

# COHU INVESTOR PRESENTATION

January 2024

# 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 being aligned to high growth semiconductor markets and expected CAGRs; all Serviceable Addressable Market (SAM) estimates; share and growth over time; market segments CAGRs and growth drivers for each business; 3-5 year target "Plan" or "Target Model" financial goals; target revenue CAGRs by business; market position and/or share in business verticals and changes over time; end-market growth estimates and related opportunities; strength of IP portfolio; savings or value from higher yield or increasing productivity; successful integration of EQT; resiliency of recurring business; Q3'23 financial guidance; recurring revenue and backlog; any other Fy'23 or Fy'24 forecasts; any references to product plans, roadmaps, developments and schedules; increases in test intensity, power and IoT nodes; expanding into probe card market; product lower cost, higher yield, throughput, productivity or life estimates; Sense+ gaining traction and growth; scalability, performance targets and design wins with Diamondx testers; leadership in automotive test; product leadership in contactors; known good die inspection opportunities; DI-Core technology targets and plans; gross margin expansion; est. Cap Ex; business segment revenue split at Target Model; revenue growth to \$1 Bil; investment thesis; any future M&A; 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; 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 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.



# COHU AT A GLANCE



**\$813M**

*FY22 Revenue*

**\$388M**

*Cash & Investments <sup>(2)</sup>*

**~ 18%**

*5-year Revenue CAGR <sup>(1)</sup>*

**~ 47%**

*FY22 Gross Margin <sup>(3)</sup>*

**Aligned to high growth semiconductor markets<sup>(4)</sup>:**

- Automotive Electronics CAGR ~ 16%
- Industrial Electronics CAGR ~ 9%
- Wired Comm. Electronics CAGR ~ 8%
- Computing-Server CAGR ~ 5%

**~ 24,600**

*Equipment Installed Base*

<sup>(1)</sup> For the period ending December 31, 2022

<sup>(2)</sup> As of September 30, 2023

<sup>(3)</sup> Non-GAAP, see Appendix for GAAP to non-GAAP reconciliations

<sup>(4)</sup> Source: Gartner Worldwide Semiconductor Forecast Database (4Q22 Update)



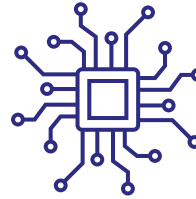
# DELIVERING HIGHER YIELD & PRODUCTIVITY



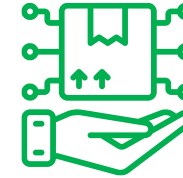
High performance product portfolio at lower cost-of-ownership



Diverse customers and applications expanding addressable market



Increasing semiconductor complexity and package integration



Innovative solutions delivering higher yield & productivity



Scalable model that optimizes profitability and Plan <sup>(4)</sup> that delivers growth and drives shareholder value

**Strong market**  
position in each business vertical

**~ 20% share**  
in ~ \$4 billion addressable market <sup>(1)</sup>

**Opportunities**  
in 5G connectivity, artificial intelligence, advanced packaging, industrial IoT <sup>(2)</sup>, automotive ADAS <sup>(3)</sup> and electrification, consumer wearables

**Broad IP portfolio**  
and strong global support enabling customers' production ramps and productivity goals

Revenue <sup>(4)</sup>  
**\$1 billion**  
Gross Margin <sup>(4)</sup>  
**49%**  
Operating Income <sup>(4)</sup>  
**25%**

<sup>(1)</sup> Cohu SAM: Serviceable Addressable Market are company estimates for 2023

<sup>(2)</sup> Internet of Things

<sup>(3)</sup> Advanced Driver Assistance Systems

<sup>(4)</sup> Plan references a mid-term (3-5 years) target. Gross Margin and Op Income are Non-GAAP, see Appendix for notes regarding use of forward-looking non-GAAP figures

# MARKET AND TECHNOLOGY LEADERSHIP

Equipment and Services enabling higher yield and productivity



#3

Semiconductor Test <sup>(1)</sup>

Test Interface

High fidelity measurement instruments  
Compact, low-power systems → Scalability



#1



#1

Services <sup>(2)</sup>

Global footprint  
Data analytics



#2

Inspection &  
Metrology

Thermal and Vision Inspection  
Technologies enabling higher yield



#1

Automation <sup>(3)</sup>

(1) Leading supplier of RF Front-End test equipment; company estimates

(2) Service business of Cohu systems

(3) Automation includes test handlers

# COHU'S ACQUISITION OF EQT

Cohu acquired Equiptest Engineering Pte. Ltd. ("EQT") on October 2, 2023

A test contactor company with TTM revenue ~ \$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

Rapid 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

# WHY WE ARE WINNING

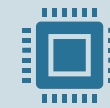
1% higher yield  
equates to

~ \$5 billion

customer value <sup>(1)</sup>

Delivering higher yield  
at lower cost-of-ownership

Solutions approach  
*faster time-to-yield*



Precision instruments  
*higher accuracy & yield*



Faster ramps  
*satisfying demand*



Advanced vision  
*higher inspection yield*



Global support  
*greater productivity*



Active thermal  
*higher test yield*



(1) Semiconductor Industry Association (SIA): global semiconductor industry sales totaled \$556 billion in 2021



# TARGET MODEL

Revenue <sup>(1)</sup>

**\$1B**

Gross Margin <sup>(1)</sup>

**49%**

Operating Income <sup>(1)</sup>

**25%**

# STRATEGY

Expand Semiconductor Test in high-growth markets with scalable, precision instrumentation

Accelerate Interface product sales in test cells and probe card market

Expand Services business with data analytics to optimize equipment productivity

Deliver high-end Inspection & Metrology to key growth applications: automotive, high-performance computing, advanced packaging

<sup>(1)</sup> Mid-term (3-5 years) target. Gross Margin and Op Income are Non-GAAP, see Appendix for notes regarding use of forward-looking non-GAAP figures

The background of the slide is a dark blue gradient. A horizontal band across the middle features a blurred image of financial market data, including candlestick charts with red and green bars and various numerical data points in white and green. The text 'GROWTH STRATEGY' is overlaid on this band in a large, white, sans-serif font. A thin white vertical line is positioned to the left of the text.

# GROWTH STRATEGY

# SCALABLE TEST SOLUTIONS ON DIAMOND<sub>x</sub>

## Cost-Performance Challenge

*Devices with increasing mixed signal complexity*

RF FEM &  
RF-IoT

Analog & Power  
Management

Customer Portfolio

Microcontrollers

Display  
Drivers

*Device cost down enabling market expansion*

## Platform Advantages

### **Best-in-Class Throughput**

Event-Link architecture suited for efficient multisite mixed signal test

### **Air-Cooled Universal**

Platform scalable from 5-slots suitable for low pin-count devices to 40-slots enabling >300 multisite test parallelism

### **Calibration to Device Pin**

The only company positioned to solve technical and yield challenges through integrated tester-interface-handler solutions

## Design-Wins <sup>(1)</sup>

### **RF-IoT (Ultra-wideband)**

Low digital speed devices with high RF content benefiting from cost-performance optimized multisite instruments

up to **4X**

**Higher Output**

### **Power Management for Computing**

Universal platform addressing high-power requirements, a more flexible alternative to dedicated solutions

up to **6x**

**Competitors' Maximum Voltage**

<sup>(1)</sup> Based upon customer provided benchmarking data

# SENSE+ GAINING CUSTOMER TRACTION

New architecture with Stimulus Tester maximizes accuracy and production output



**10X**

Increase in Accuracy & Output<sup>(1)</sup>

**~\$18B**

Device end-market<sup>(2)</sup>

**~7% CAGR<sup>(2)</sup>**



Fully configured, Sense+ delivers one-pass automated test, inspection & metrology for the most complex MEMS devices including <1 mm WLCSP

<sup>(1)</sup> Compared to prior generation solutions

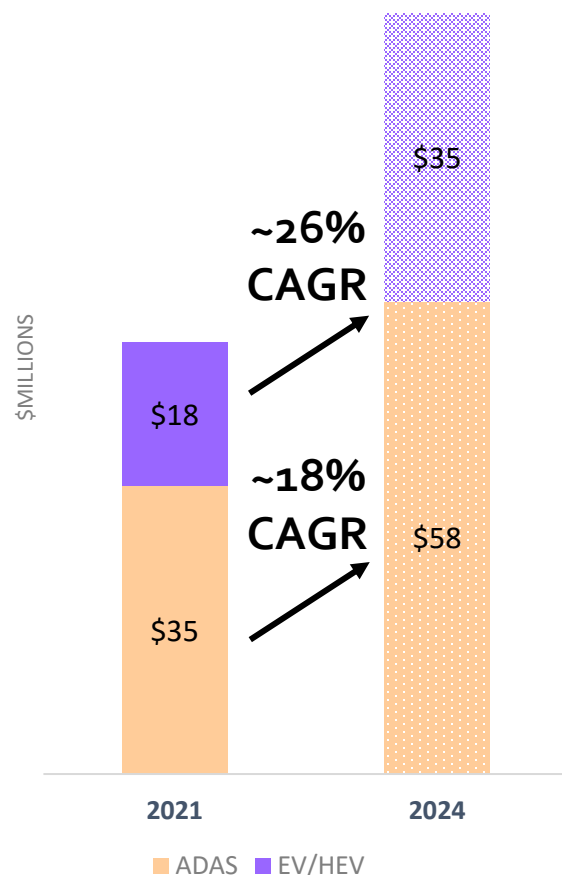
<sup>(2)</sup> MEMS market forecast 2025, CAGR 2020-2026 - Yole Developpement 2021



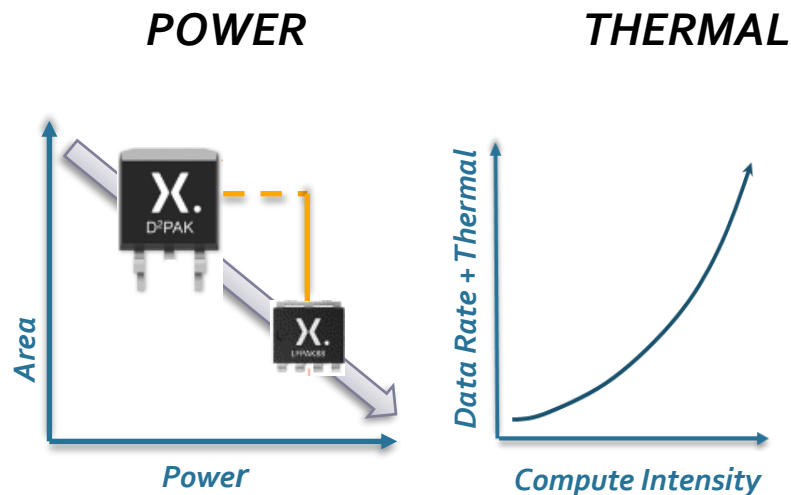
# INTERFACE LEADERSHIP IN AUTOMOTIVE TEST

## Accelerated Growth Segment

Contactor SAM <sup>(1)</sup>



## Technical Drivers

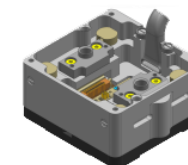


## Customers



## Product Leadership

### High Current Contactor

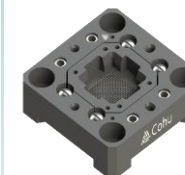


Unique pin architecture and heat dissipation structure delivers ~30% higher current capacity

~ 2X<sup>(1)</sup>  
Life Increase

~ 50%<sup>(1)</sup>  
Lower Cost

### Thermal Contactor



Smart sensors for improved temperature accuracy when combined with Cohu test handlers

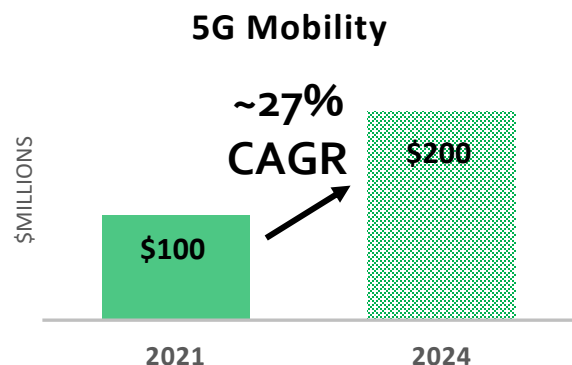
**Higher Yield**  
with Thermal Accuracy

<sup>(1)</sup> Company estimates

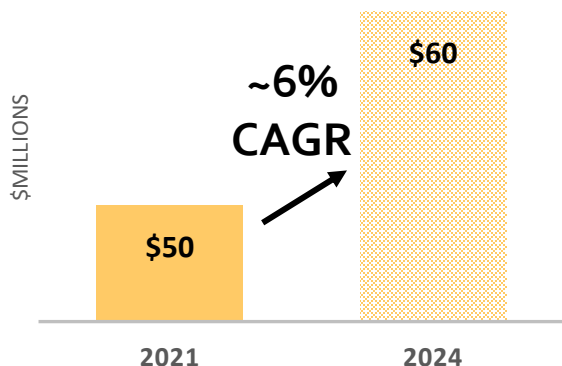
# INTERFACE SOLUTIONS IN HIGH-PERFORMANCE TEST

## Accelerated Growth Segment

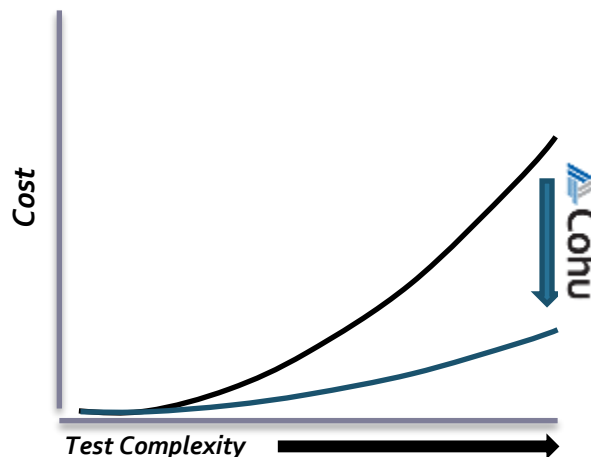
### Contactor SAM <sup>(1)</sup>



### Data Center



## Technical Drivers



## Customers



## Product Leadership

### Coaxial Contactor



High isolation for PAM<sub>4</sub> <sup>(2)</sup>  
Improved isolation delivering higher signal integrity

**2X<sup>(1)</sup>**

**Better Isolation**

### mmWave Contactor



RF optimized to 60 GHz  
~ 70% increase in performance over standard pins

**~ 50%<sup>(1)</sup>**

**Lower Cost-of-Ownership**

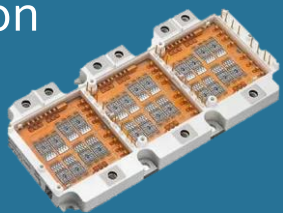
<sup>(1)</sup> Company estimates

<sup>(2)</sup> Pulse-amplitude Modulation

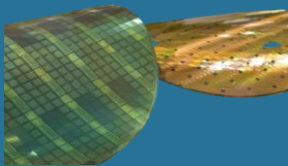
# TRUE KNOWN GOOD DIE FOR MODULE INTEGRATION

## Customer Challenges

Power module yield losses linked to multiple die integration



Test thinner SiC dies at higher power levels with full device integrity



## Cohu Solution



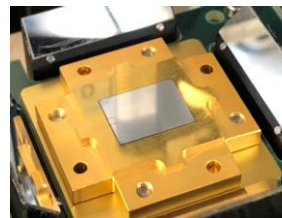
Proven high-power testing of 50  $\mu\text{m}$  thin bare die with controlled contactor insertion assisted by NV-Core vision



Full 6-side micro-scale inspection post testing



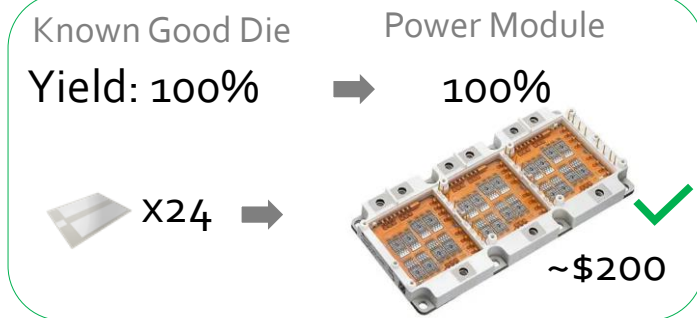
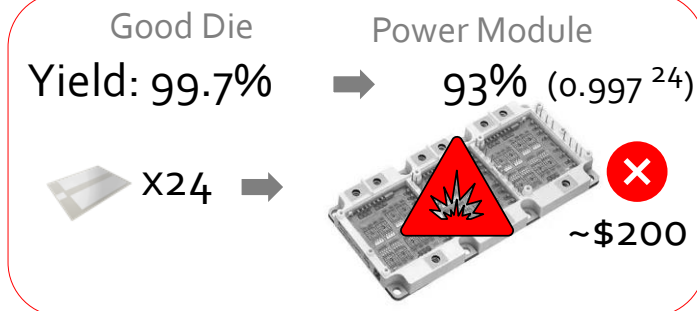
100% die traceability from wafer to tape-pocket



## Value to Customer

up to **7%** <sup>(1)</sup>

**Higher Yield**



(1) Company estimates

# RESILIENT RECURRING BUSINESS MODEL



**\$322M**

LTM<sup>(1)</sup> Recurring  
Revenue



**\$146M**

LTM<sup>(1)</sup> Service  
Revenue



**> 24,600**

Systems Installed  
Base



**310+**

Highly Skilled Field  
Service Engineers

**6.0%**

*3-year CAGR <sup>(2)</sup>*

**~ 92%**

*Annual Renewal Rate  
on service contracts*

**108**

*Customers*

**~ 12 year**

*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 September 30, 2023

(2) Compound Annual Growth Rate (CAGR) from Q3'20 to Q3'23



# DATA INTELLIGENCE SYSTEMS INCREASING OUTPUT



Real-time equipment monitoring and data analytics for Industry 4.0 factory automation of Cohu Equipment

Collect Equipment Data

Analyze

Report, Conclude and Act

*insight* Software



## Online Equipment Monitoring

Track uptime, yield, and throughput with proactive notifications for real-time corrective action



## Process Control

Test process control via central recipe management for downloading applications to equipment fleet



## Alarm Reporting

Pareto alarm reporting to expedite maintenance of critical problems

*pdm* Software

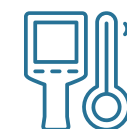
## Predict Out of Specification Performance

Analyze remaining useful life of critical components enabling proactive replacement before failure



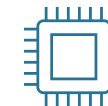
## Real-time Monitoring of System

Track system components and thermal performance reducing out of guard band testing



## Contactors Analytics

Monitor insertions and yield per site for optimal contactor maintenance





# DELIVERING PROFITABILITY AND SHAREHOLDER VALUE

# Q4'23 OUTLOOK

	Q2'23 Actual	Q3'23 Actual	Q4'23 Guidance <sup>(2)</sup>
Revenue	\$168.9M	\$150.8M	\$136M +/- \$6M
Gross Margin <sup>(1)</sup>	47.8%	47.1%	~ 46%
Operating Expenses <sup>(1)</sup>	\$50.7M	\$49.0M	~ \$50M
Non-GAAP EPS <sup>(1)</sup>	\$0.48	\$0.35	
Adjusted EBITDA <sup>(1)</sup>	19.8%	16.5%	~ 12%

**Q4 revenue lower on moderating automotive and industrial test demand, and continued soft mobility market**

**Resilient gross margin from differentiated products and strong recurring revenue**

**OPEX higher QoQ due to addition of EQT**

**Fully diluted shares outstanding estimated at 48.1 million**

<sup>(1)</sup> Non-GAAP, see Appendix for Q2'23, Q3'23 GAAP to non-GAAP reconciliations and for notes regarding use of forward-looking non-GAAP figures

<sup>(2)</sup> Guidance as provided on November 2, 2023 press release and earnings conference call

# MID-TERM TARGET MODEL <sup>(3)</sup>

**\$1 billion**

Revenue

**\$4.00**

EPS <sup>(1)</sup>

	Q3'23 Actuals	FY2022 Actuals	Target Model <sup>(3)</sup>
Revenue	\$150.8M	\$812.8M	\$1 billion
Gross Margin <sup>(1)</sup>	47.1%	47.2%	49%
Operating Expenses <sup>(1)</sup>	32.5%	25.6%	24%
Non-GAAP EPS <sup>(1)</sup>	\$0.35	\$2.91	\$4.00
Adjusted EBITDA <sup>(1)</sup>	16.5%	23.7%	26%
Free Cash Flow <sup>(2)</sup>	\$25.1M	\$98.1M	\$180M

Gross Margin, profitability and cash flow tracking to mid-term target

<sup>(1)</sup> Non-GAAP, see Appendix for GAAP to non-GAAP reconciliations, and for notes regarding use of forward-looking non-GAAP figures

<sup>(2)</sup> Reflects cash from operating activities minus capital expenditures

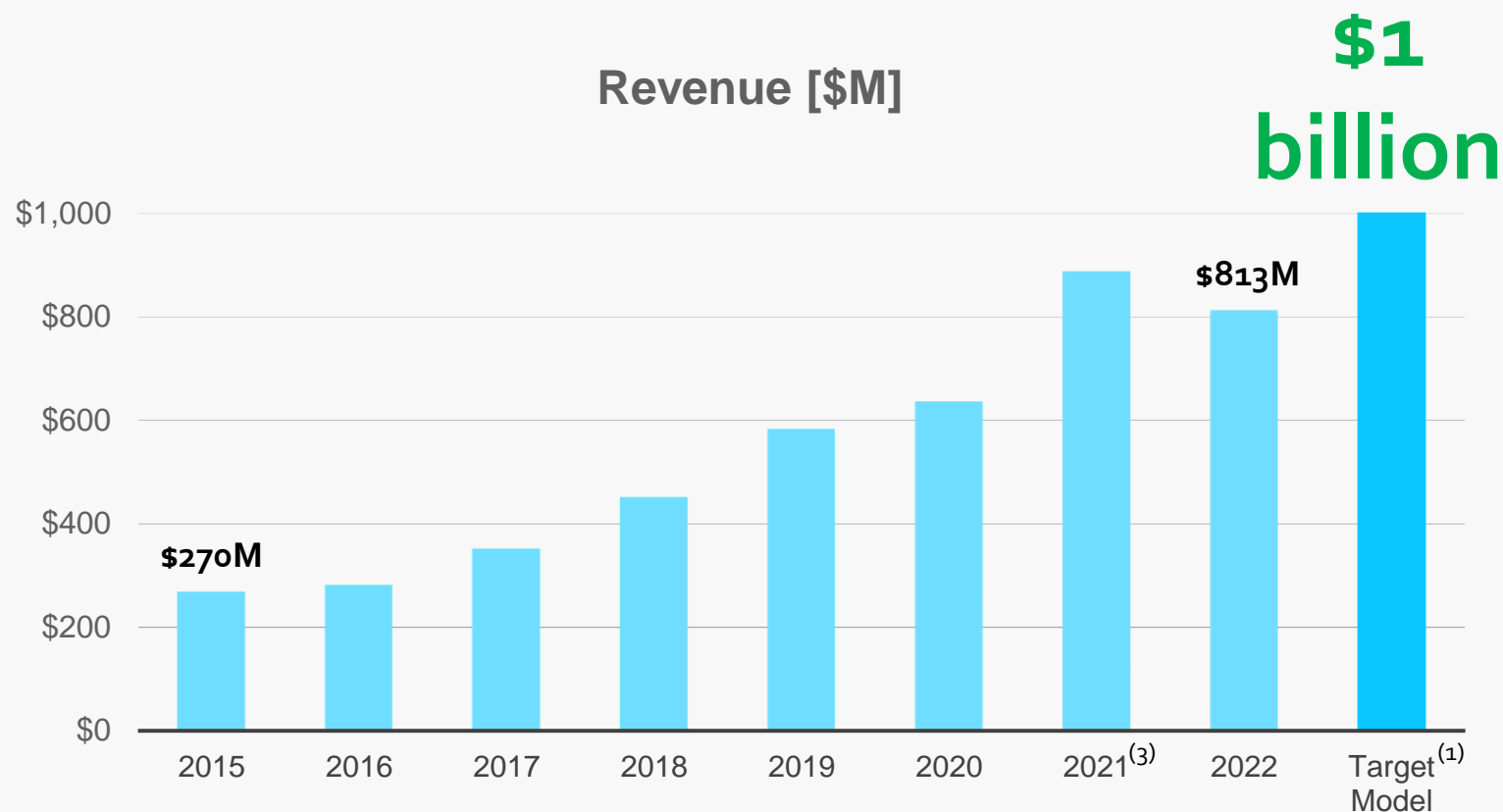
<sup>(3)</sup> Mid-term (3-5 years) target model



# REVENUE TARGET

Mid-Term Target <sup>(1)</sup>  
Revenue CAGR

~ 7%



Winning new customers and expanding SAM in growing markets  
Substantial revenue stream from recurring <sup>(2)</sup> with attractive profit profile

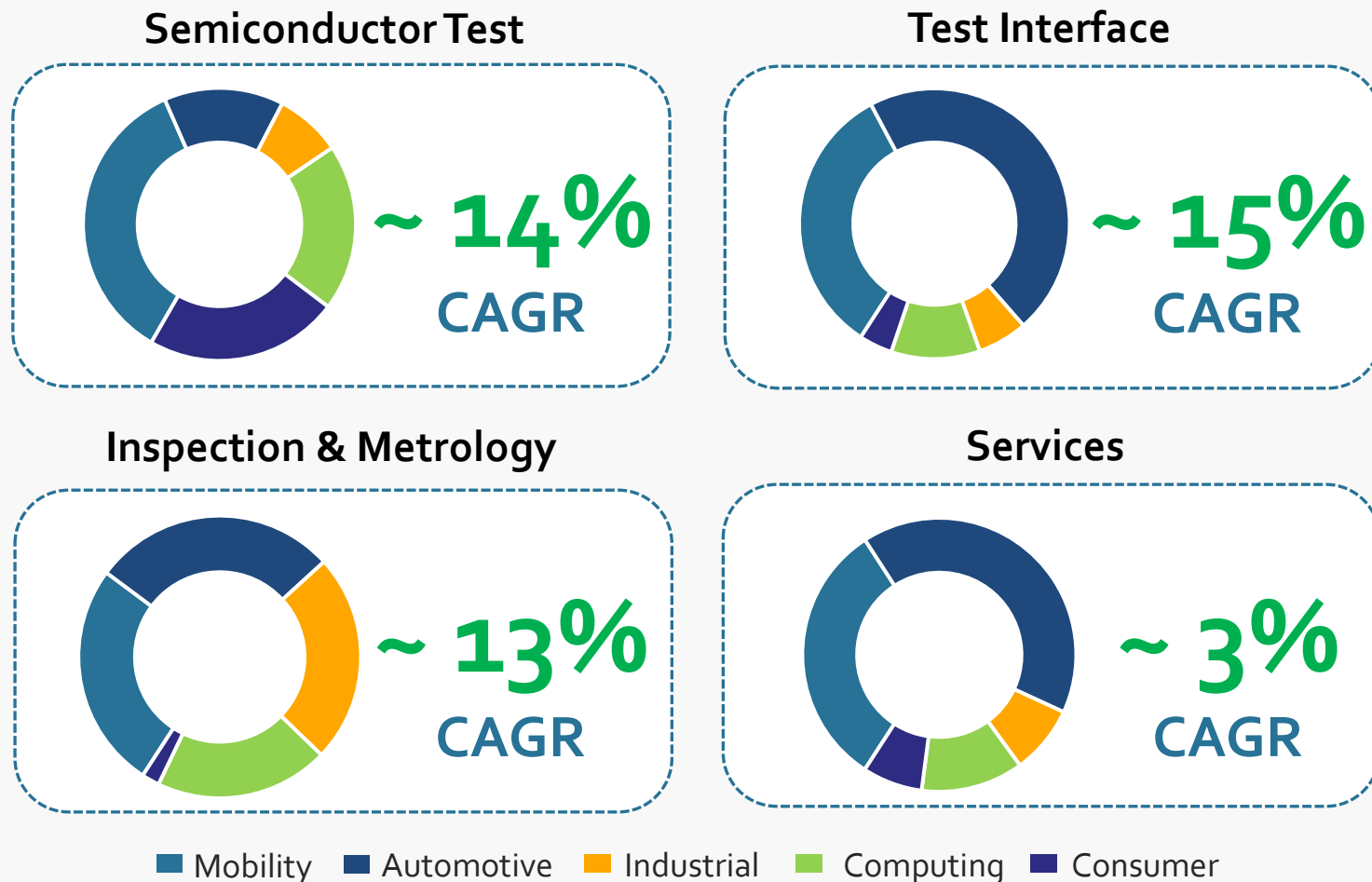
<sup>(1)</sup> Mid-term (3-5 years) target

<sup>(2)</sup> Recurring includes revenue from Interface and Service-related products

<sup>(3)</sup> For the period ending December 25, 2021; revenue includes \$26.8M of PCB Test business divested June 2021

# REVENUE GROWTH TO \$1 BILLION

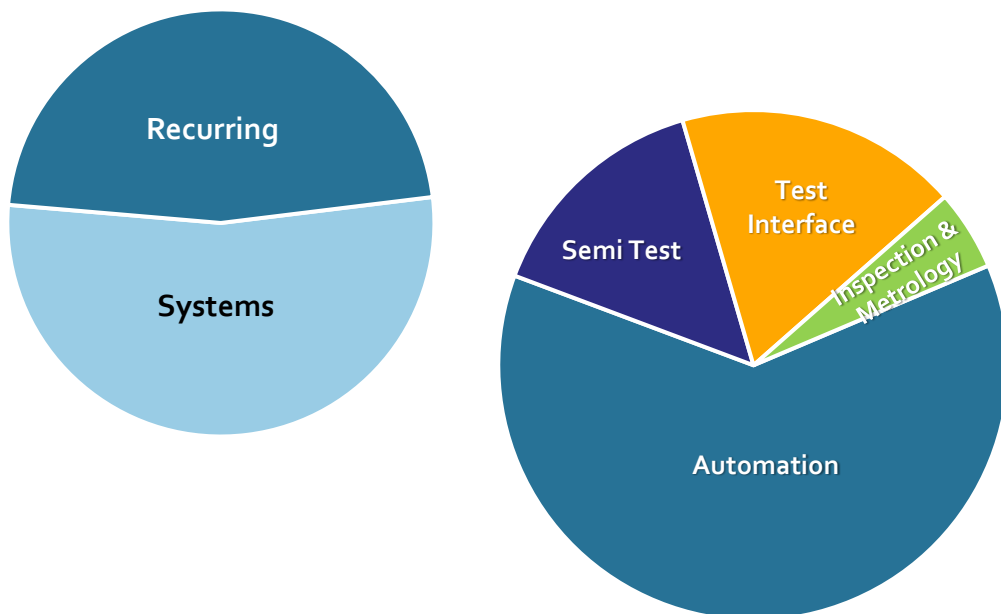
Increasing Revenue  
in Key Secular  
Growth Markets <sup>(1)</sup>



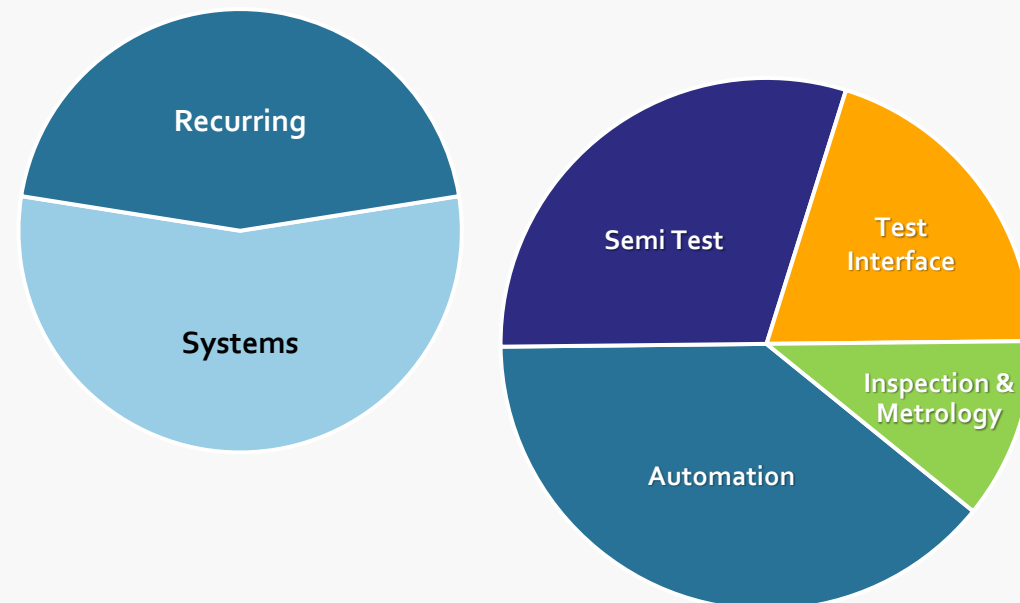
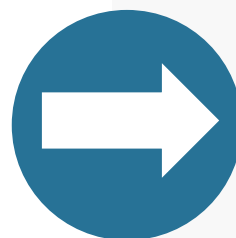
Leveraging market position & leading-edge products to drive revenue in high-growth applications incl. display drivers, ADAS, xEV, analog test and inspection

(1) Mid-term (3-5 years) targeted annual revenue growth and CAGR

# REVENUE DISTRIBUTION AT TARGET FINANCIAL MODEL



Q3'23 TTM Actual Results



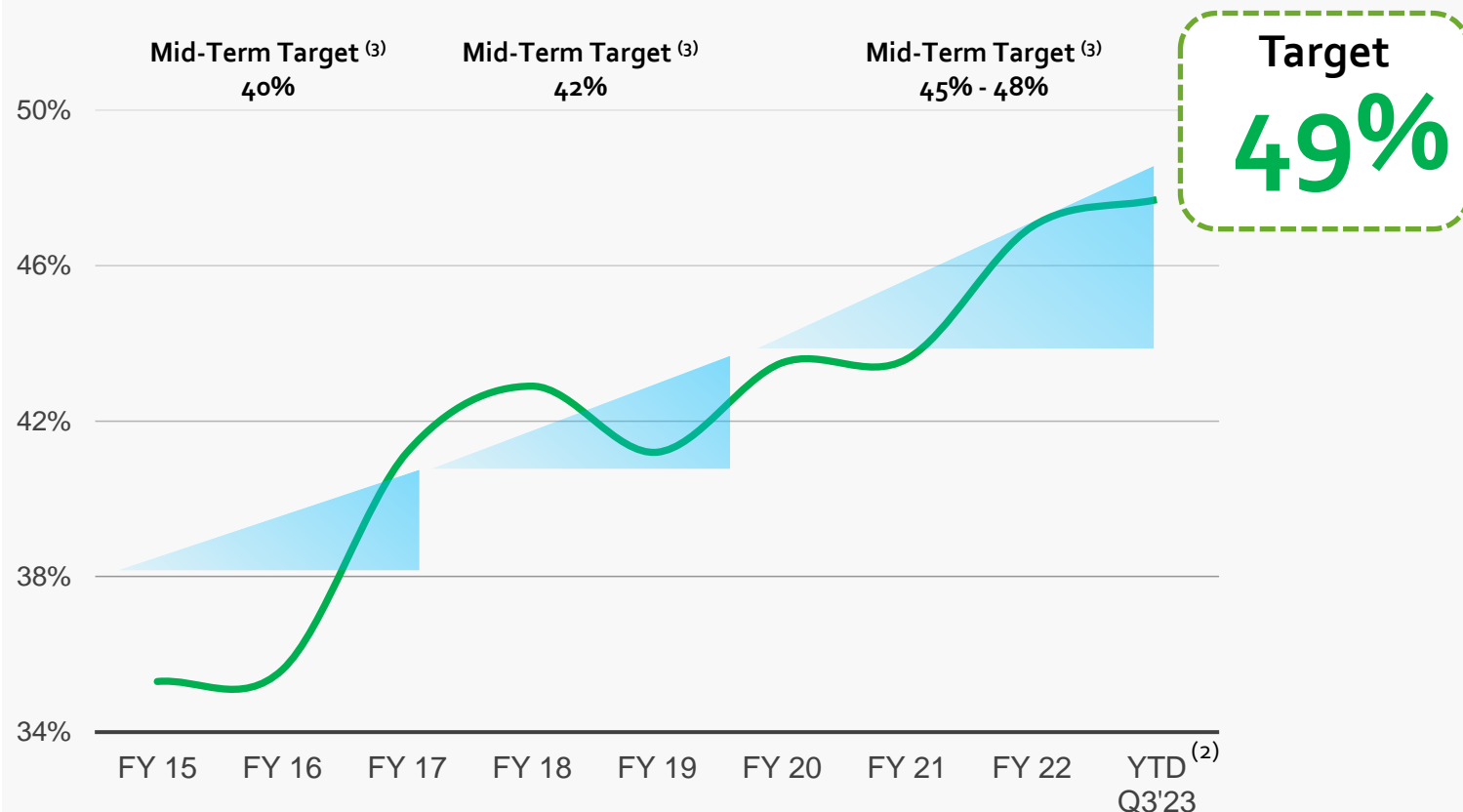
Target Financial Model <sup>(1)</sup>

Improved through-cycle profitability with large recurring business  
Gross margin expansion from growth in premium product sales

(1) Mid-term (3-5 years) target

# TRACK RECORD OF MARGIN EXPANSION

Achieved  
**+12 Points**  
 of Gross Margin <sup>(1)</sup>  
 Expansion



Differentiated products and recurring revenue expanding gross margin  
 Increasing insourced manufacturing and efficiencies improves gross margin

<sup>(1)</sup> All Gross Margin amounts are Non-GAAP, see Appendix for GAAP to Non-GAAP reconciliations, and notes regarding use of forward-looking non-GAAP figures

<sup>(2)</sup> Reflects actual results for the first 9 months of FY23

<sup>(3)</sup> Prior years' gross margin targets



# BALANCE SHEET

<i>(\$ Million)</i>	Q2'23	Q3'23
Cash and Investments	\$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 purchase program

Q3 \$1M debt reduction and \$4.7M share repurchase

Modest capex requirements – maintaining target of ~ \$20M annually

# EFFECTIVE CAPITAL ALLOCATION STRATEGY



## R&D Investment <sup>(1)</sup>

Funding organic growth

\$471M invested from FY16 – FY22



## Share Repurchase

\$140M authorized  
Repurchased 2.3M shares for \$68.9M through Q3'23



## Debt

\$1M repaid in Q2'23  
\$30M term loan B debt at Q3'23  
<1x gross leverage <sup>(2)</sup>



## M&A

Expand SAM and technology portfolio  
Accelerate timeline to financial targets



## Capital Expenditures

Capex light ~\$20M annually  
Expanding in-house manufacturing, global IT and R&D tools

<sup>(1)</sup> Amounts are Non-GAAP. See Appendix for GAAP to Non-GAAP reconciliations, and notes regarding use of forward-looking non-GAAP figures

<sup>(2)</sup> Total debt divided by Adjusted EBITDA for last 12 months ending September 30, 2023; Non-GAAP figure – see Appendix for GAAP to Non-GAAP reconciliations

# INVESTMENT THESIS

<b>\$1 Billion</b> Revenue	<b>49%</b> Gross Margin <sup>(1)</sup>	<b>25%</b> Operating Income <sup>(1)</sup>	<b>18%</b> Annual Free Cash Flow <sup>(2)</sup>
<b>~ 7% <sup>(3)</sup></b> Target 3-Year Revenue CAGR	<b>+200 bps <sup>(3)</sup></b> Premium product sales and stable recurring revenue	<b>+300 bps <sup>(3)</sup></b> Cost discipline driving strong operating leverage	<b>~ \$180M <sup>(3)</sup></b> Driven by significant margin expansion and earnings growth
<i>Products aligned with secular growth markets</i>	<i>Expanding Asia contactor insourcing operations</i>	<i>R&amp;D investments to drive differentiated products and new customer acquisition</i>	<i>Effective capital allocation delivering shareholder value</i>

(1) Non-GAAP forward-looking figures; See Appendix for notes regarding use of forward-looking non-GAAP figures

(2) Reflects cash from operating activities minus capital expenditures

(3) Mid-term (3-5 years) growth targets

# 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, Adjusted EBITDA, free cash flow and debt/leverage ratio 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>Gross Profit Reconciliation</u>	<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>12 Months Ending</u>		<u>9 Months Ending</u>		<u>3 Months Ending</u>		<u>3 Months Ending</u>	
	Dec 26, 2015	% of Net Sales	Dec 31, 2016	% of Net Sales	Dec 30, 2017	% of Net Sales	Dec 29, 2018	% of Net Sales	Dec 28, 2019	% of Net Sales	Dec 26, 2020	% of Net Sales	Dec 25, 2021	% of Net Sales	Dec 31, 2022	% of Net Sales	Sep 30, 2023	% of Net Sales	July 1, 2023	% of Net Sales	Sep 30, 2023	% of Net Sales
Net Sales	\$ 269,654		\$ 282,084		\$ 352,704		\$ 451,768		\$ 583,329		\$ 636,007		\$ 887,214		\$ 812,775		\$ 499,096		\$ 168,921		\$ 150,804	
Gross Profit - GAAP	89,038	33.0%	94,828	33.6%	143,407	40.7%	159,308	35.3%	229,829	39.4%	271,782	42.7%	386,961	43.6%	383,326	47.2%	237,458	47.6%	80,345	47.6%	70,895	47.0%
Share Based Compensation	566	0.2%	398	0.1%	423	0.1%	546	0.1%	736	0.1%	893	0.1%	828	0.1%	646	0.1%	619	0.1%	216	0.1%	223	0.1%
Amortization of purchased intangible assets	5,420	2.0%	5,170	1.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Restructuring costs related to inventory in COS	0	0.0%	0	0.0%	0	0.0%	19,053	4.2%	2,729	0.5%	3,731	0.6%	(558)	-0.1%	(454)	-0.1%	(59)	-0.1%	(13)	0.0%	(18)	0.0%
Manufacturing transition and severance costs	0	0.0%	75	0.0%	0	0.0%	0	0.0%	1,211	0.2%	26	0.0%	(7)	0.0%	(13)	0.0%	18	0.0%	0	0.0%	0	0.0%
Amortization of inventory step-up	0	0.0%	0	0.0%	1,404	0.0%	14,782	0.0%	6,038	0.0%	0	0.0%	0	0.0%	0	0.0%	273	0.1%	149	0.1%	0	0.0%
Gross Profit - Non-GAAP	\$95,024	35.2%	\$100,471	35.6%	\$145,234	41.2%	\$193,689	42.9%	\$240,543	41.2%	\$276,432	43.5%	\$387,224	43.6%	\$383,505	47.2%	\$238,309	47.7%	\$ 80,697	47.8%	\$ 71,100	47.1%

<u>Operating Expense Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>		<u>12 Months Ending</u>	
	Jul 1, 2023	% of Net Sales	Sep 30, 2023	% of Net Sales	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%	(4,111)	-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%
Payroll taxes due to accelerated vesting of share-based awards	0	0.0%	0	0.0%	(132)	0.0%
Operating Expense - Non-GAAP	\$ 50,706	30.0%	\$ 48,950	32.5%	\$ 207,787	25.6%

<u>Earnings Reconciliation</u>	<u>3 Months Ending</u>		<u>3 Months Ending</u>		<u>12 Months Ending</u>	
	Jul 1, 2023	Diluted EPS	Sep 30, 2023	Diluted EPS	Dec 31, 2022	Diluted EPS
Income From Continuing Operations - 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	60	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	(1,996)	(0.04)	(1,754)	(0.04)	(5,063)	(0.10)
Income From Continuing Operations - Non-GAAP	\$ 22,840	\$ 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



# GAAP TO NON-GAAP RECONCILIATION

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

<u>Free Cash Flow</u>	<u>3 Months Ending</u>	<u>12 Months Ending</u>
	Sep 30, 2023	Dec 31, 2022
Cash flow from operations - GAAP	\$ 29,138	\$ 112,861
Capital expenditures	(4,008)	(14,770)
Free cash flow - Non-GAAP	<u>\$ 25,130</u>	<u>\$ 98,091</u>

<u>Research &amp; Development Reconciliation <sup>(1)</sup></u>	<u>Cumulative</u>
	Dec 31, 2016 - Dec 31, 2022
Research & Development - GAAP <sup>(2)</sup>	\$ 488,862
Share Based Compensation	(16,419)
Restructuring included in R&D	(273)
Manufacturing transition and severance costs	(1,049)
Research & Development - Non-GAAP	<u>\$ 471,121</u>

<u>Adjusted EBITDA Reconciliation</u>	<u>12 Months Ending</u>
	Sep 30, 2023
Net income (loss) - GAAP Basis	\$ 51,812
Income tax provision	20,612
Interest expense	3,877
Interest income	(11,118)
Amortization of purchased intangible assets	34,720
Depreciation	13,285
Amortization of cloud-based software implementation costs	2,726
Loss on extinguishment of debt	369
Other non-GAAP adjustments	22,310
Adjusted EBITDA	<u>\$ 138,593</u>
Total debt	\$ 41,645
<b>Leverage Ratio</b>	<b>0.3</b>

(1) From continuing operations

(2) Total includes R&D costs of our PCB Test Business totaling \$7,698