

Q4'24 FINANCIAL RESULTS

February 13, 2025

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 growth opportunity for acquired business and technology; effects of test cell utilization on future business; impact of key business drivers for recurring revenue and systems; design wins or new product introductions; annual renewal rate on service contracts; capability of and expansion plans for data analytics solutions; cash position to accomplish forecasted activities; Q1'25 outlook and financial guidance, including forecasts in revenue, gross margin, strength of recurring revenue, operating expense, outstanding share projections, and tax treatment impacts; 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: new product investments and product enhancements which may not be commercially successful; the semiconductor industry is seasonal, cyclical, volatile and unpredictable; recent erosion in mobile, automotive and industrial market sales; our ability to manage and deliver high quality products and services; failure of sole source contract manufacturer or our ability to manage third-party raw material, component and/or service providers; ongoing inflationary pressures on material and operational costs coupled with rising interest rates; economic recession; the semiconductor industry is intensely competitive, subject to rapid technological changes, and experiences consolidation of key customers for semiconductor test equipment; 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; our relationships with customers may deteriorate; loss of key personnel; risks of using artificial intelligence within Cohu's product developments and business; reliance on foreign locations and geopolitical instability in such locations critical to Cohu and its customers; natural disasters, war and climate-related changes, including related economic impacts; levels of debt; access to sufficient capital on reasonable or favorable terms; foreign operations and related currency fluctuations; required or desired accounting charges and the cost or effectiveness of accounting controls; instability of financial institutions where we maintain cash deposits and potential loss of uninsured cash deposits; significant goodwill and other intangibles as percentage of our total assets; increasingly restrictive trade and export regulations impacting our ability to sell products, specifically within China; risks associated with acquisitions, investments and divestitures such as integration and synergies; constraints related to corporate governance structures; share repurchases and related impacts; financial or operating results that are below forecast or credit rating changes impacting our stock price or financing ability; law/regulatory changes and including environmental or tax law changes; significant volatility in our stock price; the risk of cybersecurity breaches; enforcing or defending intellectual property claims or other litigation.

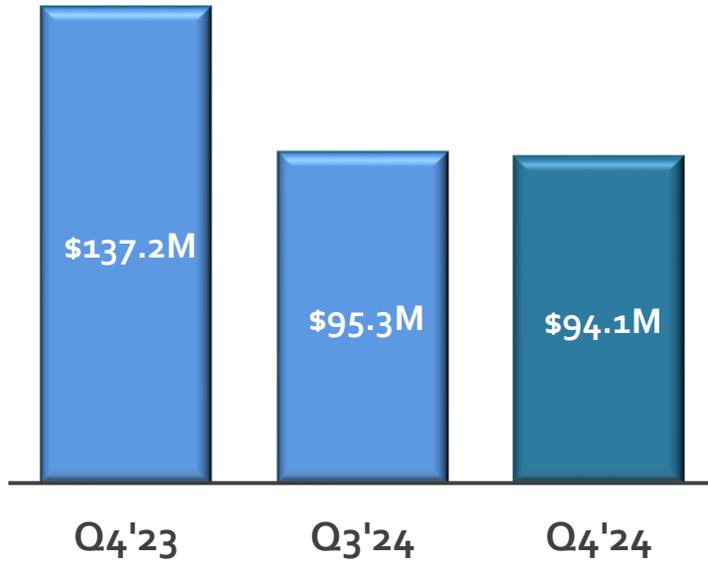
These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including our most recent Form 10-K and Form 10-Q, and the other filings made by Cohu with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable 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

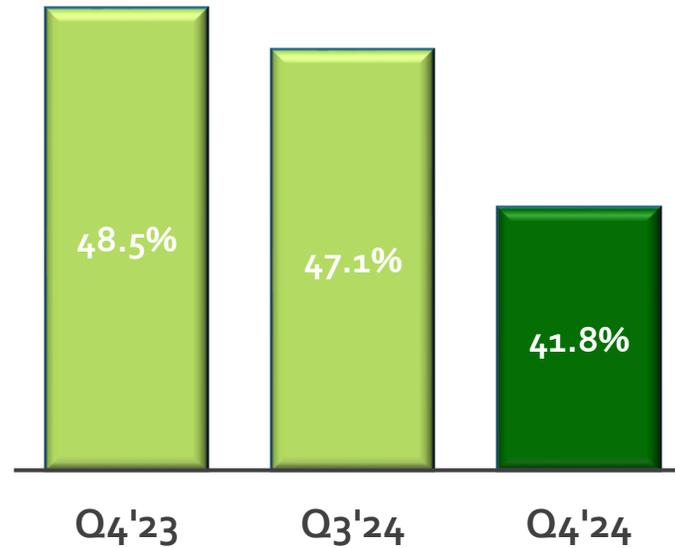
SUMMARY

Revenue



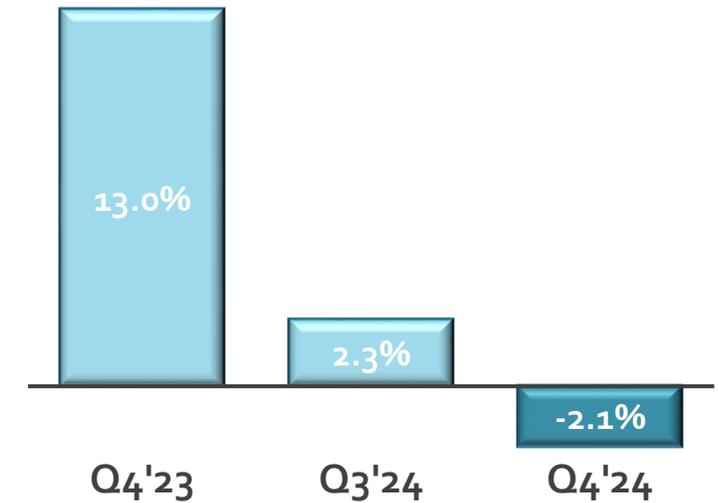
- Acquired Tignis, Inc. entering AI process control & analytics
- Expansion of AI Inspection software solution
- Opportunity to grow software at 3-year CAGR of 50%

Non-GAAP Gross Margin⁽¹⁾



- Full year 2024 non-GAAP gross margin of 45%
- Q4'24 gross margin impacted by inventory reserve charge

Adj. EBITDA⁽¹⁾



- Test cell utilization up 1 pt. QoQ to 73% – *mobile at 65%, auto & ind. 75%, computing 69%*
- Cash & short-term investments decreased \$7M QoQ to ~ \$262M

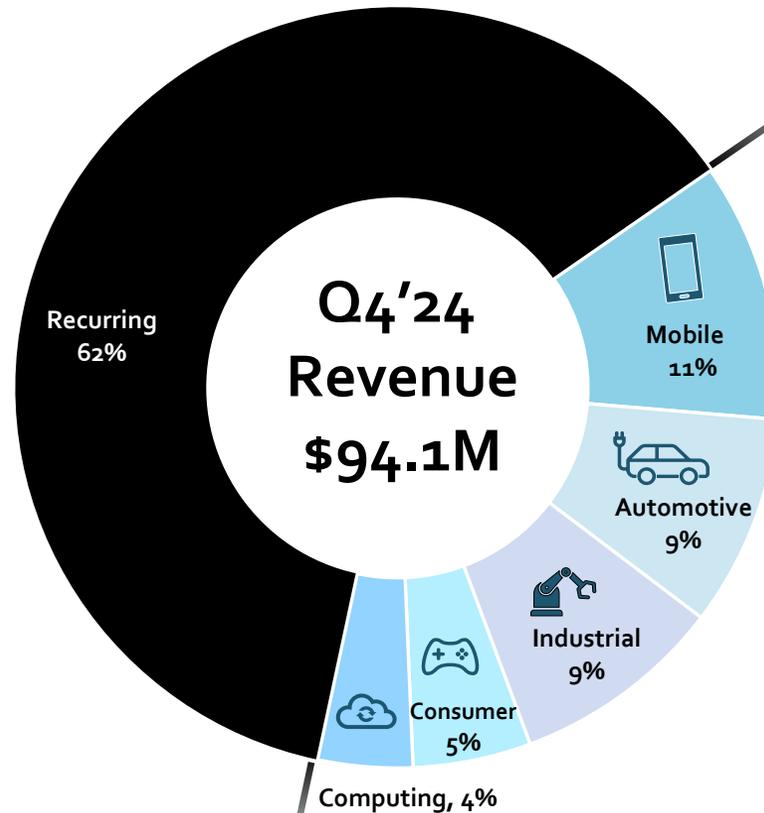
¹⁾ See appendix for GAAP to non-GAAP reconciliation

DIVERSE REVENUE PROFILE

Recurring

Key Business Drivers

- ~ 92% ARR (Annual Renewal Rate) on service contracts
- Interface design-win for 800G switches
- AI Inspection design-win business



Systems

Key Business Drivers

- Shipped first HBM inspection system
- Expanding VI100 instrument shipments in Auto

I4.0 & FACTORY AUTOMATION DATA ANALYTICS



Enables automation and optimization of test process

- ❑ On-line equipment monitoring and management
- ❑ Real-time component and thermal performance analytics
- ❑ Advance notice to perform proactive maintenance to minimize failures and increase equipment uptime
- ❑ AI inspection to optimize yield and prevent over-rejection

DI-Core software significantly improves overall equipment efficiency, increases inspection yield, and maximizes device output per machine

CUSTOMER ORDER FOR AI INSPECTION



Optimizes inspection yield without quality compromise

- ❑ Accurately differentiates micro-scale defects from cosmetic patterns
- ❑ Utilizes deep learning and neural network technologies to improve inspection yield
- ❑ Delivers higher first-pass inspection yield

Up to **2%**
Yield Improvement

Software provides optimized yield and defect detection through real-time Artificial Intelligence inspection



COHU ENHANCING DATA ANALYTICS AND AI/ML PLATFORM WITH ACQUISITION OF TIGNIS

COHU COMPLETES ACQUISITION OF TIGNIS⁽¹⁾

- Founded in 2017 in Seattle, WA, with development teams in U.S. and Canada
- Provider of AI⁽³⁾ process control and analytics-based monitoring software
 - **PAICe Monitor**[®] is an AI-driven anomaly detection and predictive maintenance platform, enabling customers to quickly deploy the power of Machine Learning for deep analysis and prediction models
 - **PAICe Maker**[®] is an AI-driven advanced process control solution for manufacturing that automatically adapts to process drift over time
 - **Digital Twin Query Language (DTQL)**⁽⁴⁾ provides explanatory syntax enabling users to manage complex data cleaning and analytics techniques without requiring data science experience
- Deepens Cohu's expertise in data science while adding advanced analytics to its **DI-Core software**



~ \$2.6B⁽²⁾

**Semiconductor Process
Control SAM**

Significant opportunity to accelerate growth in semiconductor process control, broaden product portfolio, and expand our customer presence

⁽¹⁾ Acquisition completed on January 7, 2025

⁽²⁾ Offering PAICe Monitor and PAICe Maker solutions enables Cohu to expand its analytics offerings to an industry-estimated semiconductor process control market of \$2.6B in 2023

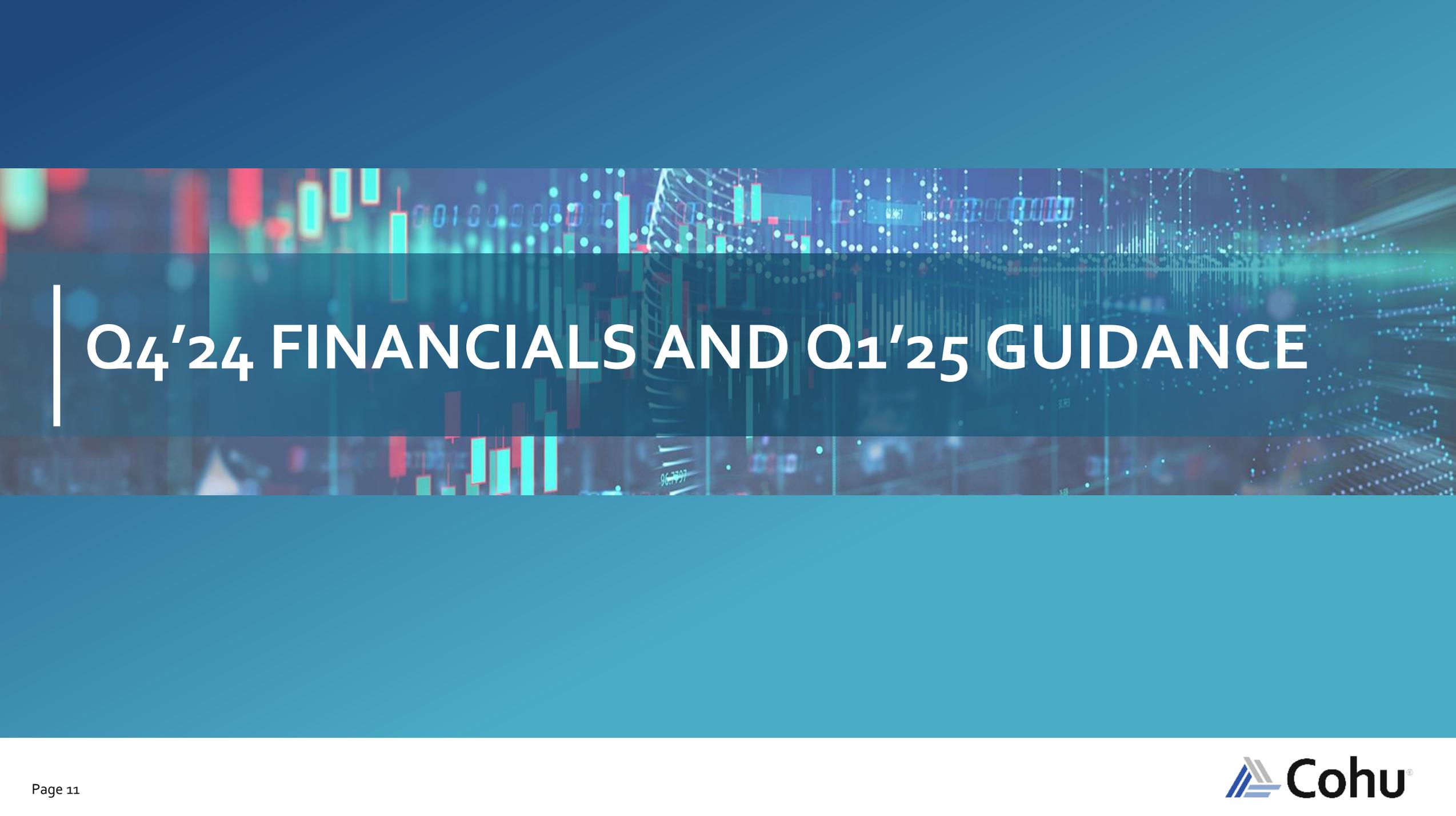
⁽³⁾ Artificial Intelligence

⁽⁴⁾ Patent pending

STRATEGIC RATIONALE

- ❑ Expands our breadth in ~ \$2.6 billion semiconductor process control market
- ❑ Combination of DI-Core and Tignis technologies creates a state-of-the-art analytics platform
 - Acquired critical technology components including data cleaning and modeling, advanced analytics⁽¹⁾, and visualization; and data science expertise with strong semiconductor-domain analytics
 - Adding talented engineering and data science expertise to drive growth in analytics market
- ❑ Accelerates predictive maintenance (PdM) growth over the mid-term
- ❑ Enables PdM for broad semiconductor manufacturing
 - Utilize state-of-the-art analytics platform and data science expertise to expand solutions
 - Targeting broader semiconductor manufacturing, beyond CoHu equipment

⁽¹⁾ Includes machine learning, multi-variate analysis, and scripting



Q4'24 FINANCIALS AND Q1'25 GUIDANCE

Q4'24 NON-GAAP RESULTS

	Q3'24 Actual	Q4'24 Guidance ⁽²⁾	Q4'24 Actual
Revenue	\$95.3M	\$95M +/- \$5M	\$94.1M
Gross Margin ⁽¹⁾	47.1%	~ 44%	41.8%
Operating Expenses ⁽¹⁾	\$45.2M	~ \$46M	\$45.3M
Non-GAAP EPS ⁽¹⁾	(\$0.08)		(\$0.15)
Adjusted EBITDA ⁽¹⁾	2.3%	~ (1%)	(2.1%)

- Q4 revenue in-line with guidance
- Gross margin was impacted by a \$2.1M reserve for aged, slow moving, customer specific inventory. Without the reserve, gross margin was in-line with guidance
- Operating Expenses lower than guidance
- Inventory reserve charge accounts for \$0.04 impact to EPS

(1) Non-GAAP, see Appendix for Q3'24, Q4'24 GAAP to non-GAAP reconciliations and for notes regarding use of forward-looking non-GAAP figures

(2) Guidance as provided on October 31, 2024 press release and earnings conference call

BALANCE SHEET

	Q3'24	Q4'24
Cash and Investments ⁽¹⁾	\$269M	\$262M
Accounts Receivable	\$92M	\$92M
Total Debt	\$11M	\$9M
Capital Additions	\$2.3M	\$3.0M
Cash Flow From Operations	\$17.4M	(\$2.3M)

- Cash position supports inorganic growth and share purchase program
- Fiscal year 2024 total CapEx of ~ \$11M
- \$27M of cash in fiscal year 2024 used to repurchase 915K shares of Common Stock, exceeding annual goal of 500K to offset dilution from equity compensation plan

⁽¹⁾ Net cash per share Q3'24 = \$5.53; Q4'24 = \$5.42; See Appendix for GAAP to non-GAAP reconciliations.

Q1'25 OUTLOOK

	Q4'24 Actual	Q1'25 Guidance
Revenue ⁽¹⁾	\$94.1M	\$97M +/- \$7M
Gross Margin ⁽¹⁾	41.8%	~ 44%
Operating Expenses ⁽¹⁾	\$45.3M	~ \$49M
Adjusted EBITDA ⁽¹⁾	(2.1%)	~ (3%)

- Q1 revenue reflects continued soft automotive and industrial test demand
- Resilient gross margin from differentiated products and strong recurring revenue
- OPEX higher QoQ due to Tignis acquisition, labor costs and Q1 payroll tax reset
- Projecting ~ \$3M Q1 tax provision due to pretax income in foreign jurisdictions combined with no tax benefit from a projected U.S. loss

(1) See Appendix for Q4'24 GAAP to non-GAAP reconciliations. The Q1'25 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 to predict without unreasonable efforts due to their inherent uncertainty, therefore, reconciliation of these figures to GAAP is not provided.

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, 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, 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

<u>Earnings Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	<u>Sep 28,</u>	<u>Diluted</u>	<u>Dec 28,</u>	<u>Diluted</u>
	<u>2024</u>	<u>EPS</u>	<u>2024</u>	<u>EPS</u>
Net income (loss) - GAAP	\$ (18,056)	\$ (0.39)	\$ (21,358)	\$ (0.46)
Share based compensation	5,248	0.11	5,281	0.11
Amortization of purchased intangible assets	9,791	0.21	9,753	0.21
Restructuring costs related to inventory in COS	(20)	0.00	(429)	(0.01)
Restructuring costs	14	0.00	5	0.00
Manufacturing transition and severance costs	455	0.01	136	0.00
Impairment charge	(63)	0.00	0	0.00
Other acquisition costs	0	0.00	407	0.01
Gain on sale of facility	0	0.00	0	0.00
PP&E step-up included in COS and SG&A	12	0.00	0	0.00
Inventory Step-Up	0	0.00	0	0.00
Reduction of Indemnification Receivable	0	0.00	506	0.01
Tax effect of Non-GAAP adjustments	(1,178)	(0.02)	(1,377)	(0.02)
Net income - Non-GAAP	<u>(\$3,797)</u>	<u>\$ (0.08)</u>	<u>(\$7,076)</u>	<u>\$ (0.15)</u>
Weighted Average Shares - GAAP	Diluted	46,815	Diluted	46,719
Weighted Average Shares - Non-GAAP	Diluted	46,815	Diluted	46,719
Income tax provision - GAAP	\$ 3,231		\$ 2,055	
Tax effect of Non-GAAP adjustments ⁽¹⁾	1,178		1,377	
Income tax provision - Non-GAAP	<u>\$ 4,409</u>		<u>\$ 3,432</u>	
Effective tax rate - GAAP	-21.8%		-13.9%	
Effective tax rate - Non-GAAP	720.4%		411.5%	

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

<u>Gross Profit Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>		<u>3 Months Ending</u>		<u>12 Months Ending</u>	
	<u>Dec 30,</u>	<u>% of Net</u>	<u>Sep 28,</u>	<u>% of Net</u>	<u>Dec 28,</u>	<u>% of Net</u>	<u>Dec 28,</u>	<u>% of Net</u>
	<u>2023</u>	<u>Sales</u>	<u>2024</u>	<u>Sales</u>	<u>2024</u>	<u>Sales</u>	<u>2024</u>	<u>Sales</u>
Net Sales	\$ 137,226		\$ 95,342		\$ 94,122		\$ 401,779	
Gross Profit - GAAP	65,410	47.7%	44,657	46.8%	39,466	41.9%	180,294	44.9%
Share based compensation	226	0.2%	270	0.3%	290	0.3%	1,049	0.3%
Amortization of Purchased Intangible Assets	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Restructuring costs related to inventory in COS	(3)	0.0%	(20)	0.0%	(429)	-0.5%	(465)	-0.1%
Manufacturing transition and severance costs	7	0.0%	0	0.0%	9	0.0%	11	0.0%
Inventory step-up	868	0.6%	0	0.0%	0	0.0%	0	0.0%
Gross Profit - Non-GAAP	<u>\$66,508</u>	<u>48.5%</u>	<u>\$44,907</u>	<u>47.1%</u>	<u>\$39,336</u>	<u>41.8%</u>	<u>\$180,889</u>	<u>45.0%</u>

GAAP TO NON-GAAP RECONCILIATION

<u>Operating Expense Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	Sep 28, 2024	% of Net Sales	Dec 28, 2024	% of Net Sales
Operating Expense - GAAP	\$ 60,426	63.4%	\$ 61,093	64.9%
Share based compensation	(4,978)	-5.2%	(4,991)	-5.3%
Amortization of purchased intangible assets	(9,791)	-10.3%	(9,753)	-10.4%
Restructuring costs	(14)	0.0%	(5)	0.0%
Manufacturing transition and severance costs	(455)	-0.5%	(127)	-0.1%
Impairment charge	63	0.1%	0	0.0%
PP&E step-up included in SG&A	(12)	0.0%	0	0.0%
Other acquisition costs	0	0.0%	(407)	-0.4%
Reduction of Indemnification Receivable	0	0.0%	(506)	-0.5%
Operating Expense - Non-GAAP	<u>\$ 45,239</u>	<u>47.4%</u>	<u>\$ 45,304</u>	<u>48.1%</u>

<u>Adjusted EBITDA Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	Dec 30, 2023	% of Net Sales	Sep 28, 2024	% of Net Sales	Dec 28, 2024	% of Net Sales
Net income (loss) - GAAP	\$ (2,028)	-1.5%	\$ (18,056)	-18.9%	\$ (22,032)	-23.4%
Income tax provision	1,531	1.1%	3,231	3.4%	2,729	2.9%
Interest expense	754	0.5%	86	0.1%	99	0.1%
Interest income	(2,847)	-2.1%	(2,609)	-2.7%	(2,325)	-2.5%
Amortization of purchased intangible assets	9,738	7.1%	9,791	10.3%	9,753	10.4%
Depreciation	3,372	2.5%	3,362	3.5%	3,196	3.4%
Amortization of cloud-based software implementation costs	700	0.5%	709	0.7%	709	0.8%
Loss on extinguishment of debt	0	0.0%	0	0.0%	0	0.0%
Other Non-GAAP Adjustments	6,619	4.8%	5,634	5.9%	5,906	6.3%
Adjusted EBITDA	<u>\$ 17,839</u>	<u>13.0%</u>	<u>\$ 2,148</u>	<u>2.3%</u>	<u>(\$ 1,965)</u>	<u>-2.1%</u>

GAAP TO NON-GAAP RECONCILIATION

<u>Net Cash per Share</u>	<u>3 Months Ending Sep 28, 2024</u>	<u>3 Months Ending Dec 28, 2024</u>
Cash and investments	\$ 269,238	\$ 262,092
Less: total debt	(10,520)	(8,800)
Net cash	<u>\$ 258,718</u>	<u>\$ 253,292</u>
Weighted Average Shares - Diluted	46,815	46,719
Net Cash per Share	\$ 5.53	\$ 5.42