

May 5, 2021

# 2021 Annual Meeting of Stockholders



# Meeting Agenda

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1. To elect two (2) Class 2 directors, for a term of three years each
  - i. Andrew M. Caggia
  - ii. Luis A. Müller
2. Advisory vote to approve Named Executive Officer (“NEO”) compensation
3. To ratify the appointment of Ernst & Young LLP as Cohu’s independent registered public accounting firm for fiscal year 2021



# Leading-edge Solutions in Test & Inspection



~\$636M

2020 Revenue

~45%

Recurring in Nature<sup>(1)</sup>

~12%

Non-GAAP Operating Income<sup>(2)</sup>

~19%

2015-20 Revenue CAGR  
(organic growth & acquisitions)

Large installed base with semiconductor leaders

\$6.5B

Market Opportunity  
with ~7% CAGR<sup>(3)</sup>

Qualcomm

intel

TEXAS  
INSTRUMENTS

SKYWORKS



MICROCHIP

NXP

infineon

ST  
life.augmented

SAMSUNG  
SEMICONDUCTORS

ANALOG  
DEVICES

Note: All figures shown for FY20, unless otherwise specified (1) "Recurring in nature" sales includes interface products, spares, kits (not as part of systems sales) and service (2) Non-GAAP figure; see Appendix for GAAP to Non-GAAP reconciliations, and notes regarding use of forward-looking non-GAAP figures (3) Source: Gartner, June 2020 and Company estimates for 2021

# Value-Add Test & Inspection to Semi Manufacturing



Wafer Test



Test & Inspection

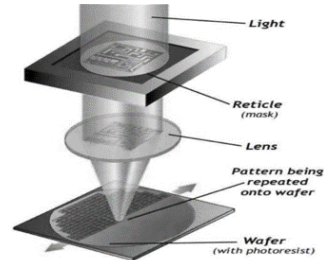
Wafer

Wafer Processing

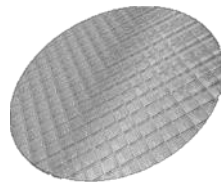
Assembly Process



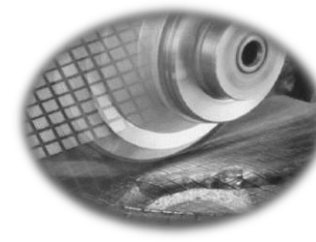
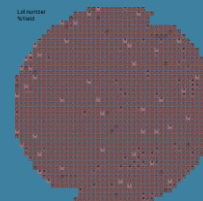
Starting as a pure silicon ingot, wafers are manufactured as ultra-high purity monocrystalline silicon wafers



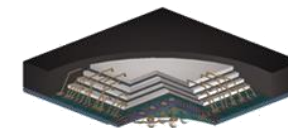
Circuit patterns are then printed onto wafers and a fine electronic circuit is formed by injecting ions



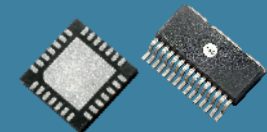
Each chip formed on the wafer is then tested for its electrical properties and basic functionality



Die are saw cut from the wafer, assembled onto substrates where final package configuration is completed



Completed packages are then rigorously tested and inspected for reliability and performance through final test equipment simulating end applications and conditions



Semiconductor manufacturing process from wafer production to test and inspection



# Serving Broad End-Markets

## Automotive



- Autonomous driving
- Electrification
- Active safety
- Connectivity
- Infotainment

## IoT / IoV & Optoelectronics



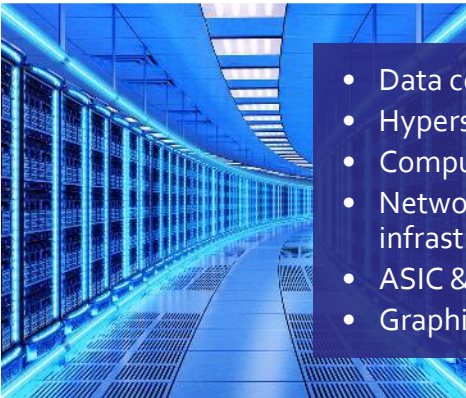
- All sensor technologies
- Low energy connectivity
- LED
- LiDAR

## Mobility



- RF 5G to mmWave
- App. processors
- General connectivity
- FPD Drivers
- Power Mgmt. ICs
- Near-field Comm.

## Computing & Network



- Data center & cloud
- Hyperscale
- Computing
- Network infrastructure
- ASIC & FPGA
- Graphic processors

## Industrial & Medical



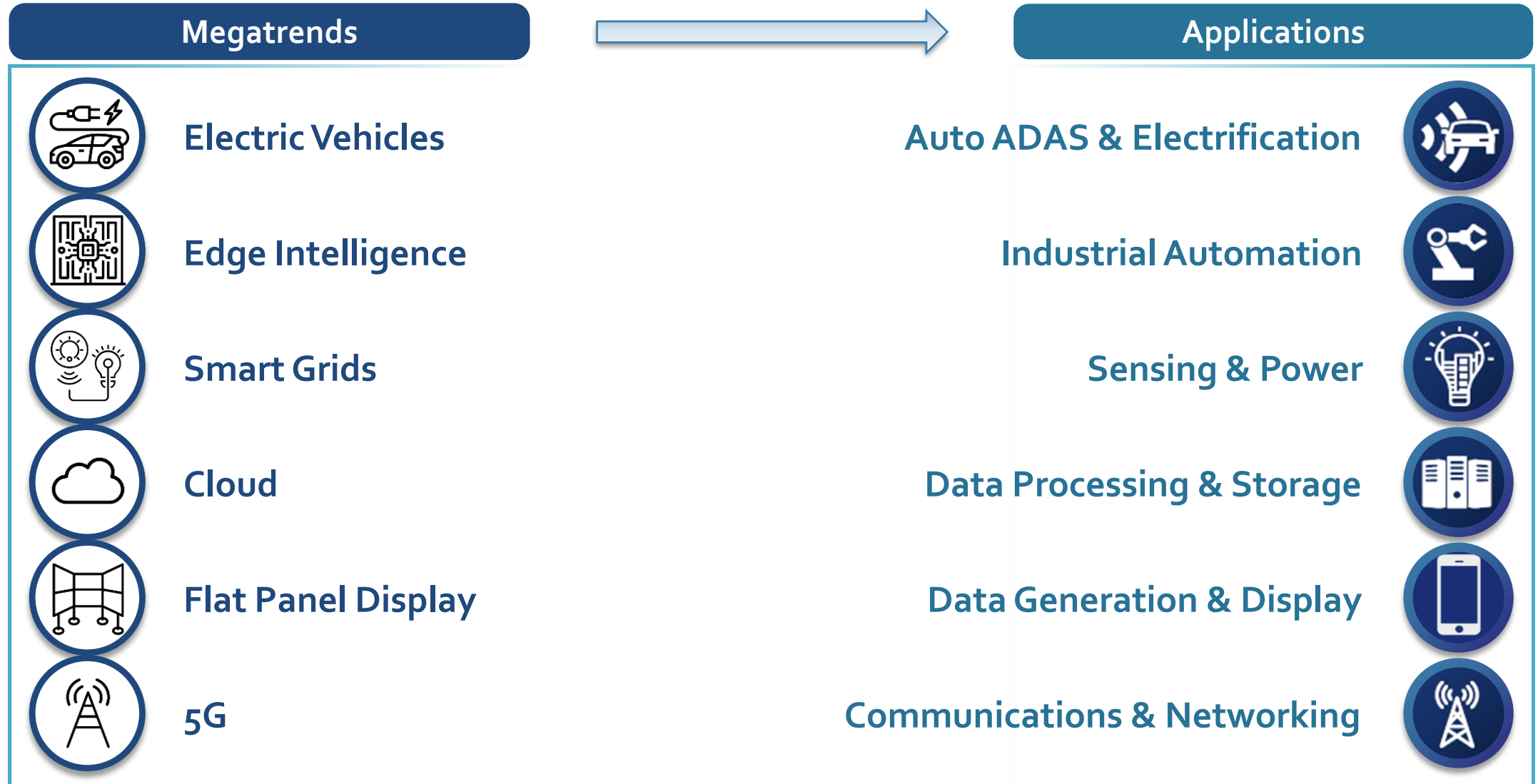
- Automation
- Machinery
- Energy management
- General medical ICs
- Remote security
- Smart grids

## Consumer



- Digital TVs, FPD
- Fitness wearables
- Gaming, GPU
- Set-top box
- VR & AR
- Voice user interface

# Addressing Key Megatrends



# Driving Significant Growth

Mobility 5G, data generation & transmission, automotive ADAS, electrification and telematics

Secular tailwinds driving  
end-market growth  
*(fcst. 3-year growth)*

**1.5X**

RF content growth driven by  
5G-enabled smartphones <sup>(1)</sup>

**2.4X**

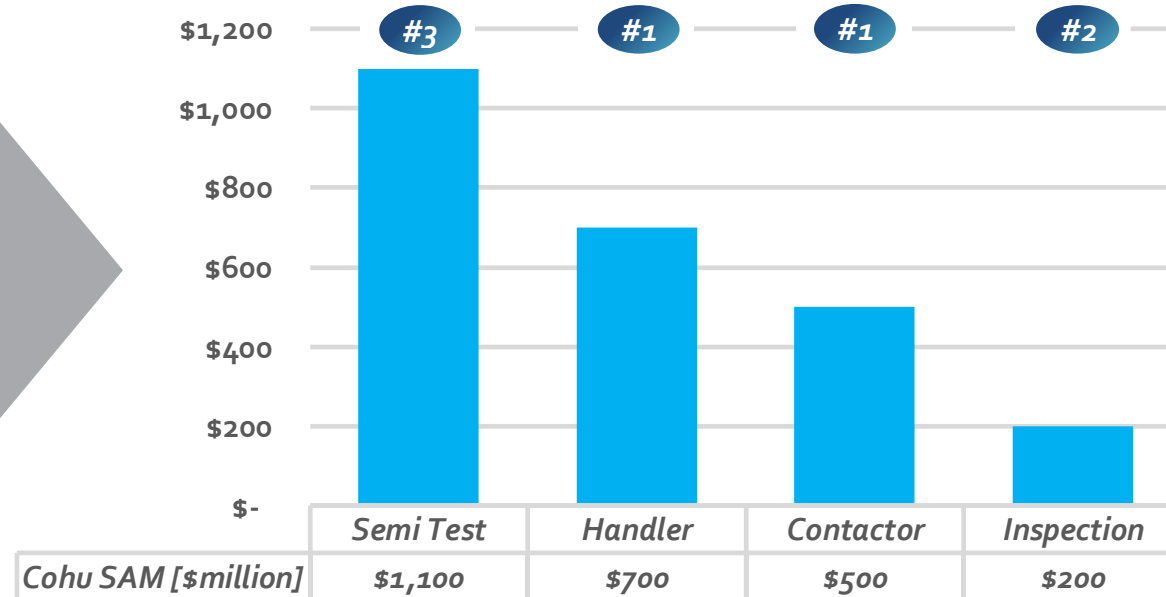
Increase in global data <sup>(1)</sup>

**2X**

ADAS and EV / HEV Semi  
content growth in autos <sup>(1)</sup>

Leader in Large and Growing Markets

*Cohu SAM [\$million]*



# Our Customer Value Proposition

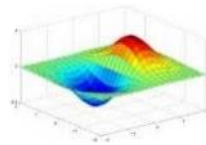
Improving time to yield and greater productivity through the test cell

One-stop-shop for leading-edge solutions in test & inspection

## Core Technologies



Test Analytics



Higher Signal Integrity



Active Thermal Control



Efficiency Analytics

## Key Segments

### Semi Test



### Test Handler



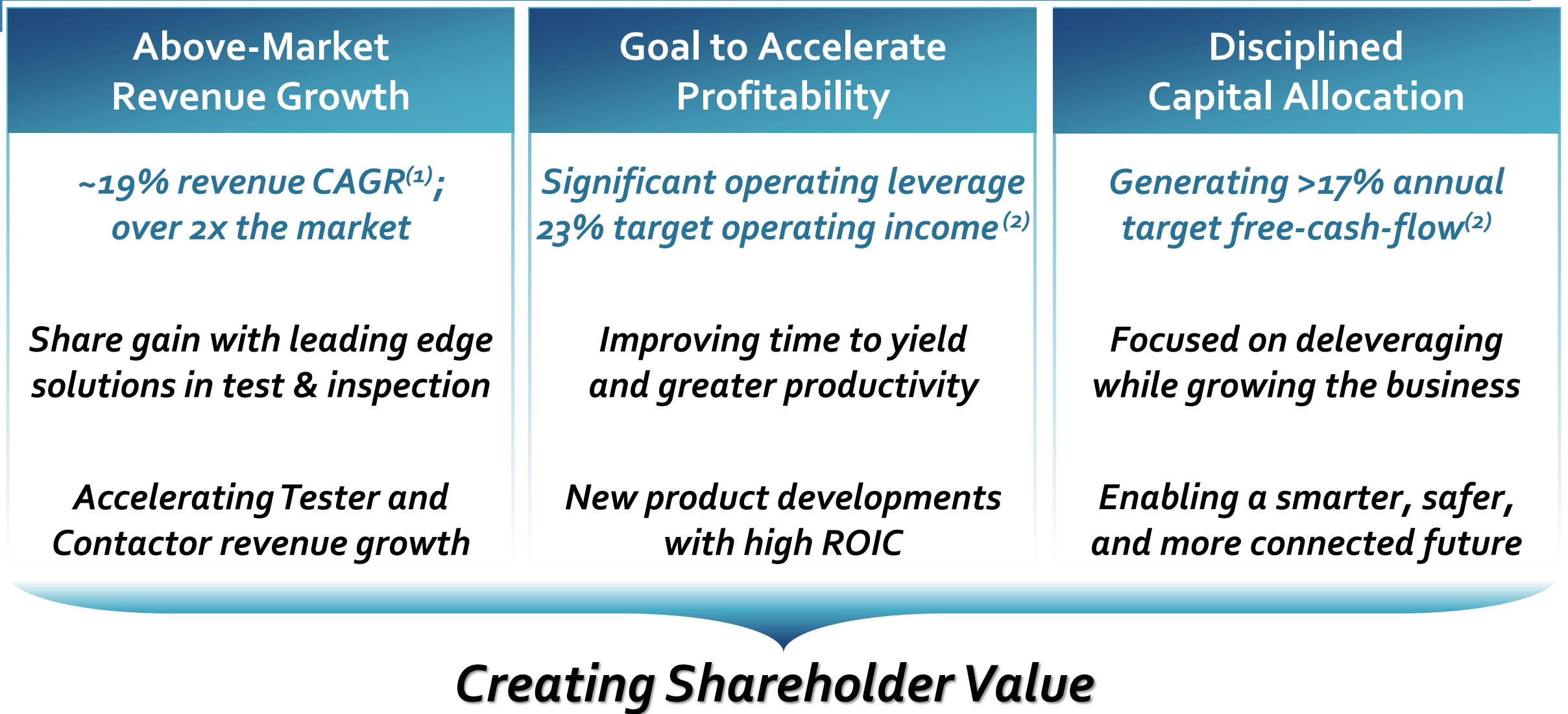
### Test Contactor



~ 2% higher yield in semiconductor test & inspection ~ pays for CapEx



# Path for Growth and Differentiation



# 2020 Sustainability Highlights

## Energy Consumption & Waste Management



- Revenue was up +9% YoY
- -15% YoY direct energy
- +2% YoY renewable energy
- -2% YoY water
- No hazardous waste spills
- +1% YoY waste recycled

## Product Safety & Materials Sourcing



- No product recalls
- No safety claims, legal proceedings or monetary losses
- Responsible mineral sourcing program

## Renewable Energy & Life-Saving Products



- Enabling solar and wind power solutions
- Power mgt. ICs, controllers, inverters, motor drivers, gate drivers
- Enabling COVID-19 medical
- Point-of-care, rapid sepsis testing, contact-less temperature biometers

## Business Ethics



- Employee training and compliance
- No bribery/corruption or anti-competitive behavior claims, legal proceedings or monetary losses
- No direct monetary contributions to political campaigns, lobbying

## Employee Diversity & Inclusion <sup>(1)</sup>



- Gender
- 27% female, 73% male
  - 25% female board members
- Race/Ethnicity
- 40% underrepresented minority
  - 60% majority population

Enabling a smarter, safer, and more connected future



May 5, 2021

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# Appendix

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## **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 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 this Appendix and should be considered together with the Condensed Consolidated Statements of Operations.

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.

## **Use of Forward-Looking Non-GAAP Information:**

This presentation includes non-GAAP forward looking figures that exclude estimated charges related to stock-based compensation, amortization of purchased intangibles, restructuring costs, acquisition-related costs, 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 non-GAAP forward looking figures to GAAP is not provided. Where a non-GAAP figure includes historical data and forward-looking estimates, we have reconciled the historical data, but for the foregoing reasons have not reconciled the forward-looking estimates.

# GAAP to Non-GAAP Reconciliation

| <u>Operating Income Reconciliation</u>                         | <u>12 Months Ending</u> |                 |
|--|-------------------------|-----------------|
|  | <u>Dec 26,</u>          | <u>% of Net</u> |
|  | <u>2020</u>             | <u>Sales</u>    |
| Income (Loss) From Operations - GAAP basis                     | \$ 3,260                | 0.5%            |
| Share based compensation                                       | 14,234                  | 2.2%            |
| Amortization of purchased intangible assets                    | 38,746                  | 6.1%            |
| Restructuring costs related to inventory in COS                | 3,731                   | 0.6%            |
| Restructuring costs  | 7,623                   | 1.2%            |
| Manufacturing transition and severance costs                   | 808                     | 0.1%            |
| Impairment charge  | 11,249                  | 1.8%            |
| Gain on sale of facility                                       | (4,495)                 | -0.7%           |
| PP&E step-up included in COS and SG&A                          | 874                     | 0.1%            |
| Reduction of Indemnification Receivable                        | 111                     | 0.0%            |
| Payroll taxes due to accelerated vesting of share-based awards | 263                     | 0.0%            |
| Income From Operations - Non-GAAP                              | <u>\$ 76,404</u>        | <u>12.0%</u>    |

# Cautionary Statement Regarding Forward Looking Statements

## Forward-Looking Statements:

This presentation may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding our market opportunity and estimated CAGR, driving significant growth in mobility 5G, data generation & transmission, automotive ADAS, electrification and telematics, content and data growth trends, target operating income and free-cash-flow, Cohu SAM estimates, path for growth and differentiation, any comments on Cohu's FY 2021 outlook or growth, second half 2021 outlook, Target Quarterly Financial model, % of incremental revenue expected to fall to operating income, debt deleveraging priority, Cohu's second quarter 2021 sales forecast, guidance, sales mix, non-GAAP operating expenses, gross margin, adjusted EBITDA, effective tax rate, free cash flow, cap ex, and cash and shares outstanding, estimated minimum cash needed, estimated EBITDA breakeven point, any future Term Loan B principal reduction, and any other statements that are predictive in nature and depend upon or refer to future events or conditions, and include words such as "may," "will," "should," "would," "expect," "anticipate," "plan," "likely," "believe," "estimate," "project," "intend," and 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 could differ materially from those contained in any forward-looking statement as a result of various factors, including, without limitation: the ongoing global COVID-19 pandemic has adversely affected, and is continuing to adversely affect, our business and results of operations; component, logistics and labor costs that are materially increasing due to COVID-19 constraints, commodity costs, availability of direct labor, increased demand and other factors; we are making investments in new products and product enhancements, which may adversely affect our operating results and these investments may not be commercially successful; we are exposed to the risks of operating a global business; we have manufacturing operations in Asia, and any failure to effectively manage multiple manufacturing sites and to secure raw materials meeting our quality, cost and other requirements, or failures by our suppliers to perform, could harm our sales, service levels and reputation; failure of critical suppliers to deliver sufficient quantities of parts in a timely and cost-effective manner could adversely impact our operations; the semiconductor industry is seasonal, volatile and unpredictable; the semiconductor equipment and printed circuit board ("PCB") test industries are intensely competitive; semiconductor equipment is subject to rapid technological change, product introductions and transitions which may result in inventory write-offs, and our new product development involves numerous risks and uncertainties; the seasonal nature of the semiconductor equipment industry places enormous demands on our employees, operations and infrastructure; a limited number of customers account for a substantial percentage of our net sales; a majority of our revenues are generated from exports to foreign countries, primarily in Asia, that are subject to economic and political instability and we compete against a number of Asia-based test contractor, test handler, automated test equipment and PCB test suppliers; the incurrence of substantial indebtedness in connection with our financing of the Xcerra acquisition may have an adverse impact on Cohu's liquidity, limit Cohu's flexibility in responding to other business opportunities and increase Cohu's vulnerability to adverse economic and industry conditions; our Credit Agreement contains various representations and negative covenants that limit, subject to certain exceptions and baskets, our ability and/or our subsidiaries' ability to enter into financing and other transactions relating to our assets; because of high debt levels we may not be able to service our debt obligations in accordance with their terms; dilution of earnings per share due to our March 2021 follow-on equity offering; we are exposed to other risks associated with other acquisitions, investments and divestitures; we expect to continue to evaluate and pursue divestitures of non-core assets; our financial and operating results may vary and fall below analysts' estimates, or credit rating agencies may change their ratings on Cohu, any of which may cause the price of our common stock to decline or make it difficult to obtain other financing; potential goodwill impairments if our business underperforms; global economic and political conditions, including trade tariffs and export restrictions, and other regulatory requirements, have impacted our business and may continue to have an adverse impact on our business and financial condition; and our business and operations could suffer in the event of cybersecurity breaches.

These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including the most recently filed 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](http://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.