

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Photon Control Inc. (“**Photon Control**” or the “**Company**”)
130 – 13500 Verdun Place
Richmond, British Columbia
Canada V6V 1V2

Item 2 Date of Material Change

May 10, 2021

Item 3 News Release

News release dated May 10, 2021 was disseminated through GlobeNewswire and filed on SEDAR.

Item 4 Summary of Material Change

The Company entered into an arrangement agreement (the “**Arrangement Agreement**”) with MKS Instruments, Inc. (“**MKS**”), a global provider of instruments, systems, subsystems and process control solutions based in Andover, Massachusetts, pursuant to which MKS will acquire Photon Control for \$3.60 per common share in an all-cash transaction (the “**Transaction**”) valued at approximately \$387 million.

Item 5.1 Full Description of Material Change

The Company entered into the Arrangement Agreement with MKS, a global provider of instruments, systems, subsystems and process control solutions based in Andover, Massachusetts, pursuant to which MKS will acquire Photon Control for \$3.60 per common share in a Transaction valued at approximately \$387 million.

The total cash consideration of \$3.60 per share (the “**Consideration**”) represents a premium of 16% to the closing price of \$3.11 on the Toronto Stock Exchange on May 7, 2021 and a premium of 26% to the volume weighted average price for the 30 trading days ended May 7, 2021. The Transaction will be carried out by way of a Court-approved plan of arrangement (the “**Arrangement**”), pursuant to which MKS will acquire all the outstanding common shares of Photon Control. The implementation of the Arrangement will be subject to the approval of at least 66 2/3% of the votes cast by Photon Control securityholders present in person or represented by proxy at the annual and special meeting of Photon Control securityholders, and the receipt of applicable approvals from the Supreme Court of British Columbia. A management information circular relating to the annual and special meeting of securityholders of Photon Control and containing further details regarding the Arrangement and the Arrangement Agreement will be mailed to Photon Control securityholders and made available on SEDAR under Photon Control’s profile at www.sedar.com.

The Arrangement Agreement provides for, among other things, customary non-solicitation covenants from Photon Control, including customary “fiduciary out” provisions that allow Photon Control to accept a superior proposal in certain circumstances and a five-business day “right to match period” in favour of MKS. The Arrangement Agreement also provides for the payment of a termination fee of \$15.5 million to Photon Control in the event the Transaction is terminated in certain specified circumstances, including if MKS does not exercise its right to match in the context of a superior proposal supported by Photon Control. The completion of the Arrangement is not subject to any financing condition.

All directors and executive officers of Photon Control, holding approximately 1.0% of the issued and outstanding shares of Photon Control as of the date hereof, have entered into voting and support agreements in favour of MKS pursuant to which, among other things, they have agreed to vote their Photon Control securities in favour of the Transaction.

Photon Control’s Board of Directors established a Special Committee of independent directors to oversee the transaction discussions and the Arrangement. The Special Committee has recommended to the Board of Directors, and the full Board of the Directors unanimously approved the Transaction and the Arrangement and passed a resolution to recommend that Photon Control securityholders vote in favour of the Transaction. Echelon Capital Markets, financial advisor to Photon Control, has provided a fairness opinion to the board of directors of Photon Control that, subject to the assumptions, limitations and qualifications set out in such fairness opinion, the Consideration to be received by Photon Control shareholders pursuant to the Transaction is fair from a financial point of view to Photon Control shareholders.

The Arrangement is expected to close during the third quarter of 2021.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Damian Towns
Chief Financial Officer & Corporate Secretary
Telephone: 1.604.900.3150

Item 9 Date of Report

May 11, 2021