, 2024**	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Interest rate swap contract - cash flow hedge	$ (9,873)	$ (2,050)	$ (13,587)	$ (2,289)

We expect approximately $6.3 million to be reclassified from Accumulated other comprehensive loss into Interest expense, net during the next twelve months related to our interest rate swap based on projected rates of the SOFR forward curve as of September 28, 2024.

10. INCOME TAXES

The Company's tax provision or benefit from income taxes for interim periods is determined using an estimate of the annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates an estimate of the annual effective tax rate, and if the estimated tax rate changes, we make a cumulative adjustment.

Income tax expense was $8.2 million and $18.3 million in the three and nine months ended September 28, 2024, respectively, compared to income tax (benefit) expense of $(2.1) million and $2.9 million in the three and nine months ended September 30, 2023, respectively. The Company's year-to-date effective income tax rate was 9.5% and 8.7% for the three and nine months ended September 28, 2024, respectively, compared to (6.8)% and 2.0% for the three and nine months ended September 30, 2023, respectively.

The changes in the effective tax rate for the three and nine months ended September 28, 2024 compared to the prior year primarily relate to discrete divestiture activity recorded during the three and nine months ended September 30, 2023 and the integration of the CMC Materials acquisition.

The Organization for Economic Co-operation and Development introduced Base Erosion and Profit Shifting Pillar 2 rules that seek to impose a global minimum income tax rate of 15%. Numerous countries have enacted legislation in connection therewith that became effective on January 1, 2024. We have evaluated the impact of this legislation based on Entegris' current global operations and it is not expected to have a material impact on the annual effective tax rate and there was not a material impact to the three and nine months ended September 28, 2024. The Company will continue to update our analysis and monitor the ongoing legislation throughout the year.

11. EARNINGS PER COMMON SHARE

Basic earnings per common share ("EPS") is calculated based on the weighted average number of shares of common stock outstanding during the applicable period. Diluted EPS is calculated based on the weighted average number of shares of common stock outstanding plus potentially dilutive shares of common stock outstanding during the applicable period. The following table presents a reconciliation of the share amounts used in the computation of basic and diluted EPS:

	Three months ended		Nine months ended	
(In thousands)	**September 28, 2024**	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Basic—weighted average common shares outstanding	151,196	150,127	150,849	149,793
Weighted average common shares assumed upon exercise of stock options and vesting of restricted common stock	728	1,102	971	1,023
Diluted—weighted average common shares and common shares equivalent outstanding	151,924	151,229	151,820	150,816

The Company excluded the following shares underlying stock-based awards from the calculations of diluted EPS because their inclusion would have been anti-dilutive for the three and nine months ended September 28, 2024 and September 30, 2023:

	Three months ended		Nine months ended	
(In thousands)	**September 28, 2024**	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Shares excluded from calculations of diluted EPS	630	465	449	672

12. OTHER (INCOME) EXPENSE, NET

Other (income) expense, net for the three and nine months ended September 28, 2024 and September 30, 2023 consisted of the following:

	Three months ended		Nine months ended	
(In thousands)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Infineum termination fee, net	$ —	$ —	$ —	$ (10,876)
(Gain) loss on foreign currency transactions	(2,111)	4,928	2,184	11,214
Loss on extinguishment of debt and modification	—	4,532	12,347	12,893
Other, net	1,899	783	2,519	78
Other (income) expense, net	$ (212)	$ 10,243	$ 17,050	$ 13,309

Infineum termination fee, net

On October 11, 2022, the Company and Infineum USA L.P. ("Infineum") entered into a definitive agreement for the sale of the Company's PIM business. On February 10, 2023, the Company terminated the definitive agreement. In accordance with the terms of the definitive agreement, the Company received a $12.0 million termination fee from Infineum in the first quarter of 2023 and incurred a transaction fee of $1.1 million to the third-party financial adviser it had engaged to assist with the transaction.

13. SEGMENT REPORTING

The Company currently reports its financial performance in the following segments:

- **Materials Solutions:** MS provides materials-based solutions, such as chemical mechanical planarization slurries and pads, deposition materials, process chemistries and gases, formulated cleans, etchants and other specialty materials that enable our customers to achieve better device performance and faster time to yield, while providing for lower total cost of ownership.
- **Microcontamination Control:** MC offers advanced solutions that improve customers' yield, device reliability and cost by filtering and purifying critical liquid chemistries and gases used in semiconductor manufacturing processes and other high-technology industries.
- **Advanced Materials Handling:** AMH develops solutions that improve customers' yields by protecting critical materials during manufacturing, transportation, and storage, including products that monitor, protect, transport and deliver critical liquid chemistries, wafers, and other substrates for a broad set of applications in the semiconductor, life sciences and other high-technology industries.

Effective October 30, 2024, the Company realigned its segments in order to align its segment financial reporting with a change in its business structure. Following the operating segment realignment, the Company's two reportable segments are as follows: (1) Materials Solutions and (2) a new division that combines MC and AMH. See Note 14 for further discussion.

The Company accounts for inter-segment sales similar to third-party transactions and the sales price reflects current market prices. Inter-segment sales are eliminated in consolidation and are not included in consolidated sales on the financial statements.

Summarized financial information for the Company's reportable segments is shown in the following tables.

	Three months ended		Nine months ended	
(In thousands)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales				
MS	$ 346,634	$ 435,538	$ 1,039,003	$ 1,324,502
MC	286,995	286,217	848,628	839,128
AMH	182,177	180,248	533,256	589,457
Inter-segment elimination	(8,112)	(13,764)	(29,516)	(41,452)
Total net sales	$ 807,694	$ 888,239	$ 2,391,371	$ 2,711,635

	Three months ended		Nine months ended	
(In thousands)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Segment profit				
MS [(1)]	$ 71,706	$ 56,955	$ 209,098	$ 243,171
MC	96,704	101,132	276,968	297,790
AMH	30,611	31,642	84,197	115,637
Total segment profit	$ 199,021	$ 189,729	$ 570,263	$ 656,598

[(1)] MS segment profit is inclusive of a $154.8 million gain, net on termination of alliance agreement for the nine months ended September 30, 2023, a $28.6 million loss on sale of business and held-for-sale assets for the nine months ended September 30, 2023, a $15.9 million and $104.8 million goodwill impairment charge relating to the EC reporting unit for the three and nine months ended September 30, 2023, respectively, and a $13.0 million long-lived asset impairment charge for the nine months ended September 28, 2024.

The following table reconciles total segment profit to income before income tax expense (benefit):

	Three months ended		Nine months ended	
(In thousands)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Total segment profit	$ 199,021	$ 189,729	$ 570,263	$ 656,598
Less:				
Amortization of intangible assets	46,226	51,239	143,898	163,493
Unallocated general and administrative expenses	16,554	21,429	42,426	94,964
Operating income	136,241	117,061	383,939	398,141
Interest expense	51,666	77,820	162,726	244,874
Interest income	(1,247)	(2,226)	(5,401)	(5,854)
Other (income) expense, net	(212)	10,243	17,050	13,309
Income before income tax expense (benefit)	$ 86,034	$ 31,224	$ 209,564	$ 145,812

In the following tables, revenue is disaggregated by customers' country or region based on the ship to location of the customer for the three and nine months ended September 28, 2024 and September 30, 2023, respectively.

	Three months ended September 28, 2024				
(In thousands)	MS	MC	AMH	Inter-segment	Total
North America	$ 73,196	$ 48,163	$ 48,852	$ (8,112)	$ 162,099
Taiwan	59,984	69,559	31,780	—	161,323
China	62,747	61,392	47,808	—	171,947
South Korea	53,357	31,432	20,486	—	105,275
Japan	33,977	35,307	7,956	—	77,240
Europe	25,551	26,428	16,190	—	68,169
Southeast Asia	37,822	14,714	9,105	—	61,641
	$ 346,634	$ 286,995	$ 182,177	$ (8,112)	$ 807,694

	Three months ended September 30, 2023				
(In thousands)	MS	MC	AMH	Inter-segment	Total
North America	$ 141,427	$ 42,115	$ 52,130	$ (13,764)	$ 221,908
Taiwan	61,094	61,710	28,249	—	151,053
China	47,012	60,009	38,409	—	145,430
South Korea	50,085	28,978	23,303	—	102,366
Japan	26,364	57,472	10,279	—	94,115
Europe	63,346	19,951	17,213	—	100,510
Southeast Asia	46,210	15,982	10,665	—	72,857
	$ 435,538	$ 286,217	$ 180,248	$ (13,764)	$ 888,239

	Nine months ended September 28, 2024				
(In thousands)	MS	MC	AMH	Inter-segment	Total
North America	$ 248,770	$ 136,529	$ 160,867	$ (29,516)	$ 516,650
Taiwan	173,452	211,365	91,662	—	476,479
China	181,700	185,413	123,737	—	490,850
South Korea	150,673	93,694	63,173	—	307,540
Japan	93,030	102,828	23,692	—	219,550
Europe	87,723	74,395	48,435	—	210,553
Southeast Asia	103,655	44,404	21,690	—	169,749
	$ 1,039,003	$ 848,628	$ 533,256	$ (29,516)	$ 2,391,371

	Nine months ended September 30, 2023				
(In thousands)	MS	MC	AMH	Inter-segment	Total
North America	$ 429,637	$ 129,827	$ 184,003	$ (41,452)	$ 702,015
Taiwan	176,414	169,933	93,691	—	440,038
China	145,675	170,381	105,422	—	421,478
South Korea	162,341	88,631	84,943	—	335,915
Japan	81,434	165,014	33,363	—	279,811
Europe	192,578	71,602	61,099	—	325,279
Southeast Asia	136,423	43,740	26,936	—	207,099
	$ 1,324,502	$ 839,128	$ 589,457	$ (41,452)	$ 2,711,635

14. SUBSEQUENT EVENTS

Dividend

On October 16, 2024, the Company's board of directors declared a quarterly cash dividend of $0.10 per share to be paid on November 20, 2024 to shareholders of record on the close of business on October 30, 2024.

Debt payment

On September 30, 2024, the Company repaid a total of $65.0 million of the outstanding borrowings under the senior secured term loans B due 2029. The Company has classified the debt associated with the repayment as a current liability in the condensed consolidated balance sheets as of September 28, 2024, based on both its intent and ability to repay the debt within the next 12 months.

Segment realignment

Effective October 30, 2024, the Company realigned its segments in order to align its segment financial reporting with a change in its business structure. Following the operating segment realignment, the Company's two reportable segments are as follows: (1) Materials Solutions and (2) a new division that combines MC and AMH. The succeeding interim and annual periods will disclose the reportable segments with prior periods recast to reflect the change. The Company will evaluate any impairment implications from the segment changes and related reporting unit changes, if any, during the period in which the changes take effect.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's condensed consolidated financial condition and results of operations should be read along with the condensed consolidated financial statements and the accompanying notes thereto included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report"). The information, except for historical information, contained in this discussion and analysis or set forth elsewhere in this Quarterly Report includes forward-looking statements that involve risks and uncertainties. You should review the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report") as well as in our other U.S. Securities and Exchange Commission ("SEC") filings for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis or set forth elsewhere in this Quarterly Report. The Company assumes no obligation to publicly release the results of any revisions or updates to these forward-looking statements to reflect future events or unanticipated occurrences.

Overview

The Company is a leading supplier of mission-critical advanced materials and process solutions for the semiconductor and other high-technology industries. We leverage our unique breadth of capabilities to help our customers improve their productivity, performance and technology in the most advanced manufacturing environments.

Our business is organized and operated in three operating segments.

- **Materials Solutions:** MS provides materials-based solutions, such as chemical mechanical planarization ("CMP") slurries and pads, deposition materials, process chemistries and gases, formulated cleans, etchants and other specialty materials that enable our customers to achieve better device performance and faster time to yield, while providing for lower total cost of ownership.
- **Microcontamination Control:** MC offers advanced solutions that improve customers' yield, device reliability and cost by filtering and purifying critical liquid chemistries and gases used in semiconductor manufacturing processes and other high-technology industries.
- **Advanced Materials Handling:** AMH develops solutions that improve customers' yields by protecting critical materials during manufacturing, transportation, and storage, including products that monitor, protect, transport and deliver critical liquid chemistries, wafers, and other substrates for a broad set of applications in the semiconductor, life sciences and other high-technology industries.

These segments share common business systems and processes, technology centers and technology roadmaps. With the complementary capabilities within and across these segments, we believe we are uniquely positioned to create new, co-optimized and increasingly integrated solutions for our customers. For example, we offer complementary solutions for our customers consisting of advanced deposition materials products, CMP slurries, pads and post-CMP cleaning chemistries from our MS segment, CMP slurry filters from our MC segment, and CMP slurry high-purity packaging and fluid monitoring systems from our AMH segment.

The Company's fiscal year is the calendar period ending each December 31. The Company's fiscal quarters consist of 13-week or 14-week periods that end on a Saturday. The Company's fiscal quarters in 2024 end on March 30, 2024, June 29, 2024, September 28, 2024 and December 31, 2024.

Impact of Conflict Between Israel and Hamas

The military conflict between Israel and militant groups led by Hamas and other tensions and conflicts in the Middle East have caused uncertainty in the global markets, including, but not limited to, disruptions to shipping routes and risks of further escalations. Revenue relating to products manufactured from raw materials or components sourced from or through this region does not constitute a material portion of our business and historically we have not had significant revenue in this region. There continues to be uncertainty regarding the ultimate impact these conflicts may have on the global economy, supply chains, logistics, fuel prices, raw material pricing and our business.

Recent Events

On March 1, 2024, the Company completed the sale of its PIM business. The Company received cash proceeds of $263.2 million, or net proceeds of $256.2 million. See Note 4 to our condensed consolidated financial statements for further discussion.

On March 28, 2024, the Company and certain of its subsidiaries entered into Amendment No. 3 (the "Third Amendment"), with the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, which amended the Credit and Guaranty Agreement, dated as of November 6, 2018 (as amended and restated as of July 6, 2022 and as subsequently amended on each of March 10, 2023 and September 11, 2023, the "Existing Credit Agreement"), by and among the Company, as borrower, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent and collateral agent. See Note 7 to our condensed consolidated financial statements for additional information.

On June 26, 2024, the Company and the U.S. Department of Commerce announced entry into a non-binding Preliminary Memorandum of Terms, which provides for up to $75 million in proposed direct funding to the Company under the CHIPS and Science Act of 2022. This funding would support the development of a facility in Colorado Springs, Colorado, which will support the Company's AMH and MC divisions.

Effective October 30, 2024, the Company realigned its segments in order to align its segment financial reporting with a change in its business structure. Following the operating segment realignment, the Company's two reportable segments are as follows: (1) Materials Solutions and (2) a new division that combines MC and AMH. The succeeding interim and annual periods will disclose the reportable segments with prior periods recast to reflect the change.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon the Company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these condensed consolidated financial statements requires the Company to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

The critical accounting policies affected most significantly by estimates, assumptions and judgments used in the preparation of the Company's condensed consolidated financial statements are described in Item 7 of our Annual Report. On an ongoing basis, the Company evaluates the critical accounting policies used to prepare its condensed consolidated financial statements, including, but not limited to, those related to business acquisitions. There have been no material changes in these critical accounting policies and estimates.

Three and Nine Months Ended September 28, 2024 Compared to Three and Nine Months Ended September 30, 2023

The following table compares operating results for the three and nine months ended September 28, 2024 and September 30, 2023, both in dollars and as a percentage of net sales, for each caption.

	Three months ended				Nine months ended			
(Dollars in thousands)	September 28, 2024		September 30, 2023		September 28, 2024		September 30, 2023	
Net sales	$ 807,694	100.0 %	$ 888,239	100.0 %	$ 2,391,371	100.0 %	$ 2,711,635	100.0 %
Cost of sales	435,869	54.0	521,165	58.7	1,291,907	54.0	1,558,710	57.5
Gross profit	371,825	46.0	367,074	41.3	1,099,464	46.0	1,152,925	42.5
Selling, general and administrative expenses	108,455	13.4	116,051	13.1	336,963	14.1	431,514	15.9
Engineering, research and development expenses	80,903	10.0	66,810	7.5	234,664	9.8	209,746	7.7
Amortization of intangible assets	46,226	5.7	51,239	5.8	143,898	6.0	163,493	6.0
Goodwill impairment	—	—	15,913	1.8	—	—	104,785	3.9
Gain on termination of alliance agreement	—	—	—	—	—	—	(154,754)	(5.7)
Operating income	136,241	16.9	117,061	13.2	383,939	16.1	398,141	14.7
Interest expense	51,666	6.4	77,820	8.8	162,726	6.8	244,874	9.0
Interest income	(1,247)	(0.2)	(2,226)	(0.3)	(5,401)	(0.2)	(5,854)	(0.2)
Other (income) expense, net	(212)	—	10,243	1.2	17,050	0.7	13,309	0.5
Income before income tax expense (benefit)	86,034	10.7	31,224	3.5	209,564	8.8	145,812	5.4
Income tax expense (benefit)	8,190	1.0	(2,127)	(0.2)	18,335	0.8	2,851	0.1
Equity in net loss of affiliates	262	—	139	—	685	—	269	—
Net income	$ 77,582	9.6 %	$ 33,212	3.7 %	$ 190,544	8.0 %	$ 142,692	5.3 %

Net sales For the three months ended September 28, 2024, net sales decreased by 9.1% to $807.7 million, compared to $888.2 million for the three months ended September 30, 2023. An analysis of the factors underlying the decrease in net sales is presented in the following table:

(In thousands)	
Net sales in the quarter ended September 30, 2023	$ 888,239
Decrease associated with divestitures	(132,250)
Decrease associated with effect of foreign currency translation	(1,339)
Increase primarily associated with volume	53,044
Net sales in the quarter ended September 28, 2024	$ 807,694

As described in the table above, the decrease in net sales was primarily attributable to (i) the absence of sales totaling $132.3 million associated with divested businesses and (ii) a reduction of $1.3 million of sales attributable to unfavorable foreign currency translations, primarily related to the weakening of the Japanese yen relative to the U.S. dollar compared to the quarter ended September 30, 2023. These sales declines were partially offset by $53.0 million of sales due to increased semiconductor market demand.

On a geographic basis, sales percentage by customers' country or region for the three months ended September 28, 2024 and September 30, 2023 and the percentage increase (decrease) in sales for the three months ended September 28, 2024 compared to the sales for the three months ended September 30, 2023 were as follows:

	Three months ended		
	September 28, 2024	September 30, 2023	Percentage increase (decrease) in sales
North America	20 %	25 %	(27 %)
Taiwan	20 %	17 %	7 %
China	21 %	16 %	18 %
South Korea	13 %	12 %	3 %
Japan	10 %	11 %	(18 %)
Europe	8 %	11 %	(32 %)
Southeast Asia	8 %	8 %	(15 %)

The decreases in sales to customers in North America primarily relate to the absence of sales from divested businesses. The increase in sales to customers in Taiwan primarily relates to increased demand of our MC and AMH products. The increase in sales to customers in China primarily relates to increased demand of our MS and AMH products. The increase in sales to customers in South Korea primarily relates to increased demand of our MS and MC products, partially offset by decreased demand of our AMH products. The decrease in sales to customers in Japan primarily relates to decreased demand of our MC products, partially offset by increased demand of our MS products. The decreases in sales to customers in Europe primarily relate to the absence of sales from divested businesses. The decrease in sales to customers in Southeast Asia primarily relates to the absence of sales from divested businesses.

Net sales for the nine months ended September 28, 2024 were $2,391.4 million, compared to $2,711.6 million for the nine months ended September 30, 2023. An analysis of the factors underlying the decrease in net sales is presented in the following table:

(In thousands)	
Net sales in the nine months ended September 30, 2023	$ 2,711,635
Decrease associated with divestitures	(387,397)
Decrease associated with effect of foreign currency translation	(19,434)
Increase primarily associated with volume	86,567
Net sales in the nine months ended September 28, 2024	$ 2,391,371

As described in the table above, the decrease in net sales was primarily attributable to (i) the absence of sales totaling $387.4 million associated with divested businesses and (ii) a reduction of $19.4 million of sales attributable to unfavorable foreign currency translation effects, primarily due to the weakening of the Japanese yen relative to the U.S. dollar compared to the nine-month period ended September 30, 2023. These sales were partially offset by $86.6 million of sales due to increased semiconductor market demand.

On a geographic basis, sales percentage by customers' country or region for the nine months ended September 28, 2024 and September 30, 2023 and the percentage increase (decrease) in sales for the nine months ended September 28, 2024 compared to the sales for the nine months ended September 30, 2023 were as follows:

	Nine months ended		
	September 28, 2024	September 30, 2023	Percentage increase (decrease) in sales
North America	22 %	26 %	(26 %)
Taiwan	20 %	16 %	8 %
China	21 %	16 %	16 %
South Korea	13 %	12 %	(8 %)
Japan	9 %	10 %	(22 %)
Europe	9 %	12 %	(35 %)
Southeast Asia	7 %	8 %	(18 %)

The decreases in sales to customers in North America primarily relate to the absence of sales from divested businesses. The increase in sales to customers in Taiwan primarily relates to increased demand of our MC products. The increase in sales to customers in China primarily relates to increased demand for products from each of our segments. The decrease in sales to customers in South Korea primarily relates to decreased demand of our AMH and MS products. The decrease in sales to customers in Japan primarily relates to decreased demand of our MC products. The decrease in sales to customers in Europe primarily relates to the absence of sales from divested businesses and lower sales demand of our AMH products. The decrease in sales to customers in Southeast Asia primarily relates to the absence of sales from divested businesses, partially offset by increased demand of our MS products.

Gross margin The following table sets forth gross margin (gross profit as a percentage of net revenues):

	Three months ended			Nine months ended		
	September 28, 2024	September 30, 2023	Percentage point change	September 28, 2024	September 30, 2023	Percentage point change
Gross margin:	46.0 %	41.3 %	4.7	46.0 %	42.5 %	3.5

Gross margin increased by 4.7 percentage points for the three months ended September 28, 2024, compared to the same period in the prior year. Gross margin increased primarily due to positive impact of the divested businesses and improved plant performance.

Gross margin increased by 3.5 percentage points for the nine months ended September 28, 2024, compared to the same period in the prior year. Gross margin increased primarily due to positive impact of the divested businesses and improved plant performance.

Selling, general and administrative expenses Selling, general and administrative ("SG&A") expenses were $108.5 million in the three months ended September 28, 2024, compared to $116.1 million in the year-ago period. The factors underlying the change in SG&A expenses are presented in the following table:

(In thousands)	
Selling, general and administrative expenses in the quarter ended September 30, 2023	116,051
Integration, deal and transaction costs	(9,874)
Other increases, net	2,278
Selling, general and administrative expenses in the quarter ended September 28, 2024	108,455

SG&A expenses were $337.0 million in the nine months ended September 28, 2024, compared to $431.5 million in the year-ago period. The factors underlying the change in SG&A expenses are presented in the following table:

(In thousands)	
Selling, general and administrative expenses in the nine months ended September 30, 2023	431,514
Integration, deal and transaction costs	(45,348)
Absence of loss on sale of QED business and asset held-for-sale	(28,579)
Employee costs, mainly driven by divested businesses	(22,567)
Depreciation expense	(7,556)
Gain on sale of business - PIM	(4,311)
Long-lived asset impairment	12,967
Other increases, net	843
Selling, general and administrative expenses in the nine months ended September 28, 2024	336,963

Engineering, research and development expenses The Company's engineering, research and development ("ER&D") efforts focus on the support or extension of current product lines and the development of new products and manufacturing technologies. ER&D expenses were $80.9 million in the three months ended September 28, 2024 compared to $66.8 million in the year-ago period. The factors underlying ER&D expenses are presented in the following table:

(In thousands)		
Engineering, research and development expenses in the quarter ended September 30, 2023	$	66,810
Employee costs		5,556
Project related expenses		4,932
Depreciation expense		2,018
Other increases, net		1,587
Engineering, research and development expenses in the quarter ended September 28, 2024	$	80,903

ER&D expenses were at $234.7 million in the nine months ended September 28, 2024 compared to $209.7 million in the year-ago period. The factors underlying ER&D expenses are presented in the following table:

(In thousands)		
Engineering, research and development expenses in the nine months ended September 30, 2023	$	209,746
Employee costs		8,325
Project related expenses		8,417
Depreciation expense		5,704
Other increases, net		2,472
Engineering, research and development expenses in the nine months ended September 28, 2024	$	234,664

Amortization expenses Amortization of intangible assets was $46.2 million in the three months ended September 28, 2024, compared to $51.2 million for the three months ended September 30, 2023. The decrease primarily reflects the absence of amortization for certain identifiable intangible assets acquired in previous acquisitions that became fully amortized.

Amortization of intangible assets was $143.9 million in the nine months ended September 28, 2024, compared to $163.5 million for the nine months ended September 30, 2023. The decrease primarily reflects the absence of amortization for certain identifiable intangible assets acquired in previous acquisitions that became fully amortized and the intangible assets disposed of as part of the EC disposition.

Goodwill impairment The Company recorded a goodwill impairment charge of $15.9 million and $104.8 million in the three and nine months ended September 30, 2023, respectively. See Note 3 to our condensed consolidated financial statements for further discussion.

Gain on termination of alliance agreement On June 5, 2023, the Company announced the termination of an alliance agreement between the Company and MacDermid Enthone. The Company recognized a pre-tax gain, net of $154.8 million in the nine months ended September 30, 2023.

Interest expense Interest expense includes interest associated with debt outstanding and the amortization of debt issuance costs and original issuance discounts associated with such borrowings. Interest expense was $51.7 million in the three months ended September 28, 2024, compared to $77.8 million in the three months ended September 30, 2023. The decrease primarily reflects lower interest expense related to lower average debt balances for the period due to repayments on the Company's outstanding debt.

Interest expense was $162.7 million in the nine months ended September 28, 2024, compared to $244.9 million in the nine months ended September 30, 2023. The decrease primarily reflects lower interest expense related to lower average debt balances for the period due to repayments on the Company's outstanding debt.

Other (income) expense, net Other income, net was $0.2 million in the three months ended September 28, 2024 and consisted mainly of foreign currency transaction gains of $2.1 million, partially offset by other expenses of $1.9 million. Other expense, net was $10.2 million in the three months ended September 30, 2023 and consisted mainly of a loss of extinguishment of debt of $4.5 million associated with the repayments on the senior secured term loan facility and foreign currency transaction losses of $4.9 million.

Other expense, net was $17.1 million in the nine months ended September 28, 2024 and consisted mainly of a loss of extinguishment and modification of debt of $12.3 million associated with debt prepayments and the Third Amendment (see Note 7 to the Company's condensed consolidated financial statements), foreign currency transaction losses of $2.2 million and other expenses of $2.5 million. Other expense, net was $13.3 million in the nine months ended September 30, 2023 and consisted mainly of loss of extinguishment and modification of debt of $12.9 million associated with the repayments on the Company's bridge credit facility and senior secured term loan facility and the amendment of the Company's Existing Credit Agreement and foreign currency transaction losses of $11.2 million, partially offset by net proceeds received of $10.9 million resulting from the termination of the definitive agreement with Infineum.

Income tax expense Income tax expense was $8.2 million and $18.3 million in the three and nine months ended September 28, 2024, respectively, compared to income tax (benefit) expense of $(2.1) million and $2.9 million in the three and nine months ended September 30, 2023, respectively. The Company's effective income tax rate was 9.5% and 8.7% for the three and nine months ended September 28, 2024, respectively, compared to (6.8)% and 2.0% for the three and nine months ended September 30, 2023, respectively.

The changes in the effective tax rate for the three and nine months ended September 28, 2024 compared to the prior year primarily relate to discrete divestiture activity recorded during the three and nine months ended September 30, 2023 and the integration of the CMC Materials acquisition.

Net income Due to the factors noted above, the Company recorded net income of $77.6 million, or $0.51 per diluted share, in the three months ended September 28, 2024, compared to net income of $33.2 million, or $0.22 per diluted share, in the three months ended September 30, 2023.

In the nine months ended September 28, 2024, the Company recorded net income of $190.5 million, or $1.26 per diluted share, compared to net income of $142.7 million, or $0.95 per diluted share, in the nine months ended September 30, 2023.

Non-GAAP Financial Measures The Company's condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). The Company also utilizes certain non-GAAP financial measures as a complement to financial measures provided in accordance with GAAP in order to better assess and reflect trends affecting the Company's business and results of operations. See the section entitled "Non-GAAP Information" below for additional detail, including the definition of certain non-GAAP financial measures and the reconciliation of these non-GAAP measures to the Company's GAAP measures.

The Company's principal non-GAAP financial measures are Adjusted EBITDA and Adjusted Operating Income, together with related measures thereof, and non-GAAP earnings per share ("Non-GAAP EPS").

The following table compares non-GAAP financial measures for the three and nine months ended September 28, 2024 and September 30, 2023, both in dollars and as a percentage of net sales, for each caption.

	Three months ended			Nine months ended		
(In thousands)	September 28, 2024	September 30, 2023	Percent Change	September 28, 2024	September 30, 2023	Percent Change
Adjusted Operating Income	$ 185,852	$ 195,715	(5)%	$ 542,820	$ 601,404	(10)%
Adjusted operating margin - as a % of net sales	23.0 %	22.0 %		22.7 %	22.2 %	
Adjusted EBITDA	$ 232,950	$ 235,346	(1)%	$ 682,668	$ 731,529	(7)%
Adjusted EBITDA - as a % of net sales	28.8 %	26.5 %		28.5 %	27.0 %	
Non-GAAP EPS	$ 0.77	$ 0.68	13 %	$ 2.16	$ 2.00	8 %

The decrease in Adjusted Operating Income and Adjusted EBITDA for the three months ended September 28, 2024 compared to the year-ago period is generally attributable to higher ER&D expenses. The decrease in Adjusted Operating Income and Adjusted EBITDA for the nine months ended September 28, 2024 compared to the year-ago period is generally attributable to the decreases in sales and higher ER&D expenses, partially offset by lower SG&A expenses. The increase in Non-GAAP EPS for the three months ended September 28, 2024 compared to the year-ago period is primarily attributable to lower interest expense, partially offset by higher ER&D expenses. The increase in Non-GAAP EPS for the nine months ended September 28, 2024 compared to the year-ago period is primarily attributable to lower interest expense and SG&A expenses, partially offset by a decrease in sales and higher ER&D expenses.

Segment Analysis

The Company currently reports its financial performance based on three reporting segments. The following is a discussion of the results of operations of these three business segments. See Note 13 to the condensed consolidated financial statements for additional information on the Company's three segments.

The following table presents selected net sales and segment profit data for the Company's three reportable segments, along with unallocated general and administrative expenses, for the three and nine months ended September 28, 2024 and September 30, 2023.

	Three months ended		Nine months ended	
(In thousands)	**September 28, 2024**	**September 30, 2023**	**September 28, 2024**	**September 30, 2023**
Materials Solutions				
Net sales	$ 346,634	$ 435,538	1,039,003	1,324,502
Segment profit	71,706	56,955	209,098	243,171
Microcontamination Control				
Net sales	$ 286,995	$ 286,217	$ 848,628	$ 839,128
Segment profit	96,704	101,132	276,968	297,790
Advanced Materials Handling				
Net sales	$ 182,177	$ 180,248	$ 533,256	$ 589,457
Segment profit	30,611	31,642	84,197	115,637
Unallocated general and administrative expenses	$ 16,554	$ 21,429	$ 42,426	$ 94,964

Materials Solutions (MS)

For the third quarter of 2024, MS net sales decreased to $346.6 million, down 20% compared to $435.5 million in the comparable period last year. The sales decrease was driven primarily by the absence of $132.3 million in sales associated with divested businesses included in the prior year sales, partially offset by increased sales from polishing solution products. MS reported a segment profit of $71.7 million in the third quarter of 2024, up 26% from $57.0 million segment profit in the year-ago period. The segment profit increase was primarily associated with the absence of a goodwill impairment charge of $15.9 million related to the EC reporting unit in the year-ago period (see Note 3 to our condensed consolidated financial statements for further discussion).

For the nine months ended September 28, 2024, MS net sales decreased to $1,039.0 million, down 22% compared to $1,324.5 million in the comparable period last year. The sales decrease was driven primarily by the absence of $387.4 million in sales associated with divested businesses included in the prior year sales, partially offset by increased sales from polishing solution products. MS reported a segment profit of $209.1 million for the nine months ended September 28, 2024, a decrease of 14.0% from $243.2 million segment profit in the year-ago period. The segment profit decrease was primarily associated with (1) the absence of a $154.8 million gain resulting from the termination of the alliance agreement with MacDermid Enthone in the year-ago period and (2) a $13.0 million long-lived asset impairment charge in the first quarter of 2024 related to the long-lived assets of a small, industrial specialty chemicals business, partially offset with (3) the absence of a goodwill impairment charge of $104.8 million related to the EC reporting unit in the year-ago period, (4) the absence of $28.6 million loss on sale of business and held-for-sale in the year-ago period, (5) the absence of $7.6 million related to restructuring charges, (6) $4.3 million gain associated with sale of the PIM business, and (7) improved plant performance and volume leverage.

Microcontamination Control (MC)

For the third quarter of 2024, MC net sales increased to $287.0 million compared to $286.2 million in the comparable period last year. The sales increase was mainly due to increased sales primarily from gas purification products, partially offset by lower sales of our liquid filtration products. MC reported a segment profit of $96.7 million in the third quarter of 2024, down 4% from $101.1 million in the year-ago period. The segment profit decrease was primarily due to higher ER&D costs and increased costs associated with the ramp up of our new facility in Taiwan.

For the nine months ended September 28, 2024, MC net sales increased to $848.6 million, up 1% compared to $839.1 million in the comparable period last year. The sales increase was mainly due to increased sales primarily from gas purification products, partially offset by lower sales of our liquid filtration and gas filtration products. MC reported a segment profit of $277.0 million in the nine months ended September 28, 2024, down 7% from $297.8 million in the year-ago period. The segment profit decrease was primarily due to higher ER&D costs and increased costs associated with the ramp up of our new facility in Taiwan.

Advanced Materials Handling (AMH)

For the third quarter of 2024, AMH net sales increased to $182.2 million, up 1% compared to $180.2 million in the comparable period last year. The sales increase was due to higher sales of our microenvironment solution products, partially offset by lower sales of our fluid handling products. AMH reported a segment profit of $30.6 million in the third quarter of 2024, down 3% from $31.6 million in the year-ago period. The segment profit decrease was primarily due to higher employee costs.

For the nine months ended September 28, 2024, AMH net sales decreased to $533.3 million, down 10% compared to $589.5 million in the comparable period last year. The sales decrease was due to lower sales across most product lines related to lower semiconductor market demand. AMH reported a segment profit of $84.2 million in the nine months ended September 28, 2024, down 27% from $115.6 million in the year-ago period. The segment profit decrease was primarily due to lower sales volume and increased costs associated with the ramp up of our new facility in Taiwan.

Unallocated general and administrative expenses

Unallocated general and administrative expenses totaled $16.6 million in the third quarter of 2024, compared to $21.4 million in the comparable period last year. The $4.9 million decrease is primarily due to a $9.9 million decrease in integration, deal and transaction costs related to the acquisition of CMC Materials, partially offset by a $2.6 million increase in employee costs, primarily due to the timing of the annual equity award grant and $3.0 million increase in non-income tax expense.

Unallocated general and administrative expenses totaled $42.4 million in the nine months ended September 28, 2024, compared to $95.0 million in the comparable period last year. The $52.5 million decrease is primarily due to a $45.3 million decrease in integration, deal and transaction costs related to the acquisition of CMC Materials and a decrease of $6.7 million in employee costs, primarily due to the timing of the annual equity award grant.

Liquidity and Capital Resources

We consider the following when assessing our liquidity and capital resources:

In thousands	September 28, 2024	December 31, 2023
Cash and cash equivalents	$ 432,072	$ 456,929
Working capital	1,128,398	1,463,332
Total debt, net of unamortized discount and debt issuance costs	4,125,690	4,577,141

The Company has historically financed its operations and capital requirements through cash flow from its operating activities, long-term debt, lease financing, revolving credit facility and borrowings under domestic and international short-term lines of credit.

Based on our analysis, we believe our existing balances of domestic cash and cash equivalents and our currently anticipated operating cash flows will be sufficient to meet our cash needs arising in the ordinary course of business for the next twelve months and for the longer term.

We may seek to take advantage of opportunities to raise additional capital through debt financing or through public or private sales of securities. If in the future our available liquidity is not sufficient to meet the Company's operating and debt service obligations as they come due, management would need to pursue alternative arrangements through additional equity or debt financing in order to meet the Company's cash requirements. There can be no assurance that any such financing would be available on commercially acceptable terms, or at all. To date, in fiscal year 2024, we have not experienced difficulty accessing capital and credit markets, but future volatility in the capital and credit markets may increase costs associated with issuing debt instruments or affect our ability to access those markets. In addition, it is possible that our ability to access the capital and credit markets could be limited at a time when we would like, or need, to do so, which could have an adverse impact on our ability to refinance maturing debt and/or react to changing economic and business conditions.

In summary, our cash flows for each period were as follows:

	Nine months ended	
(in thousands)	**September 28, 2024**	**September 30, 2023**
Net cash provided by operating activities	455,625	486,371
Net cash provided by (used in) investing activities	40,832	(22,726)
Net cash used in financing activities	(523,596)	(417,467)
(Decrease) increase in cash, cash equivalents and restricted cash	(24,857)	30,581

Operating activities Cash provided by operating activities is net income adjusted for certain non-cash items and changes in assets and liabilities. Cash provided by operating activities totaled $455.6 million in the nine months ended September 28, 2024, compared to $486.4 million in the nine months ended September 30, 2023. This decrease was driven by a $123.5 million change in operating assets and liabilities, partially offset by a $92.8 million increase of net income adjusted for non-cash reconciling items.

Changes in operating assets and liabilities for the nine months ended September 28, 2024 were driven by changes in trade accounts receivable, inventories, and accounts payable and accrued liabilities. The change in trade accounts receivables was mainly due to increased sales at the end of the period. The change in inventories was mainly due to an increase in business activity. The change in accounts payable and accrued liabilities was primarily driven by timing of payments to vendors.

Investing activities Cash flows provided by investing activities totaled $40.8 million in the nine months ended September 28, 2024, compared to cash flows used in investing activities of $22.7 million in the nine months ended September 30, 2023. The increase resulted primarily from an increase in proceeds from divestitures of $116.5 million and a reduction of cash paid for acquisition of property, plant and equipment of $120.1 million, partially offset by the absence of net proceeds from termination of the alliance agreement with MacDermid Enthone of $169.3 million.

Financing activities Cash used in financing activities totaled $523.6 million during the nine months ended September 28, 2024, compared to cash used in financing activities of $417.5 million during the nine months ended September 30, 2023. The increase was primarily due to the net debt activity, which was a use of cash of $473.8 million during the nine months ended September 28, 2024 compared to $390.0 million during the nine months ended September 30, 2023 and lower proceeds from the issuance of common stock of $16.6 million compared to the previous period.

Our total dividend payments were $45.5 million in the nine months ended September 28, 2024 compared to $45.2 million in the nine months ended September 30, 2023. We have paid a cash dividend in each quarter since the fourth quarter of 2017. On October 16, 2024, the Company's board of directors declared a quarterly cash dividend of $0.10 per share to be paid on November 20, 2024 to shareholders of record on the close of business on October 30, 2024.

Other Liquidity and Capital Resources Considerations

Debt

(In thousands)	**September 28, 2024**	**December 31, 2023**
Senior secured term loans B due 2029 at 4.71%	$ 900,000	$ 1,373,774
Senior secured notes due 2029 at 4.75%	1,600,000	1,600,000
Senior unsecured notes due 2030 at 5.95%	895,000	895,000
Senior unsecured notes due 2029 at 3.625%	400,000	400,000
Senior unsecured notes due 2028 at 4.375%	400,000	400,000
Revolving Facility due 2027 at 7.08%	—	—
Total debt (par value)	$ 4,195,000	$ 4,668,774

On March 28, 2024, the Company amended its Existing Credit Agreement. The Third Amendment provides for, among other things, the refinancing of the Company's outstanding term loans B under the Term Loan Facility in an aggregate principal amount of $955.0 million with a new tranche of term loans B in an aggregate principal amount of $955.0 million. The amended loans bear interest at a rate per annum equal to, at the Company's option, either (i) the SOFR plus an applicable margin of 1.75%, which is a reduction from the applicable margin of 2.50% prior to the amendment, or (ii) a base rate plus an applicable margin of 0.75%, which is a reduction from the applicable margin of 1.50% prior to the amendment. In connection with the Third Amendment, the Company made a payment of $354.5 million on the term loans B. See Note 7 to our condensed consolidated financial statements for further discussion.

During the nine months ended September 28, 2024, the Company repaid $473.8 million, net of borrowings under the term loans B under the Term Loan Facility.

Through September 28, 2024, the Company was in compliance with the financial covenants under its debt arrangements.

The Company has commitments under our senior secured revolving credit facility due 2027 (the “Revolving Facility”) of $575.0 million. The Revolving Facility bears interest at a rate per annum equal to, at the Company’s option, either a base rate (such as prime rate) or SOFR, plus, in each case, an applicable margin. During the nine months ended September 28, 2024, the Company borrowed and repaid $30.0 million under this Revolving Facility and no balance was outstanding at September 28, 2024.

The Company also has a line of credit with one bank that provides for borrowings in Japanese yen for the Company’s Japanese subsidiaries, equivalent to an aggregate of approximately $7.0 million. During the nine months ended September 28, 2024, there were no borrowings under this line of credit and no balance was outstanding at September 28, 2024.

Cash and cash equivalents and cash requirements

(In thousands)	September 28, 2024	December 31, 2023
U.S.	$ 163,422	$ 154,015
Non-U.S.	268,650	302,914
Cash and cash equivalents	432,072	456,929

Our cash and cash equivalents include cash on hand and highly liquid debt securities with original maturities of three months or less, which are valued at cost and approximate fair value. We utilize a variety of funding strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. We have accrued taxes on any earnings that are not indefinitely reinvested.

Cash requirements

We have cash requirements to support working capital needs, capital expenditures, business acquisitions, contractual obligations, commitments, principal and interest payments on debt and other liquidity requirements associated with our operations. We generally intend to use available cash and funds generated from our operations to meet these cash requirements, but in the event that additional liquidity is required we may also borrow under our Revolving Facility.

There were no material changes to the cash requirements from our Annual Report that were outside the ordinary course of business, except for the principal repayments of $473.8 million made on the Term Loan Facility as discussed above.

Recently adopted accounting pronouncements Refer to Note 1 to the Company’s condensed consolidated financial statements for a discussion of recently adopted accounting pronouncements.

Recently issued accounting pronouncements Refer to Note 1 to the Company’s condensed consolidated financial statements for a discussion of recently issued but not yet adopted accounting pronouncements.

Non-GAAP Information The Company’s condensed consolidated financial statements are prepared in conformity with GAAP.

The Company also utilizes certain non-GAAP financial measures as a complement to financial measures provided in accordance with GAAP in order to better assess and reflect trends affecting the Company’s business and results of operations. These non-GAAP financial measures include Adjusted EBITDA and Adjusted Operating Income, together with related measures thereof, and Non-GAAP EPS, as well as certain other supplemental non-GAAP financial measures included in the discussion of the Company’s financial results.

Adjusted EBITDA is defined by the Company as net income before, as applicable, (1) equity in net loss of affiliate, (2) income tax expense, (3) interest expense, (4) interest income, (5) other (income) expense, net, (6) goodwill impairment, (7) deal and transaction costs, (8) integration costs, (9) restructuring costs, (10) acquired tax equalization asset reduction, (11) (gain) loss on sale of certain businesses and held-for-sale, net, (12) gain on termination of alliance agreement, (13) impairment of long-lived assets, (14) amortization of intangible assets and (15) depreciation. Adjusted Operating Income is defined by the Company as Adjusted EBITDA exclusive of the depreciation addback noted above. The Company also utilizes non-GAAP financial measures whereby Adjusted EBITDA and Adjusted Operating Income are each divided by the Company’s net sales to derive Adjusted EBITDA Margin and Adjusted Operating Margin, respectively.

Non-GAAP Net Income is defined by the Company as net income before, as applicable, (1) goodwill impairment, (2) deal and transaction costs, (3) integration costs, (4) restructuring costs, (5) acquired tax equalization asset reduction, (6) loss on extinguishment of debt and modification, (7) (gain) loss on sale of certain businesses and held-for-sale, net, (8) gain on termination of alliance agreement, (9) Infineum termination fee, net, (10) impairment of long-lived assets, (11) amortization of intangible assets, and (12) the tax effect of the foregoing adjustments to net income. Non-GAAP EPS is defined as our Non-GAAP Net Income divided by our diluted weighted-average shares outstanding.

The Company provides supplemental non-GAAP financial measures to help management and investors to better understand our business and believes these measures provide investors and analysts additional meaningful information for the assessment of the Company’s ongoing results. Management also uses these non-GAAP measures to assist in the evaluation of the performance of the Company’s business segments and to make operating decisions.

Management believes the Company’s non-GAAP measures help indicate the Company’s baseline performance before certain gains, losses or other charges that may not be indicative of the Company’s business or future outlook and offer a useful view of business performance in that the measures provide a more consistent means of comparing performance. The Company believes the non-GAAP measures aid investors’ overall understanding of the Company’s results by providing a higher degree of transparency for such items and providing a level of disclosure that will help investors understand how management plans, measures and evaluates the Company’s business performance. Management believes that the inclusion of non-GAAP measures provides greater consistency in its financial reporting and facilitates investors’ understanding of the Company’s historical operating trends by providing an additional basis for comparisons to prior periods.

Management uses Adjusted EBITDA and Adjusted Operating Income to assist it in evaluations of the Company’s operating performance by excluding items that management does not consider as relevant in the results of its ongoing operations. Internally, these non-GAAP measures are used by management for planning and forecasting purposes, including the preparation of internal budgets; for allocating resources to enhance financial performance; for evaluating the effectiveness of operational strategies; and for evaluating the Company’s capacity to fund capital expenditures, secure financing and expand our business.

In addition, and as a consequence of the importance of these non-GAAP financial measures in managing our business, the Company’s board of directors uses non-GAAP financial measures in the evaluation process to determine management compensation.

The Company believes that certain analysts and investors use Adjusted EBITDA, Adjusted Operating Income and Non-GAAP EPS as supplemental measures to evaluate the overall operating performance of firms in the Company’s industry. Additionally, lenders or potential lenders use Adjusted EBITDA measures to evaluate the Company’s creditworthiness.

The presentation of non-GAAP financial measures is not meant to be considered in isolation, as a substitute for, or superior to, financial measures or information provided in accordance with GAAP. Management strongly encourages investors to review the Company’s condensed consolidated financial statements in their entirety and to not rely on any single financial measure.

Management notes that the use of non-GAAP measures has limitations, including but not limited to:

First, non-GAAP financial measures are not standardized. Accordingly, the methodology used to produce the Company’s non-GAAP financial measures may differ notably from the methodology used by other companies and may not be directly comparable to non-GAAP measures reported by other companies.

Second, the Company’s non-GAAP financial measures exclude items such as amortization and depreciation that are recurring. Amortization of intangibles and depreciation have been, and will continue to be for the foreseeable future, a significant recurring expense with an impact upon the Company’s results of operations, notwithstanding the lack of immediate impact upon cash flows.

Third, there is no assurance that the Company will not have future charges for goodwill impairment, restructuring activities, deal costs, integration costs, or similar items and, therefore, may need to record additional charges (or credits) associated with such items, including the tax effects thereon. The exclusion of these items in the Company’s non-GAAP measures should not be construed as an implication that these costs are unusual, infrequent or non-recurring.

Management considers these limitations by providing specific information regarding the GAAP amounts excluded from these non-GAAP financial measures and evaluating these non-GAAP financial measures together with their most directly comparable financial measures calculated in accordance with GAAP. The calculations of Adjusted EBITDA, Adjusted Operating Income, Non-GAAP Net Income and Non-GAAP EPS, and reconciliations between these financial measures and their most directly comparable GAAP equivalents, are presented below in the accompanying tables.

Reconciliation of GAAP Net Income to Adjusted Operating Income and Adjusted EBITDA

	Three months ended		Nine months ended	
(In thousands)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales	$ 807,694	$ 888,239	$2,391,371	$ 2,711,635
Net income	$ 77,582	$ 33,212	$190,544	$ 142,692
Net income - as a % of net sales	9.6 %	3.7 %	8.0 %	5.3 %
Adjustments to net income:				
Equity in net loss of affiliates	262	139	685	269
Income tax expense (benefit)	8,190	(2,127)	18,335	2,851
Interest expense	51,666	77,820	162,726	244,874
Interest income	(1,247)	(2,226)	(5,401)	(5,854)
Other (income) expense, net	(212)	10,243	17,050	13,309
GAAP – Operating income	136,241	117,061	383,939	398,141
Operating margin - as a % of net sales	16.9 %	13.2 %	16.1 %	14.7 %
Goodwill impairment [1]	—	15,913	—	104,785
Deal and transaction costs [2]	—	—	—	3,001
Integration costs:				
Professional fees [3]	287	6,756	2,574	32,068
Severance costs [4]	139	(454)	794	1,873
Retention costs [5]	—	45	—	1,687
Other costs [6]	—	3,953	—	10,087
Restructuring costs [7]	—	1,202	—	12,444
Acquired tax equalization asset reduction [8]	2,959	—	2,959	—
(Gain) loss on sale of businesses and held-for-sale assets, net[9]	—	—	(4,311)	28,579
Gain on termination of alliance agreement [10]	—	—	—	(154,754)
Impairment of long-lived assets [11]	—	—	12,967	—
Amortization of intangible assets [12]	46,226	51,239	143,898	163,493
Adjusted Operating Income	185,852	195,715	542,820	601,404
Adjusted operating margin - as a % of net sales	23.0 %	22.0 %	22.7 %	22.2 %
Depreciation	47,098	39,631	139,848	130,125
Adjusted EBITDA	$ 232,950	$ 235,346	$ 682,668	$ 731,529
Adjusted EBITDA – as a % of net sales	28.8 %	26.5 %	28.5 %	27.0 %

[1] Non-cash impairment charges associated with goodwill.

[2] Deal and transaction costs associated with the CMC Materials acquisition and completed divestitures.

[3] Represents professional and vendor fees recorded in connection with services provided by consultants, accountants, lawyers and other third-party service providers to assist us in integrating CMC Materials into our operations.

[4] Represents severance charges related to the integration of the CMC Materials acquisition.

[5] Represents retention charges related directly to the CMC Materials acquisition and completed divestitures, and are not part of our normal, recurring cash operating expenses.

[6] Represents other employee-related costs and other costs incurred relating to the CMC Materials acquisition and the completed divestitures. These costs arise outside of the ordinary course of our continuing operations.

[7] Restructuring charges resulting from cost saving initiatives.

[8] Represents an asset reduction of an acquired tax equalization asset from the CMC Materials acquisition.

[9] (Gain) loss from the sale of certain businesses and held-for-sale assets, net.

[10] Gain on termination of the alliance agreement with MacDermid Enthone.

[11] Impairment of long-lived assets.

[12] Non-cash amortization expense associated with intangibles acquired in acquisitions.

Reconciliation of GAAP Net Income and Earnings per Share to Non-GAAP Net Income and EPS

	Three months ended		Nine months ended	
(In thousands, except per share data)	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net income	$ 77,582	$ 33,212	$ 190,544	$ 142,692
Adjustments to net income:				
Goodwill impairment [1]	—	15,913	—	104,785
Deal and transaction costs [2]	—	—	—	3,001
Integration costs:				
Professional fees [3]	287	6,756	2,574	32,068
Severance costs [4]	139	(454)	794	1,873
Retention costs [5]	—	45	—	1,687
Other costs [6]	—	3,953	—	10,087
Restructuring costs [7]	—	1,202	—	12,444
Acquired tax equalization asset reduction [8]	2,959	—	2,959	—
Loss on extinguishment of debt and modification [9]	—	4,532	12,347	12,893
(Gain) loss on sale of businesses and held-for-sale assets, net [10]	—	—	(4,311)	28,579
Gain on termination of alliance agreement [11]	—	—	—	(154,754)
Infineum termination fee, net [12]	—	—	—	(10,877)
Impairment of long-lived assets [13]	—	—	12,967	—
Amortization of intangible assets [14]	46,226	51,239	143,898	163,493
Tax effect of adjustments to net income and discrete tax items [15]	(9,611)	(12,810)	(33,309)	(46,996)
Non-GAAP Net Income	$ 117,582	$ 103,588	$ 328,463	$ 300,975
Diluted earnings per common share	$ 0.51	$ 0.22	$ 1.26	$ 0.95
Effect of adjustments to net income	0.26	0.46	0.91	1.05
Diluted Non-GAAP EPS	$ 0.77	$ 0.68	$ 2.16	$ 2.00
Diluted weighted averages shares outstanding	151,924	151,229	151,820	150,816

[1] Non-cash impairment charges associated with goodwill.

[2] Deal and transaction costs associated with the CMC Materials acquisition and completed divestitures.

[3] Represents professional and vendor fees recorded in connection with services provided by consultants, accountants, lawyers and other third-party service providers to assist us in integrating CMC Materials into our operations.

[4] Represents severance charges related to the integration of the CMC Materials acquisition.

[5] Represents retention charges related directly to the CMC Materials acquisition and completed divestitures, and are not part of our normal, recurring cash operating expenses.

[6] Represents other employee related costs and other costs incurred relating to the CMC Materials acquisition and the completed divestitures. These costs arise outside of the ordinary course of our continuing operations.

[7] Restructuring charges resulting from cost saving initiatives.

[8] Represents an asset reduction of an acquired tax equalization asset from the CMC Materials acquisition.

[9] Non-recurring loss on extinguishment of debt and modification of our Existing Credit Agreement.

[10] (Gain) loss from the sale of certain businesses and held-for-sale assets, net.

[11] Gain on termination of the alliance agreement with MacDermid Enthone.

[12] Non-recurring gain from Infineum termination fee.

[13] Impairment of long-lived assets.

[14] Non-cash amortization expense associated with intangibles acquired in acquisitions.

[15] The tax effect of pre-tax adjustments to net income was calculated using the applicable marginal tax rate for each respective year.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial market risks, including fluctuations in interest rate and foreign currency exchange rates. For information about our exposure to market risks, see Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report. There have been no material changes to the market risk disclosures contained therein.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

The Company's management, including the Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, or the Exchange Act) as of September 28, 2024. The term "disclosure controls and procedures" means controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on management's evaluation (with the participation of the Company's CEO and CFO), as of September 28, 2024, the Company's CEO and CFO have concluded that the disclosure controls and procedures used by the Company were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting.

There have been no significant changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the foregoing evaluation of disclosure controls and procedures that occurred during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

We are, from time to time, involved in various claims, proceedings and lawsuits relating to our business, employees, intellectual property and other matters arising in the ordinary course of business. The Company believes the final outcome of these matters will not have a material adverse effect on its condensed consolidated financial statements. The Company expenses legal costs as incurred.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described in Part I, Item 1A. “Risk Factors” in our Annual Report, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or future results. There have been no material changes in the risk factors described in our Annual Report.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Issuer Purchases of Equity Securities

The Company did not repurchase any of its common stock during the quarter ended September 28, 2024 under a board-authorized common stock repurchase plan.

The Company issues common stock awards under its equity incentive plans. In the condensed consolidated financial statements, the Company treats shares of common stock withheld for tax purposes on behalf of its employees in connection with the vesting or exercise of the awards as common stock repurchases because they reduce the number of shares that would have been issued upon vesting or exercise. These withheld shares of common stock are not considered common stock repurchases pursuant to a board-authorized common stock repurchase plan.

Item 5. Other Information

Rule 10b5-1 Trading Plan Arrangements

During the quarter ended September 28, 2024, no director or officer, as defined in Rule 16a-1 under the Exchange Act, adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” each as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

A. The Company hereby incorporates by reference as exhibits to this Quarterly Report on Form 10-Q the following documents:

Reg. S-K Item 601(b) Reference	Document Incorporates	Referenced Document on file with t Commission
3.1	Amended and Restated Certificate of Incorporation of Entegris, Inc., as amended	Exhibit 3.1 to Entegris, Inc. Annual Repo Form 10-K for the fiscal year ended Dece 31, 2011
3.2	By-Laws of Entegris, Inc., as amended December 8, 2022	Exhibit 3.1 to Entegris, Inc. Current Repo Form 8-K filed with the Securities and Exchange Commission on December 9, 2

B. The Company hereby files as exhibits to this Quarterly Report on Form 10-Q the following documents:

Reg. S-K Item 601(b) Reference	Exhibit No.	Document Filed Herewith
(31)	31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a).
(31)	31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a).
(32)	32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(101)	101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101)	101.SCH	XBRL Taxonomy Extension Schema Document
(101)	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
(101)	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
(101)	101.LAB	XBRL Taxonomy Extension Label Linkbase Document
(101)	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
(104)	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ENTEGRIS, INC.
Date: November 4, 2024	/s/ Linda LaGorga
	Linda LaGorga Senior Vice President and Chief Financial Officer (on behalf of the registrant and as principal financial officer)

Exhibit 31.1

CERTIFICATIONS

I, Bertrand Loy, certify that:

1. I have reviewed this Report on Form 10-Q of Entegris, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2024

/s/ Bertrand Loy

Bertrand Loy
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Linda LaGorga, certify that:

1. I have reviewed this Report on Form 10-Q of Entegris, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 4, 2024

/s/ Linda LaGorga

Linda LaGorga
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q (the "Report") of Entegris, Inc, a Delaware corporation (the "Company"), for the period ended September 28, 2024 as filed with the Securities and Exchange Commission on the date hereof, Bertrand Loy, President and Chief Executive Officer of the Company, and Linda LaGorga, Chief Financial Officer of the Company, each hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 4, 2024

/s/ Bertrand Loy
Bertrand Loy
Chief Executive Officer

/s/ Linda LaGorga
Linda LaGorga
Chief Financial Officer