November 2, 2023

# Q3'23 Financial Results

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# Cautionary Statement Regarding Forward Looking Statements

**Forward Looking Statements:**

Certain statements contained in this presentation may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding accelerating growth in test interface products; expanding Cohu's recurring revenue; delivering resilient profitability through industry cycles; focus on customer design-wins; delivering organic growth when market conditions improve; EQT accretion; expanding our factory footprint in the Philippines; test interface design wins with expanded manufacturing in Asia; other design wins within the handler group; expansion of the Diamondx platform for analog testing; expanding our software business including DI-Core/analytics; expanding Cohu's differentiated product portfolio; new customer application gains; gross margin expansion; estimated test cell utilization; Cohu's FY2023 and FY2024 outlook; revenue growth with expected market condition improvements; % of incremental revenue expected to fall to operating income; expense controls; Cohu's fourth quarter 2023 sales forecast, orders, guidance, sales mix, non-GAAP operating expenses, gross margin, operating income, adjusted EBITDA, effective tax rate, free cash flow, cap ex, cash and/or shares outstanding; estimated minimum cash needed; estimated EBITDA breakeven point; Cohu's Mid-Term Financial Targets; any future Term Loan B principal reduction; the amount, timing or manner of any share repurchases; and any other statements that are predictive in nature and depend upon or refer to future events or conditions; and/or include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend;" and/or other similar expressions among others. Statements that are not historical facts are forward-looking statements. Forward-looking statements are based on current beliefs and assumptions that are subject to risks and uncertainties and are not guarantees of future performance. Any third-party industry analyst forecasts quoted are for reference only and Cohu does not adopt or affirm any such forecasts.

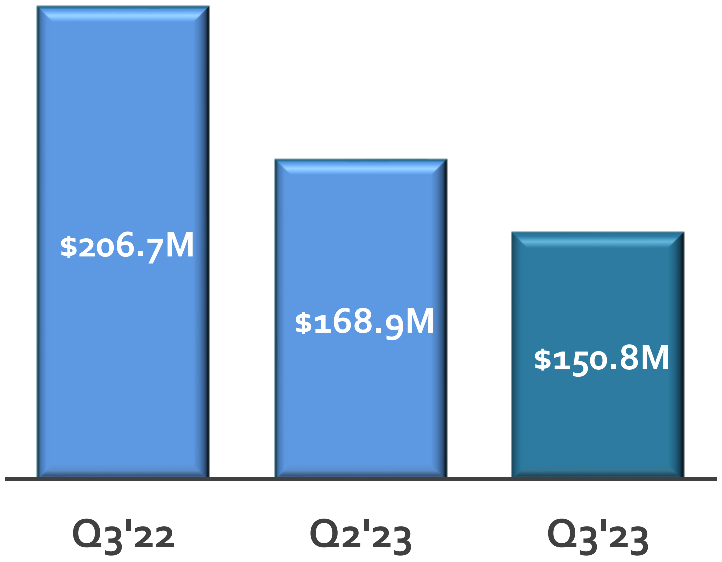
Actual results and future business conditions could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: cyclical COVID-19 pandemic impacts; new product investments and product enhancements which may not be commercially successful; inability to effectively manage multiple manufacturing sites in Asia and secure reliable and cost-effective raw materials; failure of sole source contract manufacturer; ongoing inflationary pressures on material and operational costs coupled with rising interest rates; economic recession; instability of financial institutions where we maintain cash deposits and potential loss of uninsured cash deposits; the semiconductor industry is seasonal, cyclical, volatile and unpredictable; the semiconductor mobility market segment (primarily semiconductors used in smartphones, also other wearables) is undergoing a significant downturn; recent erosion in automotive and industrial segment sales; risks of using artificial intelligence within Cohu's product developments and business; the semiconductor equipment industry is intensely competitive; rapid technological changes and product introductions and transitions; a limited number of customers account for a substantial percentage of net sales; significant exports to foreign countries with economic and political instability and competition from a number of Asia-based manufacturers; loss of key personnel; reliance on foreign locations and geopolitical instability in such locations critical to Cohu and its customers; natural disasters, war and climate-related changes, including economic impacts from the Hamas-Israel conflict or any other wars; increasingly restrictive trade and export regulations impacting our ability to sell products, specifically within China; significant goodwill and other intangibles as percentage of our total assets; risks associated with the EQT acquisition, such as integration and synergies, and other risks associated with additional potential acquisitions, investments and divestitures; levels of debt; financial or operating results that are below forecast or credit rating changes impacting our stock price or financing ability; law/regulatory and including tax law changes; significant volatility in our stock price; and the risk of cybersecurity breaches.

These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including our most recent Form 10-K and Form 10-Q, and the other filings made by Cohu with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable law, Cohu does not undertake any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

# Business Update

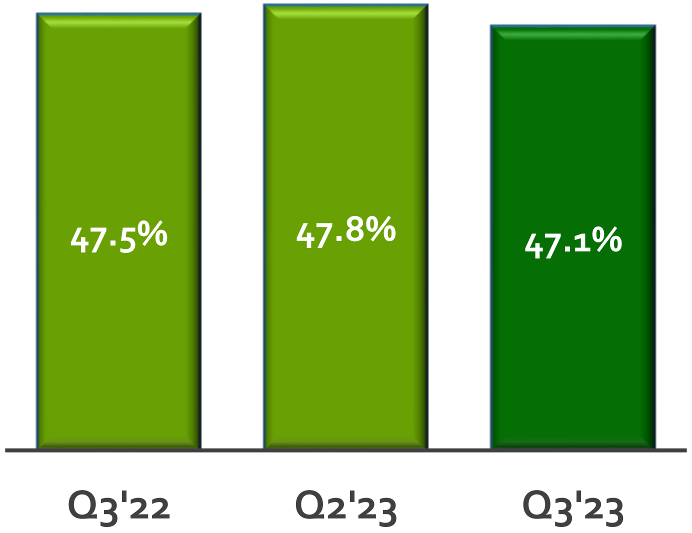
# Summary

## Revenue



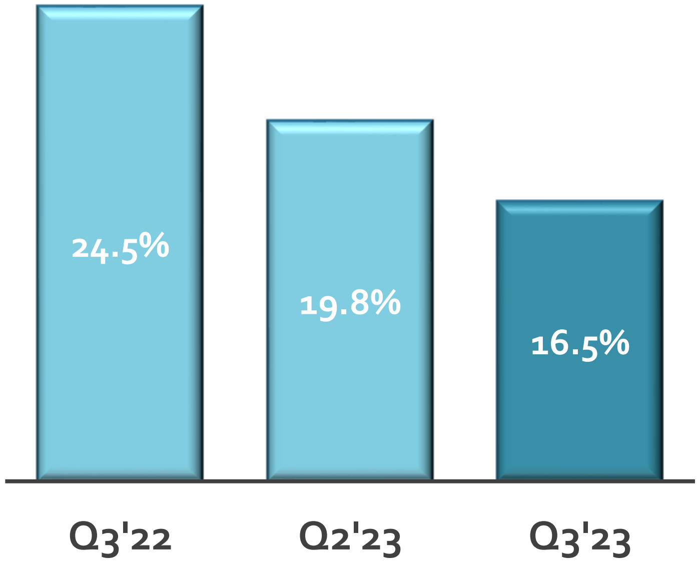

- High ARR[2] Service business
- Soft systems business across all market segments
- Acquired EQT Oct. 2nd, adds to recurring revenue with mid- to high-power contactors

## Non-GAAP Gross Margin[1]




- GM holding stable; small variation with revenue
  - ✓ Differentiated products
  - ✓ Resilient recurring business
  - ✓ Test interface mfg. in Asia
  - ✓ New software analytics model

## Adj. EBITDA[1]




- Est. test cell utilization flat QoQ at 73%: *computing -2 pts., mobility +1 pt., consumer +2 pts., auto & industrial -1 pt.*
- Forecast EQT to be accretive to Q4'23 adj. EBITDA



(1) *See appendix for GAAP to non-GAAP reconciliation*
(2) *Annual Renewal Rate*

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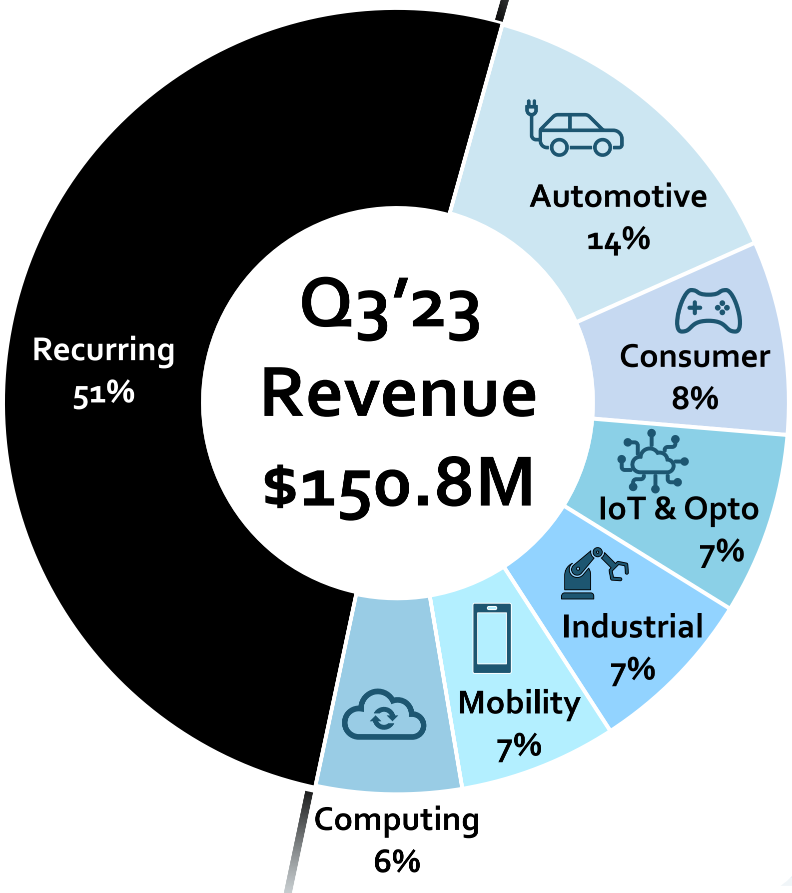
# Diverse Revenue Profile

## Recurring

*Key Business Drivers*

- More stable recurring revenue
- Acquired EQT adds to test interface business
- Service business




## Systems

*Key Business Drivers*

- Weaker system demand across all markets
- Focus on customer design-wins and qualification of new products

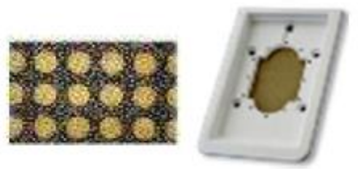
# Cohu's Acquisition of EQT

- ❑ **Cohu acquired Equiptest Engineering Pte. Ltd. ("EQT") on October 2, 2023**
- ❑ **A test contactor company with TTM rev. ~ $20M**
- ❑ **Rationale**
  - Accelerates profitable growth in test interface products
  - Broadens product portfolio with mid- to high-power contactors for automotive and industrial applications
  - Enhances complex machining capability and manufacturing expertise
  - Expands engineering capacity and customer presence
  - Benefits our customers through enhanced support and faster time-to-market for new products

EQT Test Interface Products

E-Series® Contact Probes & Test Contactors

ULTRA® Cantilever Spring Contacts & Test Contactors



Pariposer® Elastomeric Contacts & Test Contactors

# EQT Worldwide Company Overview

Products include E-Series contact probes, Ultra cantilever and Elastomer contactors

- Founded in 2001; headquartered in Singapore
- Designs and manufactures performance test contactors for mid-power applications
- Short design and manufacturing lead-times
- Tier 1 IDM and OSAT customers


E-Series® Probes


ULTRA® Cantilever Solutions


Conductive Elastomers Solutions


Various Test Contactors on different handler platforms


PICO® High Performance Coating Solution for reducing solder migrations on contacts

**A manufacturer of semiconductor test contactors**



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# Resilient Recurring Business Model

| $322M | $146M | > 24,600 | 310+ |
|---|---|---|---|
| LTM[1] Recurring Revenue | LTM[1] Service Revenue | Systems Installed Base | Highly Skilled Field Service Engineers |
| **6.0%** | **~ 92%** | **108** | **~ 12 year** |
| *3-year CAGR[2]* | *2023 YTD Renewal Rate on service contracts* | *Customers* | *Average Tenure* |
| *Consumable products generate stable revenue* | *Cloud-based, automated order management for ~ 14,000 different spares* | *Over 280 high-volume manufacturing facilities in 31 countries* | *Virtual-assist and on-site support* |

(1) *Last Twelve Months (LTM) revenue as of end of Q3'23*
(2) *Compound Annual Growth Rate (CAGR) from Q3'20 to Q3'23*



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# Q3’23 Financials and Q4’23 Guidance

# Q3'23 Non-GAAP Results

| | Q2'23 Actual | Q3'23 Guidance[2] | Q3'23 Actual |
|---|---|---|---|
| **Revenue** | $168.9M | ~ $150M | $150.8M |
| **Gross Margin[1]** | 47.8% | ~ 46% | 47.1% |
| **Operating Expenses[1]** | $50.7M | ~ $50M | $49.0M |
| **Non-GAAP EPS[1]** | $0.48 | | $0.35 |
| **Adjusted EBITDA[1]** | 19.8% | ~15% | 16.5% |

- Q3 revenue in-line with guidance; profitability better than forecast
- Resilient gross margin with sale of differentiated products and strong recurring revenue
- Operating Expenses lower than guidance; tight control of headcount and discretionary spending
- Q3 tax rate ~ 28%; Q3 diluted shares outstanding of 48.1 million

(1) Non-GAAP: See Appendix for Q2'23, Q3'23 GAAP to non-GAAP reconciliations
(2) Guidance as provided on August 3, 2023 press release and earnings conference call

# Target Revenue of $1B and $4.00 Non-GAAP EPS

| | Q3'23 Actuals | FY2022 Actuals | Mid-Term Target[3] |
|---|---|---|---|
| Revenue | $150.8M | $812.8M | $1B |
| Gross Margin[1] | 47.1% | 47.2% | 49% |
| Operating Expenses[1] | 32.5% | 25.6% | 24% |
| Non-GAAP EPS[1] | $0.35 | $2.91 | $4.00 |
| Adjusted EBITDA[1] | 16.5% | 23.7% | 26% |
| Free Cash Flow[2] | $25.1M | $98.1M | $180M |

- ❑ **Resilient recurring revenue supports profits and cash flow through the trough of the cycle**

(1) Non-GAAP: See Appendix for GAAP to non-GAAP reconciliations and for notes regarding use of forward-looking non-GAAP figures
(2) Reflects net cash provided by operating activities less purchases of property, plant and equipment – See Appendix for GAAP to non-GAAP reconciliations and for notes regarding use of forward-looking non-GAAP figures
(3) Mid-Term is 3 – 5 years

# Balance Sheet

| *[$Million]* | Q2'23 | Q3'23 |
|---|---|---|
| Cash and Investments[1] | $372 | $388 |
| Accounts Receivable | $144 | $130 |
| Total Debt | $43 | $42 |
| Capital Additions | $3.1 | $4.0 |
| Cash Flow From Operations | $53.1 | $29.1 |

- Q3 cash flow from operations further strengthens balance sheet to support debt reduction, M&A investments and share repurchase program
- Utilized $4.7M of cash in Q3 to repurchase 133K shares of Common Stock; program inception to date, repurchased 2.3M shares totaling $68.9M
- Q3 capex mainly Philippines facility construction costs; maintaining target of ~ $20M/year
- EQT acquisition on 10/2/2023 (Q4) utilized cash of ~ $48.3M

(1) Net cash per share Q2'23 = $6.86; Q3'23 = $7.20; See Appendix for GAAP to non-GAAP reconciliations



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# Q4'23 Outlook

| | Q3'23 Actual | Q4'23 Guidance |
|---|---|---|
| Revenue | $150.8M | $136M +/- $6M |
| Gross Margin(1) | 47.1% | ~ 46% |
| Operating Expenses(1) | $49M | ~$50M |
| Adjusted EBITDA(1) | 16.5% | ~ 12% |

- Sequentially lower revenue on moderating automotive and industrial test demand, and continued soft mobility market
- Resilient gross margin from differentiated products and strong recurring revenue
- Higher OPEX due to addition of EQT
- Fully diluted shares outstanding estimated at 48.1 million

(1) See Appendix for Q3'23 GAAP to non-GAAP reconciliations. The Q4'23 non-GAAP guidance excludes estimated pre-tax charges related to stock-based compensation of $0.2M (CoS) and $3.1M (Opex), and amortization of purchased intangibles of $9.6M (Opex). These forward-looking figures do not reflect restructuring costs, acquisition-related costs, other manufacturing transition/severance costs, inventory step-up costs, amortization of cloud-based software implementation costs (Adjusted EBITDA only), or other non-operational or unusual items, which we are unable predict without unreasonable efforts due to their inherent uncertainty, therefore, reconciliation of these figures to GAAP is not provided.



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# Appendix

**Use of Non-GAAP Financial Information:**

This presentation includes non-GAAP financial measures, including non-GAAP Gross Margin/Profit, Income and Income (adjusted earnings) per share, Operating Income, Operating Expense, effective tax rate, free cash flow, net cash per share and Adjusted EBITDA that supplement the Company's Condensed Consolidated Statements of Operations prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude charges and the related income tax effect for: share-based compensation, the amortization of purchased intangible assets including favorable/unfavorable lease adjustments, restructuring costs, manufacturing transition and severance costs, asset impairment charges, acquisition-related costs and associated professional fees, reduction of indemnification receivable, depreciation of purchase accounting adjustments to property, plant and equipment, purchase accounting inventory step-up included in cost of sales, and amortization of cloud-based software implementation costs (Adjusted EBITDA only). Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this release and should be considered together with the Condensed Consolidated Statements of Operations. With respect to any forward-looking non-GAAP figures, we are unable to provide without unreasonable efforts, at this time, a GAAP to non-GAAP reconciliation of any forward-looking figures due to their inherent uncertainty.

These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management uses non-GAAP measures for a variety of reasons, including to make operational decisions, to determine executive compensation in part, to forecast future operational results, and for comparison to our annual operating plan. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures.

# GAAP to Non-GAAP Reconciliation

| Earnings Reconciliation | 3 Months Ending Jul 1, 2023 | Diluted EPS | 3 Months Ending Sep 30, 2023 | Diluted EPS | 12 Months Ending Dec 31, 2022 | Diluted EPS |
|---|---|---|---|---|---|---|
| Net Income - GAAP | $ 10,584 | $ 0.22 | $ 3,915 | $ 0.08 | $ 96,847 | $ 1.98 |
| Share based compensation | 4,432 | 0.09 | 4,333 | 0.09 | 14,918 | 0.31 |
| Amortization of purchased intangible assets | 9,006 | 0.19 | 8,857 | 0.18 | 33,185 | 0.68 |
| Restructuring costs related to inventory in COS | (13) | 0.00 | (18) | 0.00 | (454) | (0.01) |
| Restructuring costs | 416 | 0.01 | 742 | 0.02 | 605 | 0.01 |
| Manufacturing transition and severance costs | 188 | 0.01 | 61 | 0.00 | 1,703 | 0.03 |
| Other acquisition costs | 140 | 0.00 | 758 | 0.02 | 72 | 0.00 |
| PP&E step-up included in COS and SG&A | 14 | 0.00 | 14 | 0.00 | 0 | 0.00 |
| Inventory Step-Up | 149 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Payroll taxes due to accelerated vesting of share-based awards | 0 | 0.00 | 0 | 0.00 | 132 | 0.01 |
| Tax effect of Non-GAAP adjustments | (2,004) | (0.04) | (1,754) | (0.04) | (5,063) | (0.10) |
| Net Income - Non-GAAP | $22,912 | $ 0.48 | $16,908 | $ 0.35 | $141,945 | $ 2.91 |
| Weighted Average Shares - GAAP | Basic | 47,618 | Basic | 47,615 | Basic | 48,178 |
| Weighted Average Shares - Non-GAAP | Diluted | 48,028 | Diluted | 48,107 | Diluted | 48,799 |
| Income tax provision - GAAP | $ 6,435 | | $ 4,721 | | $ 29,868 | |
| Tax effect of Non-GAAP adjustments [1] | 1,996 | | 1,754 | | 5,063 | |
| Income tax provision - Non-GAAP | $ 8,431 | | $ 6,475 | | $ 34,931 | |
| Effective tax rate - GAAP | 37.8% | | 54.7% | | 23.6% | |
| Effective tax rate - Non-GAAP | 26.9% | | 27.7% | | 19.7% | |

(1) Calculated by applying statutory tax rates in effect to the respective non-GAAP adjustments.

| Gross Profit Reconciliation | 3 Months Ending Sep 24, 2022 | % of Net Sales | 3 Months Ending Jul 1, 2023 | % of Net Sales | 3 Months Ending Sep 30, 2023 | % of Net Sales | 12 Months Ending Dec 31, 2022 | % of Net Sales |
|---|---|---|---|---|---|---|---|---|
| Net Sales | $206,687 | | $168,921 | | $150,804 | | $812,775 | |
| Gross Profit - GAAP | 98,066 | 47.4% | 80,345 | 47.0% | 70,895 | 47.0% | 383,326 | 47.2% |
| Share Based Compensation | 161 | 0.1% | 216 | 0.1% | 223 | 0.1% | 646 | 0.1% |
| Restructuring costs related to inventory in COS | (58) | 0.0% | (13) | 0.0% | (18) | 0.0% | (454) | -0.1% |
| Manufacturing transition and severance costs | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | (13) | 0.0% |
| Inventory Step-Up | 0 | 0.0% | 149 | 0.1% | 0 | 0.0% | 0 | 0.0% |
| Gross Profit - Non-GAAP | $ 98,169 | 47.5% | $80,697 | 47.8% | $71,100 | 47.1% | $383,505 | 47.2% |



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# GAAP to Non-GAAP Reconciliation

| Operating Expense Reconciliation | 3 Months Ending Jul 1, 2023 | % of Net Sales | 3 Months Ending Sep 30, 2023 | % of Net Sales | 12 Months Ending Dec 31, 2022 | % of Net Sales |
|---|---|---|---|---|---|---|
| Operating Expense - GAAP | $ 64,686 | 38.3% | $ 63,493 | 42.1% | $ 257,769 | 31.7% |
| Share based compensation | (4,216) | -2.5% | (4,110) | -2.7% | (14,272) | -1.8% |
| Amortization of purchased intangible assets | (9,006) | -5.3% | (8,857) | -5.9% | (33,185) | -4.1% |
| Restructuring costs | (416) | -0.2% | (742) | -0.5% | (605) | -0.1% |
| Manufacturing transition and severance costs | (188) | -0.1% | (61) | 0.0% | (1,716) | -0.2% |
| PP&E step-up included in SG&A | (14) | 0.0% | (14) | 0.0% | 0 | 0.0% |
| Other acquisition costs | (140) | -0.1% | (758) | -0.5% | (72) | 0.0% |
| Operating Expense - Non-GAAP | $ 50,706 | 30.0% | $ 48,951 | 32.5% | $ 207,787 | 25.6% |

| Adjusted EBITDA Reconciliation | 3 Months Ending Sep 24, 2022 | % of Net Sales | 3 Months Ending Jul 1, 2023 | % of Net Sales | 3 Months Ending Sep 30, 2023 | % of Net Sales | 12 Months Ending Dec 31, 2022 | % of Net Sales |
|---|---|---|---|---|---|---|---|---|
| Net income - GAAP Basis | $ 24,882 | 12.0% | $ 10,584 | 6.3% | $ 3,915 | 2.6% | $ 96,847 | 11.9% |
| Income tax provision | 10,193 | 4.9% | 6,435 | 3.8% | 4,721 | 3.1% | 29,868 | 3.7% |
| Interest expense | 1,028 | 0.5% | 727 | 0.4% | 773 | 0.5% | 4,177 | 0.5% |
| Interest income | (1,132) | -0.5% | (2,732) | -1.6% | (3,207) | -2.1% | (4,012) | -0.5% |
| Amortization of purchased intangible assets | 8,206 | 4.0% | 9,006 | 5.3% | 8,857 | 5.9% | 33,185 | 4.1% |
| Depreciation | 3,240 | 1.6% | 3,361 | 2.0% | 3,319 | 2.2% | 12,831 | 1.6% |
| Amortization of cloud-based software implementation costs | 478 | 0.2% | 700 | 0.4% | 700 | 0.5% | 2,060 | 0.3% |
| Loss on extinguishment of debt | 80 | 0.0% | 0 | 0.0% | 0 | 0.0% | 312 | 0.0% |
| Other Non-GAAP Adjustments | 3,699 | 1.8% | 5,312 | 3.1% | 5,876 | 3.9% | 16,976 | 2.1% |
| Adjusted EBITDA | $50,674 | 24.5% | $33,393 | 19.8% | $24,954 | 16.5% | $192,244 | 23.7% |

# GAAP to Non-GAAP Reconciliation

| Free Cash Flow | 3 Months Ending Sep 30, 2023 | 12 Months Ending Dec 31, 2022 |
|---|---|---|
| Cash flow from operations - GAAP | $ 29,138 | $ 112,861 |
| Capital expenditures | (4,008) | (14,770) |
| Free cash flow - Non-GAAP | $ 25,130 | $ 98,091 |
| Cash flow from operations as a percentage of net sales - GAAP | 19.3% | 13.9% |
| Free cash flow as a percentage of net sales - Non-GAAP | 16.7% | 12.1% |

| Net Cash per Share | 3 Months Ending Jul 1, 2023 | 3 Months Ending Sep 30, 2023 |
|---|---|---|
| Cash and Investments | $ 372,317 | $ 387,566 |
| Less: Total Debt | (42,718) | (41,363) |
| Net Cash | $ 329,599 | $ 346,203 |
| Weighted Average Shares - Diluted | 48,028 | 48,107 |
| Net Cash per Share | $ 6.86 | $ 7.20 |



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