

# INVESTOR PRESENTATION

**May 2023**

# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements relating to future events and expectations, including our expectations (i) for our future financial and operational results (including expectations for future growth); (ii) regarding capital expenditures and the results of investments in research and design; (iii) regarding market trends in technology for display manufacturing; (iv) regarding the growth in applications for lasers; (v) regarding value creation from cost synergies; (vi) regarding cost reductions from restructuring actions; and (vii) regarding floating rate debt exposure reduction that are based on certain assumptions and contingencies. The forward-looking statements are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995 and relate to the Company's performance on a going-forward basis. The forward-looking statements in this investor presentation involve risks and uncertainties, which could cause actual results, performance or trends to differ materially from those expressed in the forward-looking statements herein or in previous disclosures.

The Company believes that all forward-looking statements made by it in this presentation have a reasonable basis, but there can be no assurance that management's expectations, beliefs, or projections as expressed in the forward-looking statements will actually occur or prove to be correct. In addition to general industry and global economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this presentation include but are not limited to: (i) the failure of any one or more of the assumptions stated herein to prove to be correct; (ii) the risks relating to forward-looking statements and other "Risk Factors" discussed in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022 and additional risk factors that may be identified from time to time in filings of the Company; (iii) the substantial indebtedness the Company incurred in connection with its acquisition of Coherent, Inc. (the "Transaction"), the need to generate sufficient cash flows to service and repay such debt and the Company's ability to generate sufficient funds to meet its anticipated debt reduction goals; (iv) the possibility that the Company may not be able to continue its integration progress on and/or take other restructuring actions, or otherwise be able to achieve expected synergies, operating efficiencies, including greater scale, focus, resiliency, and lower operating costs, and other benefits within the expected time-frames or at all and ultimately to successfully fully integrate the operations of Coherent, Inc. ("Coherent") with those of the Company; (v) the possibility that such integration and/or the restructuring actions may be more difficult, time-consuming or costly than expected or that operating costs and business disruption (including, without limitation, disruptions in relationships with employees, customers or suppliers) may be greater than expected in connection with the Transaction and/or the restructuring actions; (vi) any unexpected costs, charges or expenses resulting from the Transaction and/or the restructuring actions; (vii) the risk that disruption from the Transaction and/or the restructuring actions materially and adversely affects the respective businesses and operations of the Company and Coherent; (viii) potential adverse reactions or changes to business relationships resulting from the completion of the Transaction and/or the restructuring actions; (ix) the ability of the Company to retain and hire key employees; (x) the purchasing patterns of customers and end users; (xi) the timely release of new products, and acceptance of such new products by the market; (xii) the introduction of new products by competitors and other competitive responses; (xiii) the Company's ability to assimilate other recently acquired businesses, and realize synergies, cost savings, and opportunities for growth in connection therewith, together with the risks, costs, and uncertainties associated with such acquisitions; (xiv) the Company's ability to devise and execute strategies to respond to market conditions; (xv) the risks to realizing the benefits of investments in R&D and commercialization of innovations; (xvi) the risks that the Company's stock price will not trade in line with industrial technology leaders; and/or (xvii) the risks of business and economic disruption related to the currently ongoing COVID-19 outbreak and any other worldwide health epidemics or outbreaks that may arise. The Company disclaims any obligation to update information contained in these forward-looking statements, whether as a result of new information, future events or developments, or otherwise.

All information in this presentation is as of May 10, 2023. This presentation contains non-GAAP financial measures and key metrics relating to the Company's past performance. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. As required by Regulation G, we have provided reconciliations of those measures to the most directly comparable GAAP measures, which are available in the Appendix.

# COHERENT AT A GLANCE



FROM A FOUNDATION OF MATERIALS AND IMAGINATION,  
WE ENABLE EXCITING MEGATRENDS

**1971**

Year Founded

**COHR**

NYSE

**28,000+**

Employees<sup>(2)</sup>

**\$4.8 B**

FY22  
Revenue<sup>(1)</sup>

**4,400+**

Engineering &  
Technology Employees<sup>(2)</sup>

**\$65 B**

Available  
Market<sup>(2)</sup>

**3,000+**

Patents<sup>(2)</sup>

**130**

Locations

**VERTICAL  
INTEGRATION**

Materials, Components,  
Subsystems, Systems  
and Service

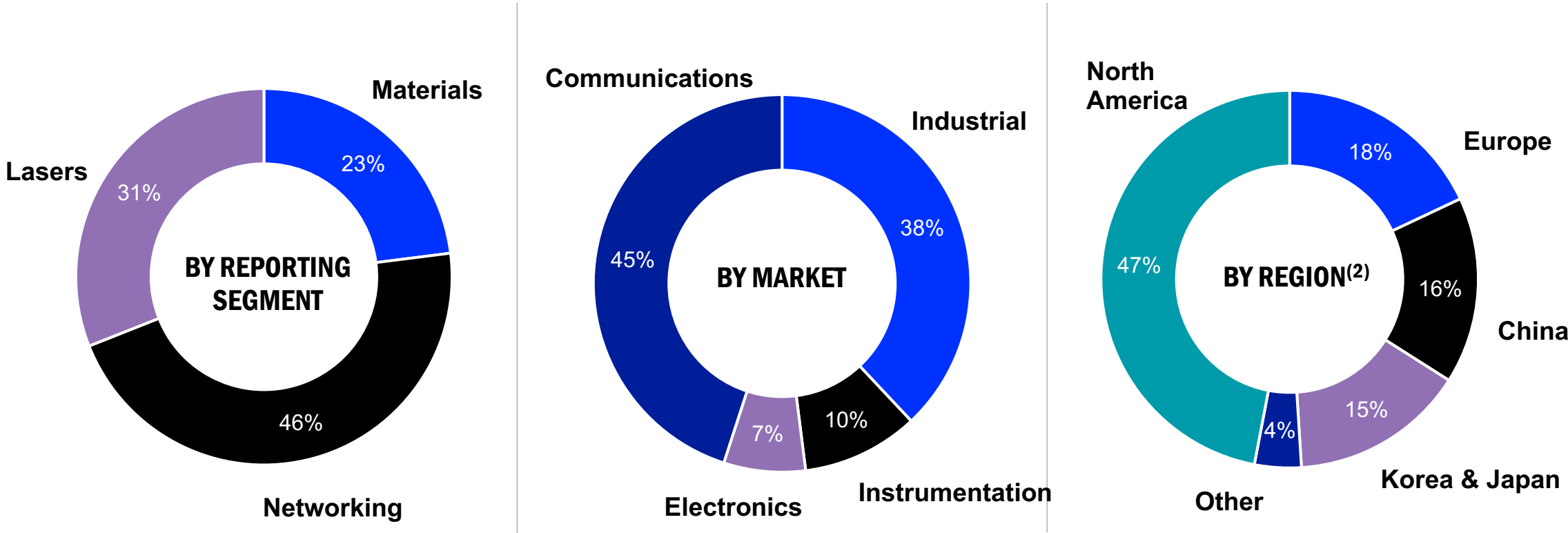
**24**

Countries

(1) Proforma non-GAAP revenue combines II-VI FY22 revenue (as of FYE 6/30/22) and Coherent 6/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.

(2) As of July 1, 2022

# \$4.8 BILLION OF PROFORMA<sup>(1)</sup> REVENUE IN FY22

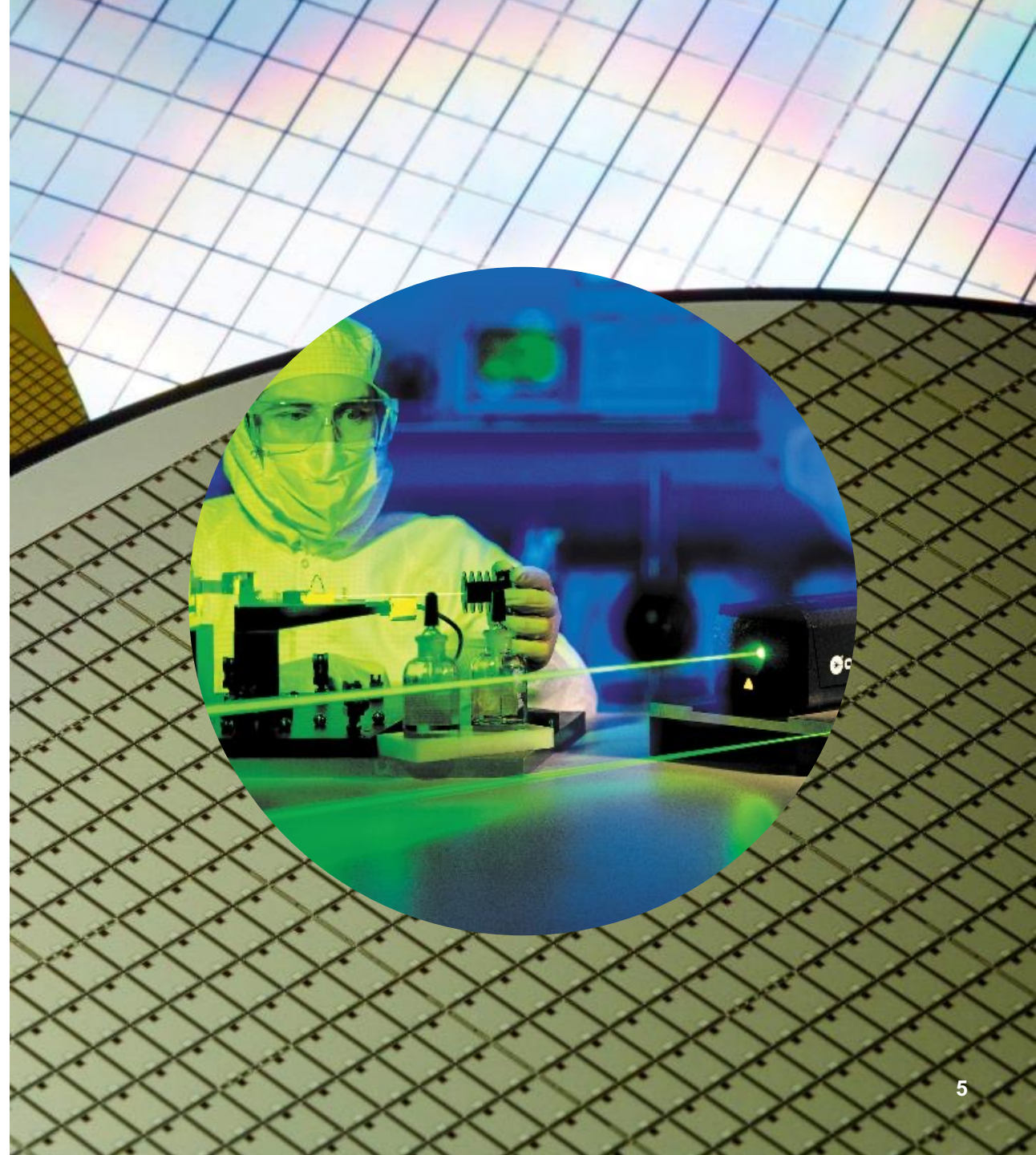


(1) Proforma non-GAAP revenue combines II-VI FY22 revenue (as of FYE 6/30/22) and Coherent 6/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.  
 (2) Revenue by region is based on customer headquarter addresses.



# BUILDING MOMENTUM FOR 50 YEARS

- One of the largest photonics and compound semiconductor companies
- Materials expertise drives differentiation in multiple growing markets
- Vertically integrated, diverse global manufacturing footprint
- History of insightful targeting and successful integration of strategic acquisitions
- Experienced management team with a successful track record
- Strong execution and resilient growth



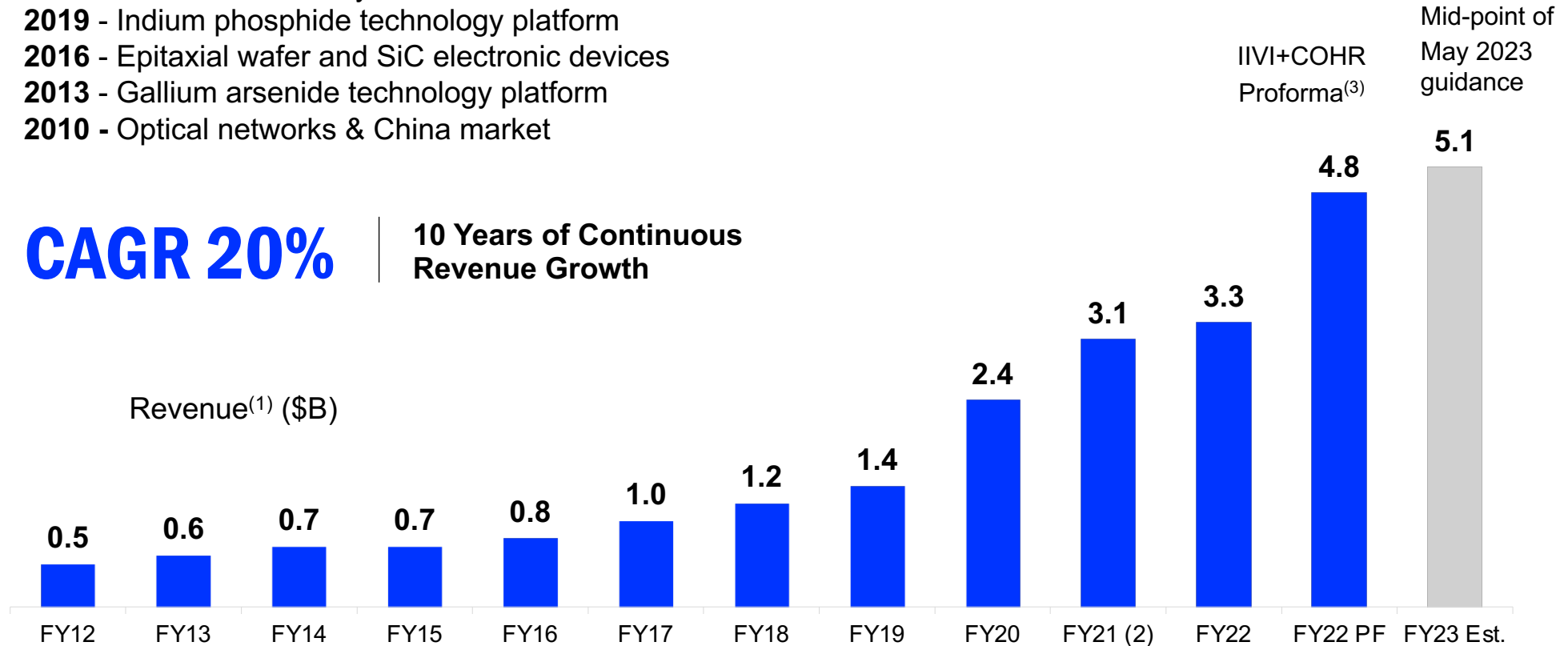
# INSIGHTFUL TARGETING AND INTEGRATION OF STRATEGIC ACQUISITIONS

## 5 Transformative Acquisitions

- 2022** - Laser sources & systems
- 2019** - Indium phosphide technology platform
- 2016** - Epitaxial wafer and SiC electronic devices
- 2013** - Gallium arsenide technology platform
- 2010** - Optical networks & China market

**CAGR 20%**

**10 Years of Continuous Revenue Growth**



(1) Figures prior to FY2019 do not reflect the adoption of ASC 606.

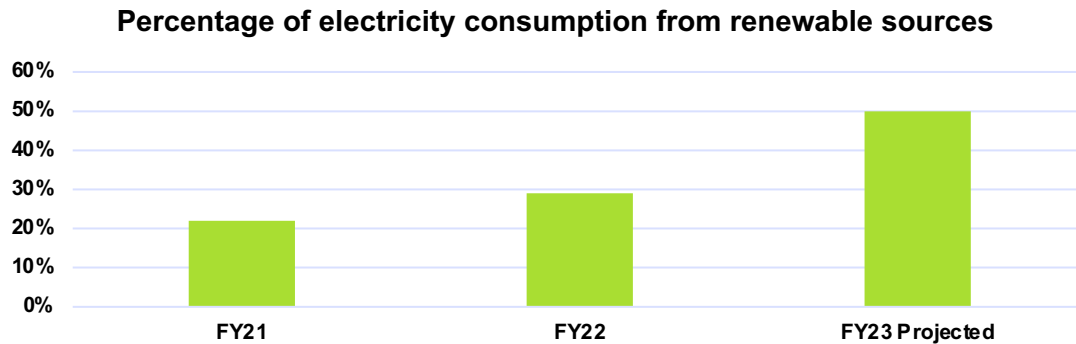
(2) Prepared in accordance to ASC 805. Pro Forma includes the revenue of Finisar in Q1FY20 prior to the acquisition date of 9/24/20. Not calculated in accordance with Article 11 of SEC regulation S-X.

(3) FY21 actual. See Appendix for reconciliation to most comparable GAAP measures.

# CORPORATE SOCIAL RESPONSIBILITY

## CARBON FOOTPRINT REDUCTION IS A PRIORITY

- Electricity consumption from renewal sources is expected to reach 50% of all electricity consumption in FY23.
- The electricity consumption at dozens of sites is 100% from renewable sources. This includes multiple sites across the U.S. and China, and all sites in Europe.
- On-site solar systems deployed at multiple locations and more sites being considered.



## PRODUCTS AND TECHNOLOGY

- Investing to help the world transition to cleaner energy solutions, including:
  - Silicon Carbide for power electronics
  - Advanced Lithium Selenium Sulfur batteries
  - EV battery recycling solution

## BOARD DIVERSITY

- 12 total Board members
- 5 of 12 (42%) are ethnically diverse
- 2 Board members are women
- 11 of 12 (92%) are independent
- 7 new directors over the past 5 years

## OUR 5 ESG PILLARS

We are focused on making the world safer, healthier, closer, and more efficient.

Our Products	Responsible sourcing	Environment	People	Governance
<ul style="list-style-type: none"> <li>▪ Innovation and impact</li> <li>▪ Product quality and lean manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conflict materials and traceability</li> <li>▪ Human rights</li> <li>▪ Supplier diversity</li> <li>▪ Supplier engagement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Climate and energy management in our operations</li> <li>▪ Waste management</li> <li>▪ Environmental, health, and safety</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversity, equity, and inclusion</li> <li>▪ Talent acquisition</li> <li>▪ Talent management</li> <li>▪ Employee management</li> <li>▪ Employee wellness</li> <li>▪ Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Corporate governance</li> <li>▪ Ethical business conduct and compliance</li> <li>▪ Enterprise risk management</li> <li>▪ Data privacy and security</li> </ul>

# Q3 FY23 FINANCIAL HIGHLIGHTS

Revenue

**\$1.24B**

Backlog

**\$2.6B**

Operating Income

**\$67.4M** GAAP

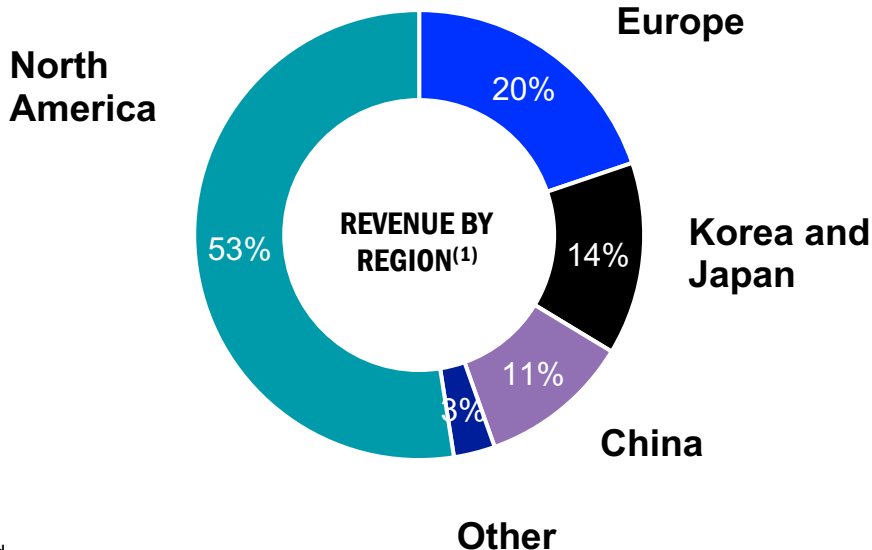
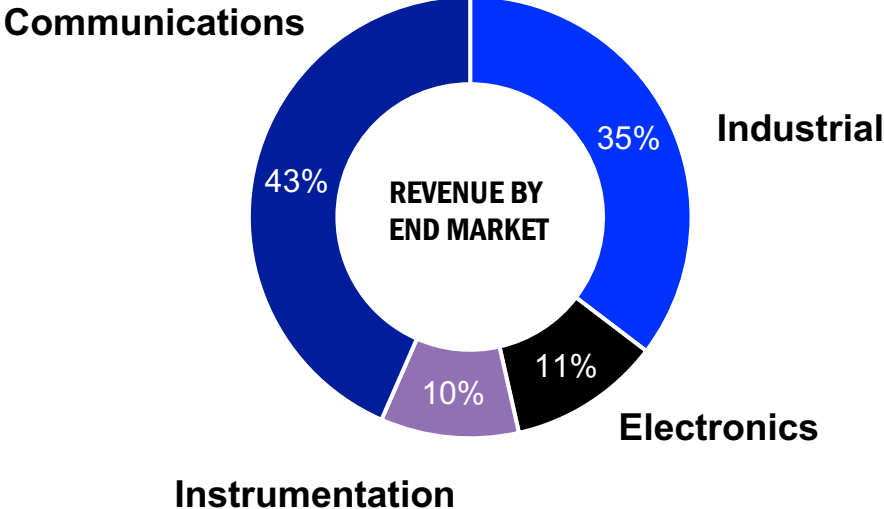
**\$217.1M** Non-GAAP

Earnings (Loss) Per Share

**\$(0.24)** GAAP

**\$0.58** Non-GAAP

(1) Revenue by region is based on customer headquarter addresses

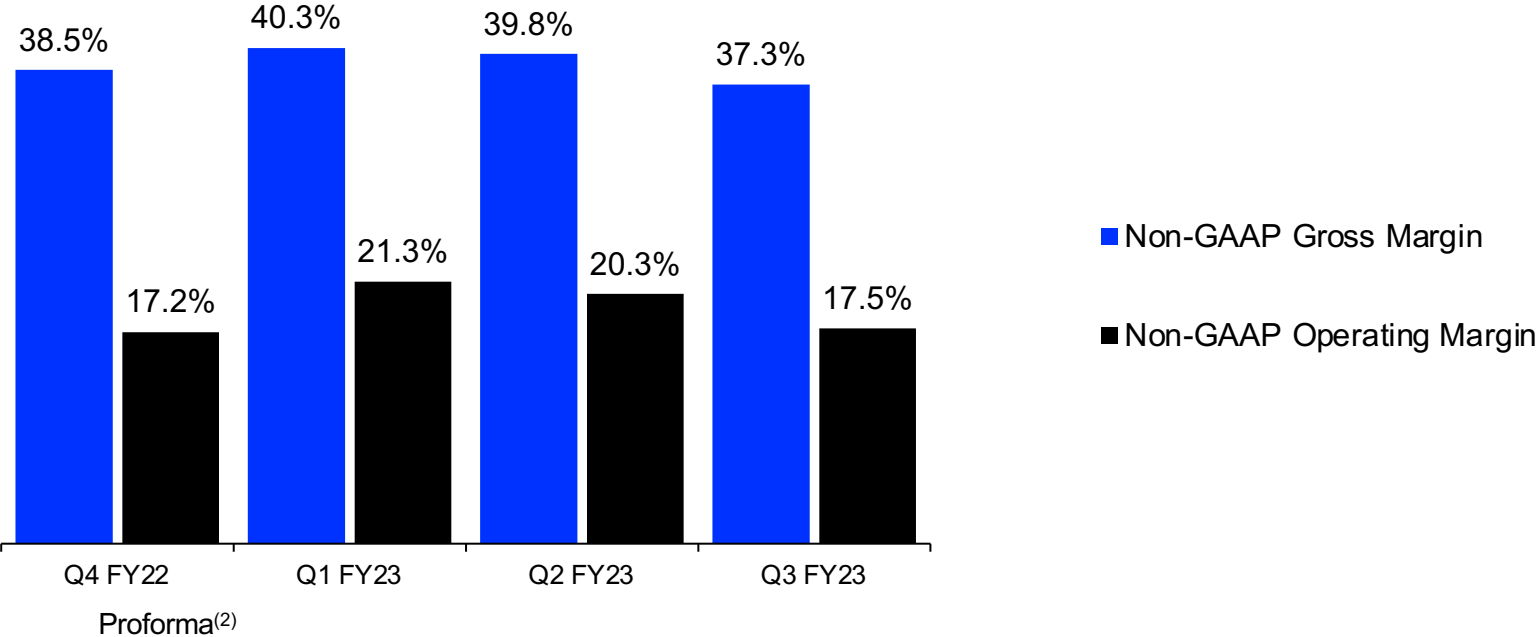




# ATTRACTIVE OPERATING MARGINS

Strong Execution and Synergy Realization Post Coherent Transaction Close Driving Margins

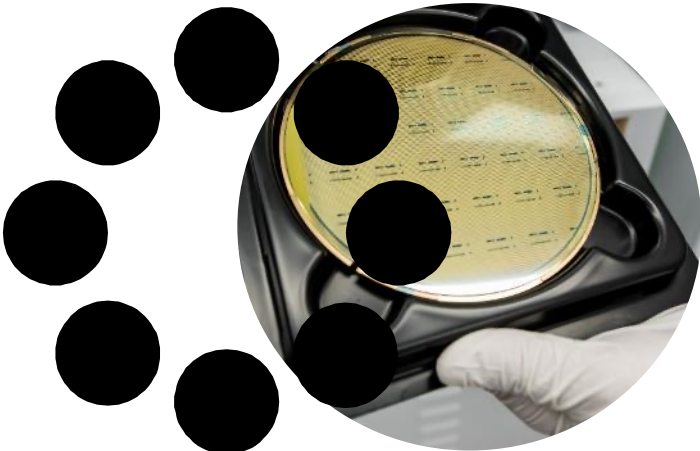
Non-GAAP Gross and Operating Margins<sup>(1)</sup>



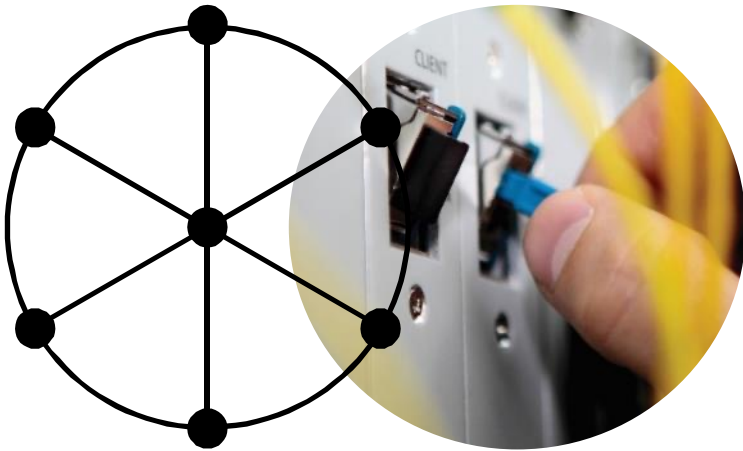
(1) All non-GAAP amounts exclude certain adjustments for share-based compensation, acquired intangible amortization expense, certain one-time transaction expenses, debt extinguishment expense, fair value measurement period adjustments and restructuring and related items. See Appendix for reconciliation to most comparable GAAP measures.  
(2) II-VI Incorporated and Coherent, Inc. figures are for the three months ended June 30, 2022

# THREE REPORTING SEGMENTS

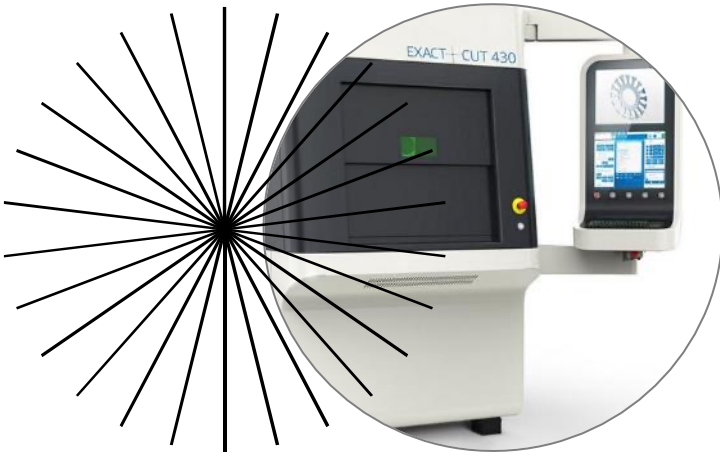
## MATERIALS



## NETWORKING



## LASERS



# INNOVATIONS THAT RESONATE

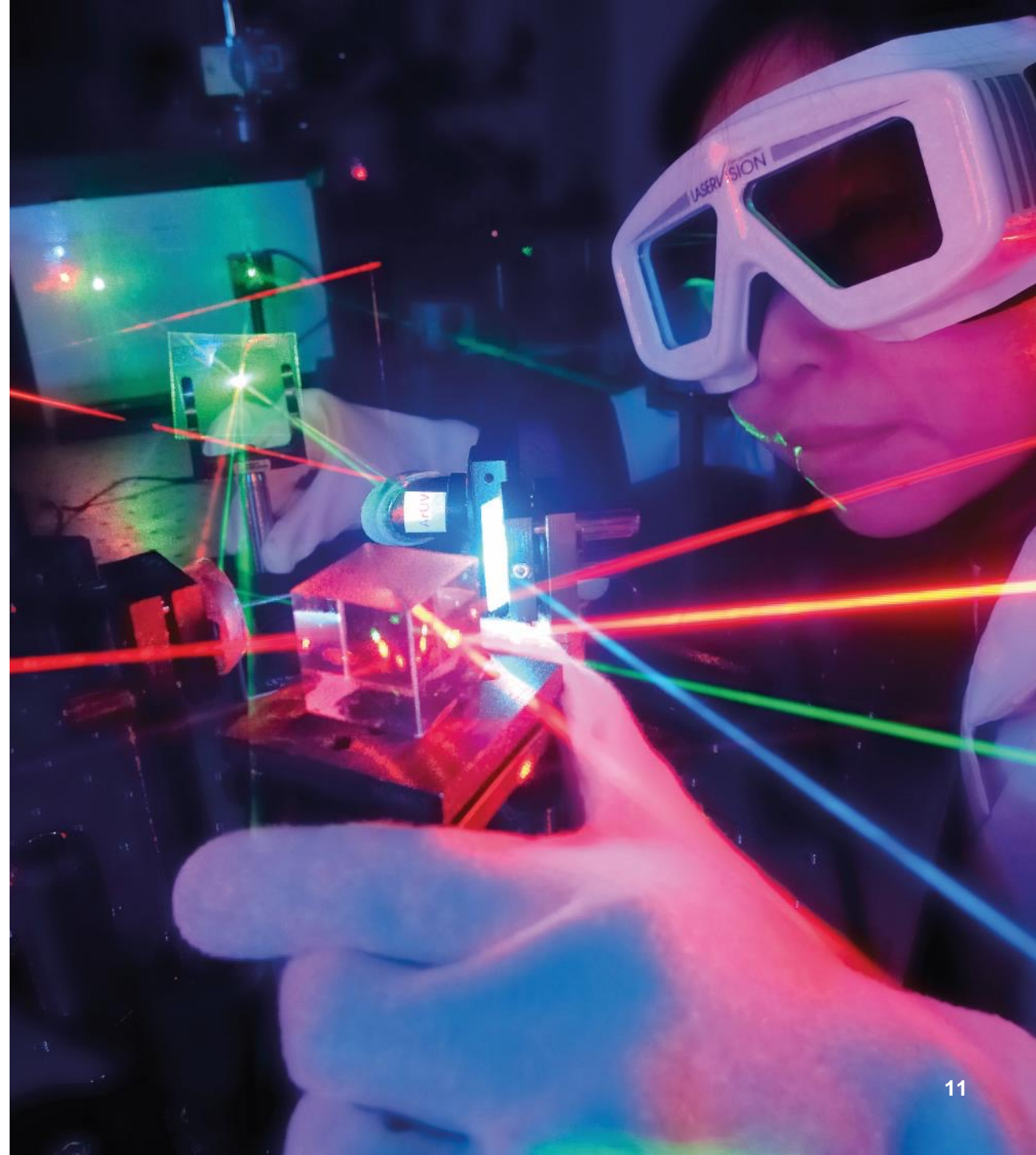
# HALF A BILLION DOLLARS IN ANNUAL R&D INVESTMENT

- Combined R&D and capex spend expected to be highest in industry and to accelerate breakthroughs, time-to-market and time-to-scale advantages
- Increased scale improves competitiveness and drives more strategic dialogue with customers
- Will enable better alignment of organic and inorganic investments to market demand
- Drives profitability and targeted returns

*“We are mainly constrained by the quality of our materials and the limits of our imaginations.”*

**Dr. Carl J. Johnson**

Co-founder and first CEO of II-VI



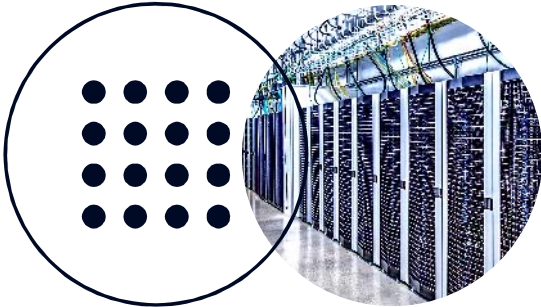
# SIMPLIFYING AND STRENGTHENING OUR FOCUS ON FOUR MARKETS WITH A COMBINED \$65B IN TAM



## INDUSTRIAL

**TAM: \$28B**  
**CAGR: 13%**

Sources: Optech Consulting, Strategies Unlimited, SEMI, Internal Estimates



## COMMUNICATIONS

**TAM: \$21B**  
**CAGR: 12%**

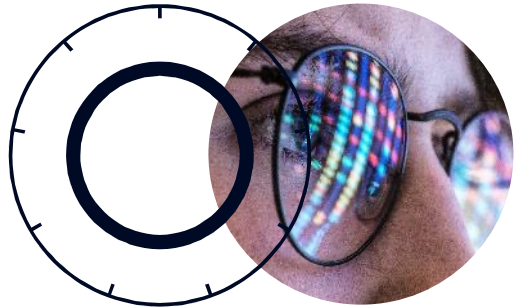
Sources: LightCounting, Omdia, Signal AI, Yole, Internal Estimates



## ELECTRONICS

**TAM: \$11B**  
**CAGR: 17%**

Sources: IDC, Morgan Stanley, Research & Markets, Forbes, Yole, Strategy Analytics, Internal Estimates



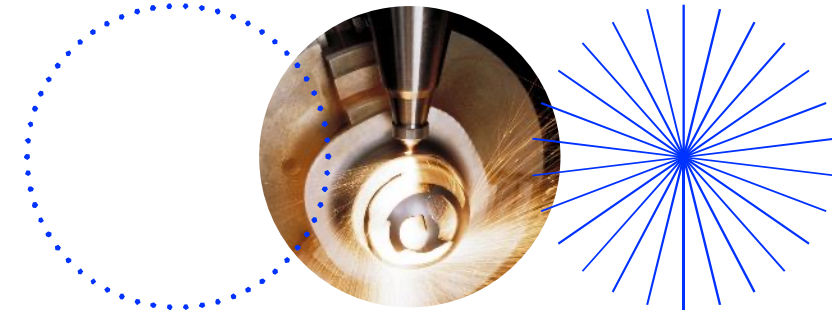
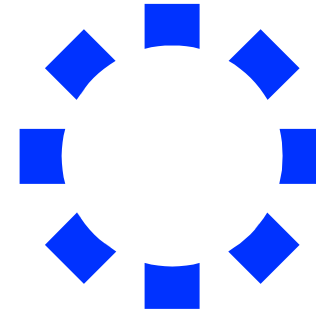
## INSTRUMENTATION

**TAM: \$5B**  
**CAGR: 7%**

Sources: Strategies Unlimited, Markets & Markets, SDI (Strategic Directions), Internal Estimates

Note: TAM based on CY2022; CAGR based on 2022-27 timeframe.

# INDUSTRIAL



## MARKET VERTICALS AND MEGATRENDS

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### Precision manufacturing

- Giga factories for EV battery processing
- Advanced medical devices
- Additive manufacturing

### Semiconductor & display capital equipment

- Increasing laser content from ingot to packaged ICs
- OLED for mobile and micro-LED for high-end TV and large displays

### Aerospace and defense

## PRODUCTS

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- Fiber lasers for laser welding of batteries
- UV lasers for OLED manufacturing
- Laser systems, subsystems, and processing heads
- Laser components, optics, crystals
- Ceramics, metal matrix composites, and diamond

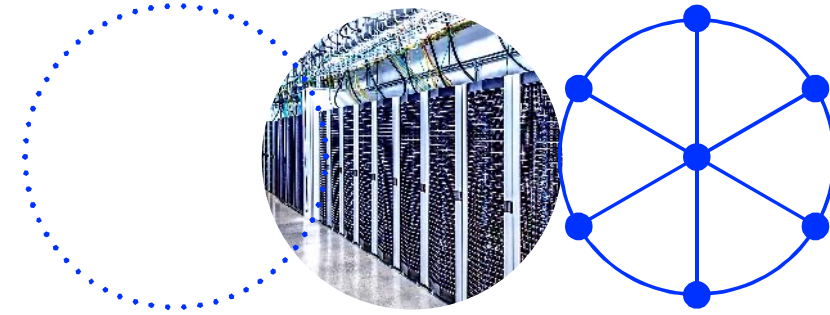
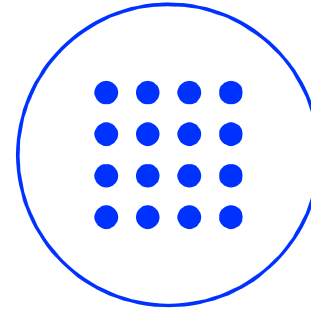
## VALUE PROPOSITION

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- 50 years of experience in laser technology
- Long term technology partner across all laser architectures
- Broadest spectrum of laser and systems technologies
- One stop shop for processing equipment
- Productivity enhancement through innovation and knowhow



# COMMUNICATIONS



## MARKET VERTICALS AND MEGATRENDS

### Datacom

- Increasing spend on cloud infrastructure
- Artificial Intelligence/Machine Learning

### Telecom

- Open systems
- SATCOM and integration to terrestrial networks

## PRODUCTS

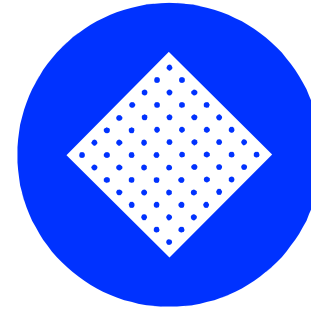
- 100 to 800 Gbps datacom transceivers
- Pluggable coherent transceivers
- Wavelength selective switches (WSS)
- Pluggable optical line subsystems (POLS)
- Terrestrial and submarine pump lasers
- InP edge emitting lasers and GaAs VCSELs

## VALUE PROPOSITION

- Largest supplier of optical communications components
- Vertically integrated from material through subsystems
- Industry pioneer in broad range of technology platforms
- Industry leading investments in R&D
- Global and flexible manufacturing footprint



# ELECTRONICS



## MARKET VERTICALS AND MEGATRENDS

### Consumer electronics

- Advanced sensing
- AR/VR
- Wearables as health monitors

### Automotive

- Increasing SiC electronics content in EVs
- Automotive sensing: in-cabin and LiDAR

### Wireless

- 5G growth and 6G

## PRODUCTS

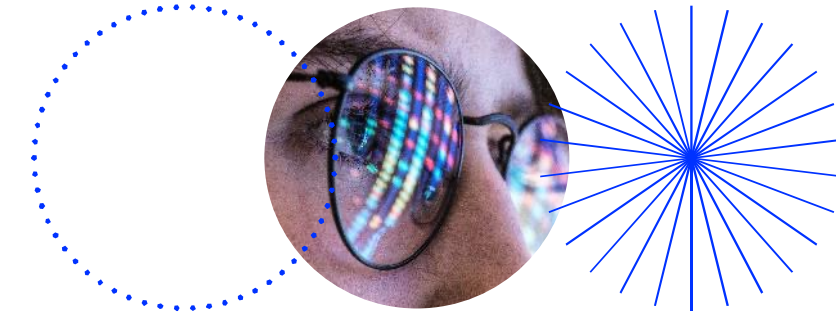
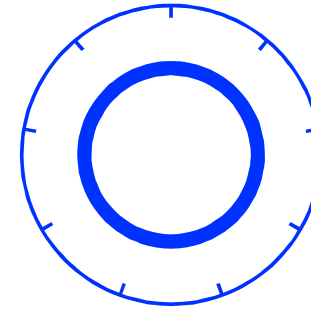
- GaAs and InP optoelectronics
- VCSELs and edge emitting lasers
- Laser illumination modules
- Wafer level optics and subassemblies
- Waveguide materials, diffractive optics
- Silicon carbide substrates and epiwafers
- SiC MOSFET devices

## VALUE PROPOSITION

- Broadest portfolio of optoelectronics, optics, and electronics
- High-volume consumer electronics experience
- 6-inch gallium arsenide platform
- 200 mm silicon carbide platform
- World-class indium phosphide platform
- Decades of investment in high quality silicon carbide substrates
- Investing \$1 billion over 10 years in silicon carbide
- Cross-functional engineering and integration expertise

**INNOVATIONS THAT RESONATE**

# INSTRUMENTATION



## MEGATRENDS

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- Smart healthcare evolution, largely based on technology
- Point-of-care diagnostics
- Personalized medicine
- Environmental sustainability
- Advanced instrumentation

## PRODUCTS

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- Materials, optics, lasers, and thermoelectrics
- Components to subassemblies and subsystems
- Optical, mechanical, electrical and software integration
- ISO 9001 & 13485

## VALUE PROPOSITION

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- Life sciences (biotechnology, medical, and environmental) and scientific segment solutions
- Custom solutions from proof-of-concept to manufacturing at scale
- Rapid time to market of complete turnkey subassemblies and systems
- Broad product portfolio to support a wide range of applications
- Extensive technology innovation for next-generation capabilities
- Global manufacturing footprint and flexible supply chain partners

**INNOVATIONS THAT RESONATE**

# SILICON CARBIDE

Electrification of transportation  
Sustainability of the planet

# POWER ELECTRONICS FOR GREEN AND CLEAN ENERGY

## ELECTRIC VEHICLES



## SOLAR & WIND ENERGY



## SMART GRID POWER SWITCHING



# NOW, NEXT, AND BEYOND SILICON CARBIDE MATERIALS

Two decades of innovation

## Wafer Size

<b>2 inch</b>	2000	Manufactured
<b>3 inch</b>	2002 2004	Demonstrated Manufactured
<b>100 mm</b>	2005 2007 2009	Demonstrated High Quality Wafer Manufactured
<b>150 mm</b>	2012 2013	Demonstrated Manufactured
<b>200 mm</b>	<b>2015</b> 2019 2021 <b>2024</b>	<b>World's First 200 mm Demonstrated</b> 4H n-Type 6H Si Back-end Processing in China <b>Manufacturing</b>

## What's next:

Targeting the world's first **300 mm** demonstration

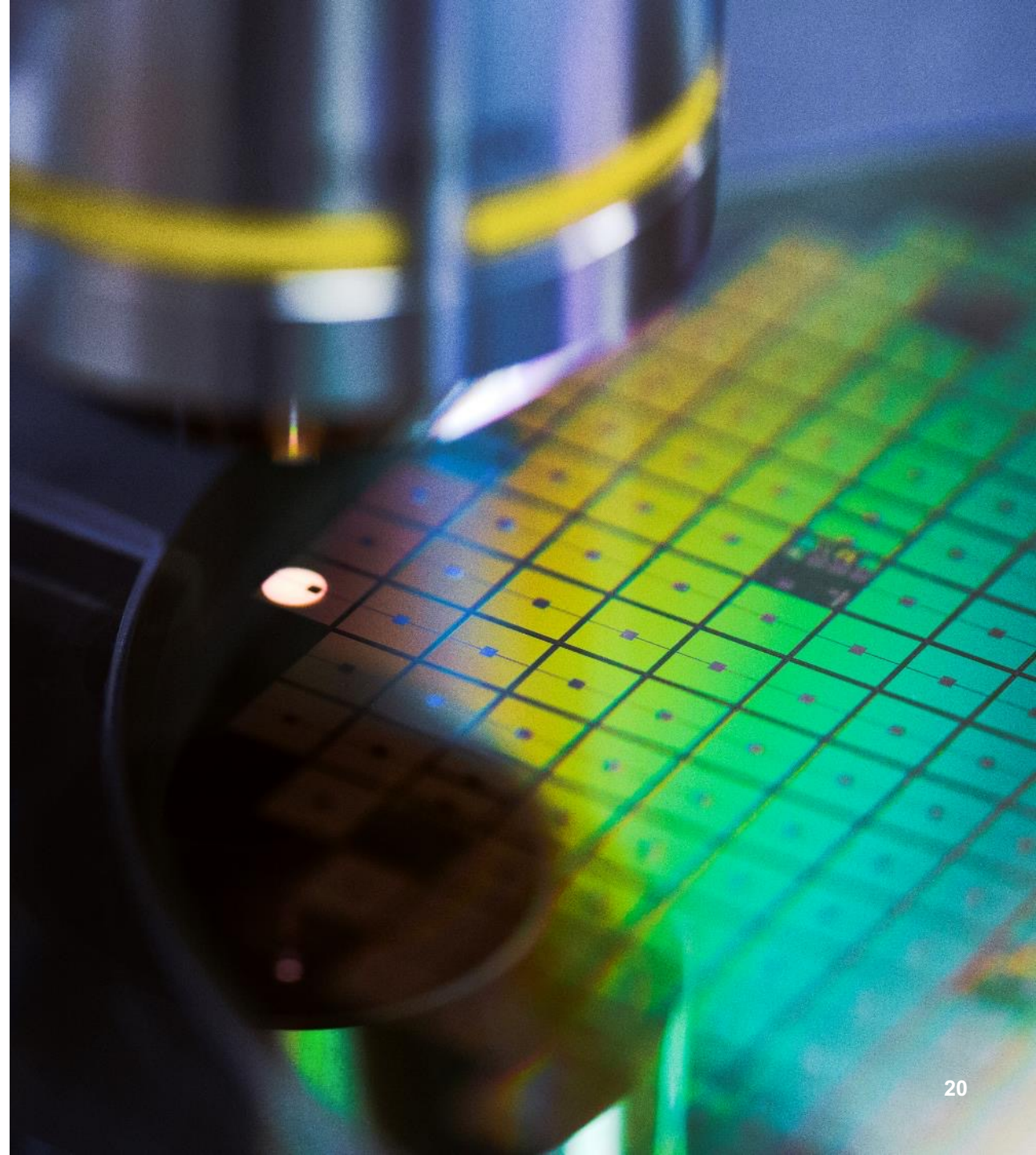
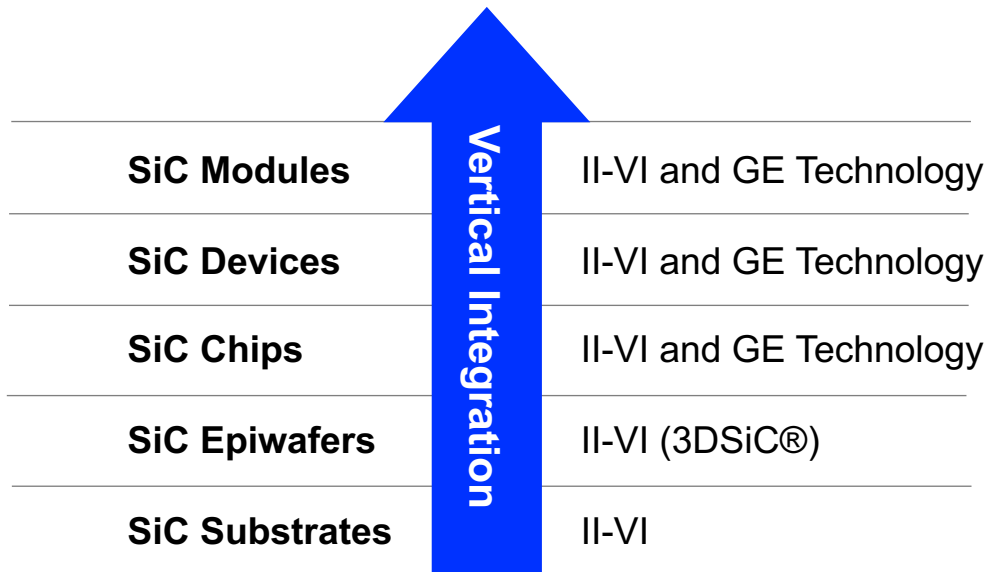


# ACCELERATING TIME-TO-MARKET

**JUNE 2020** - Licensed technology from **GE** to manufacture silicon carbide devices and modules for power electronics.

**APRIL 2021** - Expanded SiC wafer finishing manufacturing footprint in China.

**FEBRUARY 2022** - Qualified 1200 V SiC MOSFET and expanded relationship with **GE**.





# ACQUISITION OF COHERENT

# LEADER IN TECHNOLOGY FOR DISPLAY MANUFACTURING

## ▪ Market trends:

- OLED display manufacturing technology in the process of moving from Gen 6 to Gen 8 for improved economies of scale
  - Deployments in Korea and China
- Revenue for Micro-LED display manufacturing will become material around FY25
  - Micro-LEDs address incremental markets: higher brightness TVs and wall-size displays

## ▪ Market Size for equipment and services:

- \$450-\$550M in FY27 (internal estimates)

## ▪ Leading laser & system capabilities:

- Line Beam systems for display backplane annealing (ELA)
- Line Beam systems for Laser Lift Off (LLO)
- Ultrafast lasers for OLED display cutting
- Micro-Led UV Laser Transfer systems



# FOCUSING ON GROWTH APPLICATIONS AS LASERS PENETRATE RAPIDLY GROWING ADDRESSABLE MARKETS



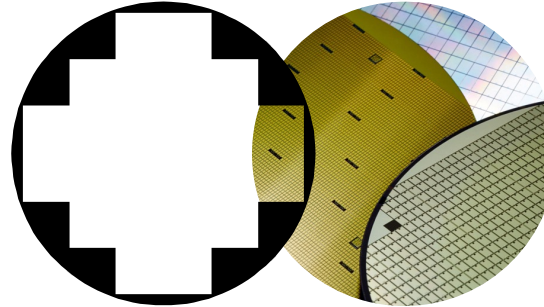
## PRECISION MANUFACTURING

TAM: \$10B, CAGR: 9%

- EV battery welding
- Medical device manufacturing
- Consumer goods manufacturing

Sources: Optech Consulting - Laser Market Data, Internal Estimates

Note: TAM based on CY2022; CAGR based on 2022-27 timeframe.

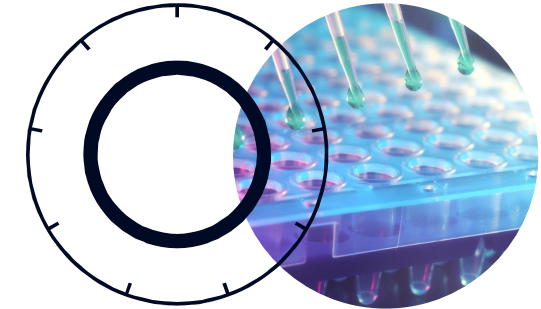


## SEMICONDUCTOR CAPITAL EQUIPMENT

TAM: \$6B, CAGR: 6%

- Enabling mobile communications, cloud, automotive, and IoT
- Acceleration in wafer fab investments for inspection
- Next generation wafer fab tools
- Pulsed laser deposition

Sources: Strategies Unlimited 2021, SEMI, Internal Estimates



## LIFE SCIENCES & RESEARCH

TAM: \$5B, CAGR: 7%

- Personalized medicine
- Diagnostic and drug discovery
- Disease detection and treatment

Sources: Strategies Unlimited, Markets & Markets, SDI (Strategic Directions), Internal Estimates

# SIGNIFICANT VALUE CREATION POTENTIAL FROM COHERENT COST SYNERGIES

		Q3 ANNUALIZED RUN RATE SYNERGIES ACHIEVED	EXPECTED SYNERGIES WITHIN 3 YEARS
<b>Cost of Goods Sold</b>	<ul style="list-style-type: none"> <li>Supply chain management – procurement</li> <li>Infeed – Internal supply of enabling materials and components</li> <li>Operational efficiencies at scale</li> </ul>	\$36M	\$150M
<b>Operating Expenses</b>	<ul style="list-style-type: none"> <li>More efficient R&amp;D with scale</li> <li>Development cost savings</li> <li>Consolidation of corporate costs</li> <li>Global functional model efficiencies</li> </ul>	\$30M	\$100M
		<b>TOTAL</b>	<b>\$66M</b>
			<b>\$250M</b>

# **SIGNIFICANT COST REDUCTIONS FROM RESTRUCTURING ANNOUNCED ON MAY 10, 2023**

<b>Cumulative savings for the period of FY23 to FY25</b>	<b>\$200M to \$300M</b>
<b>Annual savings by FY25</b>	<b>\$100-125M</b>
<b>Cost to achieve savings</b>	<b>\$150M to \$200M</b>

# WELL CAPITALIZED FOR FUTURE GROWTH<sup>1</sup>

## External Financing Sources

<b>Debt</b>	<ul style="list-style-type: none"> <li>▪ \$3.5B secured term loans</li> <li>▪ \$990M high yield bonds</li> <li>▪ \$348M revolver availability</li> </ul>
<b>Convertible Preferred Equity</b>	<ul style="list-style-type: none"> <li>▪ \$2.15B series B investment from Bain Capital</li> <li>▪ Coupon: 5%, 4-year payable-in-kind, cash pay option thereafter</li> <li>▪ Conversion price of \$85.00 per share</li> </ul>
<b>Mandatory Convertible Equity</b>	<ul style="list-style-type: none"> <li>▪ \$460M series A preferred equity</li> <li>▪ Mandatorily convertible on July 1, 2023</li> <li>▪ Converts to ~11M shares</li> </ul>

## Leverage

<b>Total Debt</b>	\$4.5 billion	2.9x <sup>(1)</sup>
<b>Cash</b>	\$0.9 billion	
<b>Net Debt</b>	\$3.6 billion	2.3x <sup>(1)</sup>
<b>PF Combined TTM Adj EBITDA<sup>(1)</sup></b>	\$1,583 million (incl. \$212M synergies +\$100M additional cost savings)	

## Fully-Diluted Shares Outstanding<sup>2</sup>

COHR basic shares	139M
Stock comp shares	2M
Series A preferred equity	11M
Series B preferred	27M
<b>Pro forma FDSO</b>	<b>178M</b>

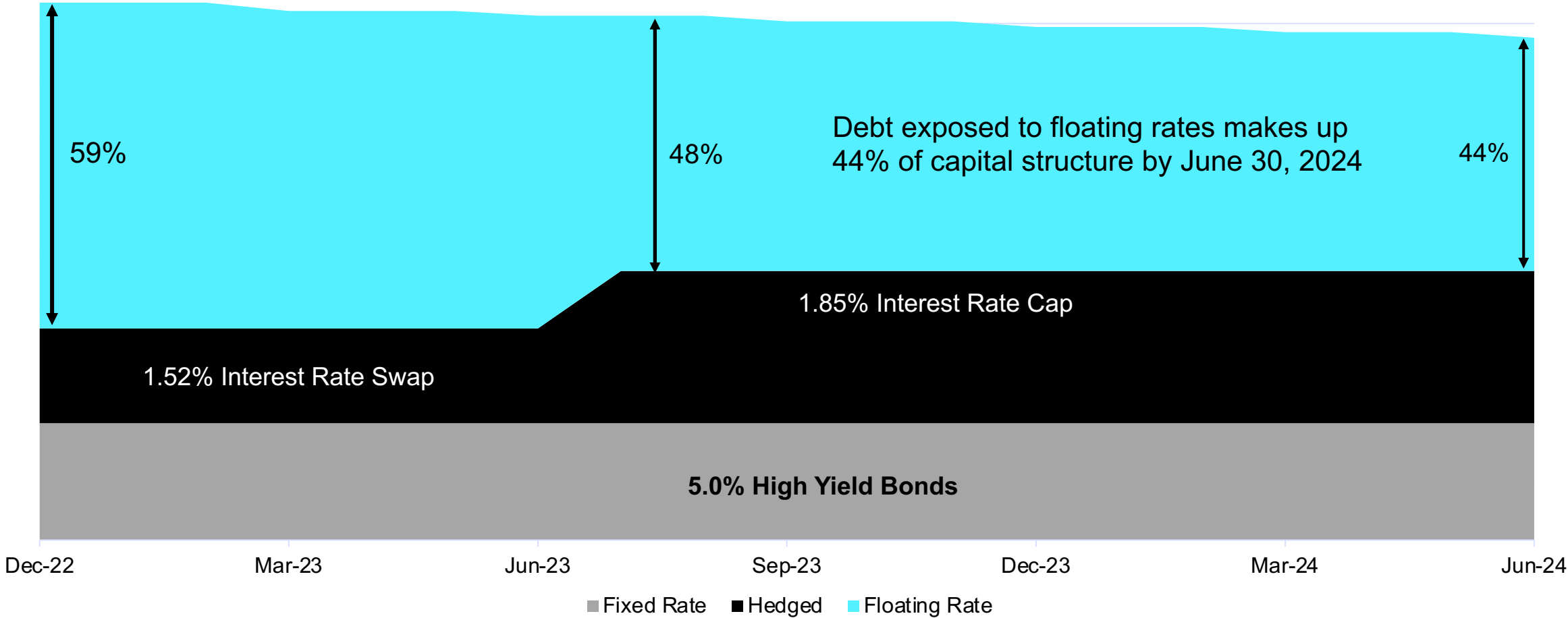
(1) Reflects, as of 3/31/2023, using pro forma TTM combined adj EBITDA at 3/31/23, including \$312 million of future expected cost savings within 36 months. Not calculated in accordance with Article 11 of SEC regulation S-X.

(2) Balances assuming all securities are dilutive as of 3/31/23. Not calculated in accordance with Article 11 of SEC regulation S-X.



# DEBT EXPOSED TO FLOATING RATES DECREASES BY \$1B BY END OF FY24

\$ (Million)



# COHERENT CORP ADDITIONAL FINANCIAL INFORMATION

Item	Amount Estimated for FY23	Comments
Estimated Depreciation	\$271M	\$66M for Lasers, \$5M per quarter for step up
Estimated Amortization	\$374M	\$295M for Lasers
Estimated Inventory Step-up	\$158M	Amortized over Q1 and Q2 FY23
Synergies	\$250M run rate synergies by year 3	Targets Year 1: \$60M Year 2: \$90M Year 3: \$100M
Cap Ex	\$450M - \$550M	
Stock Compensation	\$145M - \$155M	
Interest	\$282M	Includes SOFR reaching 5.1% Assumes 1.75% margin on TLA
Tax Rate	~30%	Full year estimated rate
Gross Margin Range (Non-GAAP)	38-42%	
Operating Expense Range (Non-GAAP)	19-21%	
Operating Margin (Non-GAAP)	19-22%	
Shares Outstanding	Fully diluted 179 million	
Series B Shares	27M shares	Dilutive around \$200M net income pre dividend
Legacy Coherent Inc Full Q1 FY22	\$392M	For inorganic year-over-year growth
Legacy Coherent Inc Full Q4 FY22	\$374M	For inorganic sequential growth
Legacy Coherent FY22 Revenue	\$1,520M	

# FINANCIAL APPENDIX

# FY22 REVENUE BY QUARTER

Revenue	FY22 Q1	FY22 Q2	FY22 Q3	FY22 Q4	FY22
II-VI Incorporated	\$795M	\$807M	\$828M	\$887M	\$3,317M
Coherent, Inc. <sup>(1)</sup>	\$392M	\$384M	\$370M	\$374M	\$1,520M
Proforma Combined <sup>(2)</sup>	\$1,187M	\$1,191M	\$1,198M	\$1,261M	\$4,837M

(1) Coherent Revenue 6/30/22 TTM.

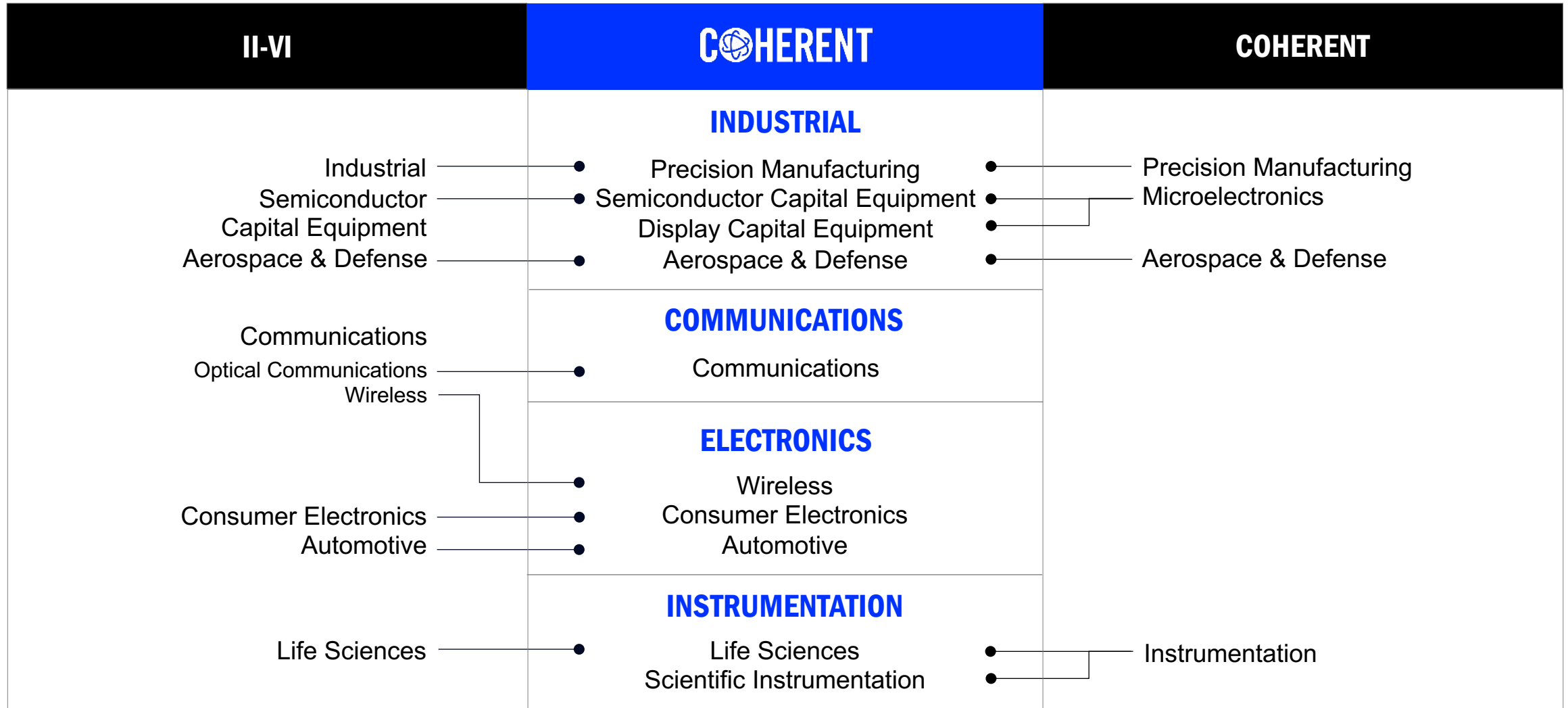
(2) Proforma non-GAAP revenue combines II-VI FY22 revenue (as of FYE 6/30/22) and Coherent 6/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.

# SEGMENT REVENUE BY END MARKETS FOR FULL YEAR FY22<sup>(1)</sup>

Reported Segments	FY21 Revenue	FY22 Revenue	FY22 Op Margin – GAAP / Non-GAAP	FY22/FY21 Revenue Growth	End Market Distribution of Full Year FY22 Revenue				
					Communications	Industrial	Aerospace & Defense	Semi Cap	Life Sciences, Consumer, Automotive, Other
Photonic Solutions	\$2,038M	\$2,226M	10% / 15%	9%	<b>93%</b>	3%	0%	1%	3%
Compound Semiconductors	\$1,068M	\$1,090M	20% / 29%	2%	11%	<b>31%</b>	17%	13%	28%
<b>II-VI Consolidated</b>	<b>\$3,106M</b>	<b>\$3,317M</b>	<b>13% / 20%</b>	<b>7%</b>	<b>66%</b>	<b>12%</b>	<b>6%</b>	<b>5%</b>	<b>11%</b>

(1) Does not reflect the transfer of two entities between Networking and Materials, as disclosed in Form 10Q. Numbers are shown as reported in FY22.

# MAPPING INTO FOUR MARKETS



# FY22 REVENUE BY FY23 MARKET SEGMENTS

Companies	FY22 Revenue	End Market Distribution of Full Year FY22 Revenue			
		Communications	Industrial	Electronics	Instrumentation
II-VI Incorporated	\$3,317M	65%	23%	9%	3%
Coherent, Inc. <sup>(1)</sup>	\$1,520M <sup>(1)</sup>	0%	75%	0%	25%
Proforma Combined <sup>(2)</sup>	\$4,837M <sup>(2)</sup>	45%	39%	6%	10%

(1) Coherent Revenue 6/30/22 TTM.

(2) Proforma non-GAAP revenue combines II-VI FY22 revenue (as of FYE 6/30/22) and Coherent 6/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.



# SEGMENT REVENUE BY END MARKETS FOR Q3FY23 QTD

					End Market Distribution of Q3FY23 QTD Revenue			
Reported Segments	Q3FY22 Revenue <sup>(1)</sup>	Q3FY23 Revenue	Q3FY23/ Q3FY22 Revenue Growth	Q3FY23 Op Margin – GAAP / Non- GAAP	Industrial	Communications	Electronics	Instrumentation
Materials Segment	\$268M	\$324M	21%	21% / 28%	48%	5%	42%	4%
Networking Segment	\$560M	\$551M	(2)%	9% / 14%	3%	95%	1%	2%
Lasers Segment	\$370M <sup>(2)</sup>	\$365M	(1)%	(14)% / 15%	72%	0%	0%	28%
<b>Proforma Combined<sup>(3)</sup></b>	<b>\$1,198M<sup>(1)</sup></b>	<b>\$1,240M</b>	<b>4%</b>	<b>5% / 18%</b>	<b>35%</b>	<b>43%</b>	<b>11%</b>	<b>10%</b>

(1) Proforma non-GAAP revenue combines II-VI Q3 FY22 revenue (as of 3/31/22) and Coherent 3 months ending 3/31/22. Not calculated in accordance with Article 11 of SEC regulation S-X.

(2) Coherent revenue 3 months ending 3/31/22.

(3) Amounts may not recalculate due to rounding.

# SEGMENT REVENUE BY END MARKETS FOR FY23 9 MONTHS YTD (9MYTD)

Reported Segments	9MYTD FY22 Revenue <sup>(1)</sup>	9MYTD FY23 Revenue	9MYTD FY23/ 9M YTD FY22 Revenue Growth	9M YTD FY23 Op Margin – GAAP / Non-GAAP	End Market Distribution of FY23 9 Months YTD Revenue			
					Industrial	Communications	Electronics	Instrumentation
Materials Segment	\$823M	\$1,062M	29%	21% / 27%	42%	6%	48%	4%
Networking Segment	\$1,607M	\$1,756M	9%	13% / 18%	3%	95%	1%	2%
Lasers Segment	\$1,146M <sup>(2)</sup>	\$1,137M	(1)%	(30)% / 16%	74%	0%	0%	26%
<b>Proforma Combined</b>	<b>\$3,576M<sup>(1)</sup></b>	<b>\$3,955M</b>	<b>11%</b>	<b>3% / 20%</b>	<b>34%</b>	<b>44%</b>	<b>13%</b>	<b>9%</b>

(1) Proforma non-GAAP revenue combines II-VI FY22 revenue 9 months ending 3/31/22 and Coherent 9 months ending 3/31/22. Not calculated in accordance with Article 11 of SEC regulation S-X.

(2) Coherent revenue 9 months ending 3/31/22.

# CASH FLOW FOR ACQUISITIONS

- **Operating Cash Flow**

- Operating cash flow should only include the **movement** in the original assets/liabilities and amortization of purchase price accounting from the date of acquisition to the close of the period. It does not include the value of the original assets/liabilities. The cash outflow for the net assets acquired is an investing cash outflow.

*Example:*

Ending Balance Trade A/P

– Beginning Balance Trade A/P

– **Acquired Trade A/P**

+/- FX Impact

+/- Increase/Decrease in Trade A/P for Fixed Assets

Increase/Decrease in Cash from Changes in Trade A/P

- Includes interest payments, including payments for ticking fees.

- **Investing Cash Flow**

- Includes the fair value of cash consideration less the acquired net assets and extinguishment of certain obligations, net of cash acquired.

- **Financing Cash Flow**

- Includes the gross proceeds of the acquisition financing, including the Term A and Term B facilities and issuance of Series B Preferred Shares used to finance the acquisition, net of payments on existing debt.
- Also includes the cash outflow for the debt issuance costs and equity issuance costs associated with the above.

# HYPOTHETICAL ILLUSTRATION OF EPS CALCULATION

## Example EPS Calculations <sup>(1)</sup>

\$ Millions

	Hypothetical Earnings Level for Q4 FY23				
<b>Non-GAAP net earnings</b>	\$ 83.0	\$ 90.0	\$ 97.0	\$ 130.0	\$ 200.0
Deduct Series A preferred stock dividends	(6.9)	(6.9)	(6.9)	—	—
Deduct Series B redeemable preferred dividends	(29.8)	(29.8)	(29.8)	(29.8)	—
<b>Non-GAAP net earnings available to common shareholders</b>	\$ 46.3	\$ 53.3	\$ 60.3	\$ 100.2	\$ 200.0
<b>Diluted weighted average common shares</b>	141.5	141.5	141.5	152.2	179.0
<b>Diluted earnings per common share on non-GAAP basis</b>	\$ 0.33	\$ 0.38	\$ 0.43	\$ 0.66	\$ 1.12

(1) The Company does not provide reconciliations of the hypothetical non-GAAP net earnings and hypothetical diluted non-GAAP EPS presented in this table. This table contains purely hypothetical figures, which are provided solely to illustrate how the Company would calculate diluted non-GAAP EPS under different factual scenarios.

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Reconciliation of GAAP Measures to non-GAAP Measures\*

\$ Millions

(Unaudited)

	Three Months Ended			Nine Months Ended	
	Mar 31,	Dec 31,	Mar 31,	Mar 31,	Mar 31,
	2023	2022	2022	2023	2022
<b>Gross profit on GAAP basis</b>	\$ 420.2	\$ 411.2	\$ 321.7	\$ 1,274.9	\$ 939.5
Share-based compensation	6.5	6.2	1.3	18.0	4.2
Amortization of acquired intangibles	30.7	15.3	9.4	93.4	28.7
Preliminary fair value adjustment on acquired inventory	—	112.0	—	157.5	—
Start-up costs <sup>(3)</sup>	—	—	1.6	—	2.8
Integration and other <sup>(1)</sup>	5.8	1.2	1.7	7.4	2.9
<b>Gross profit on non-GAAP basis</b>	<u>\$ 463.2</u>	<u>\$ 545.9</u>	<u>\$ 335.7</u>	<u>\$ 1,551.2</u>	<u>\$ 978.1</u>
<b>Operating income on GAAP basis</b>	\$ 67.4	\$ 8.2	\$ 106.8	\$ 118.1	\$ 300.0
Share-based compensation	35.1	34.9	18.2	123.2	59.6
Amortization of acquired intangibles	92.7	105.4	19.4	280.6	59.8
Preliminary fair value adjustment on acquired inventory	—	112.0	—	157.5	—
Start-up costs <sup>(3)</sup>	—	—	14.6	—	25.9
Transaction fees and financing <sup>(2)</sup>	—	—	9.6	38.7	29.5
Integration and other <sup>(1)</sup>	21.9	17.2	3.6	63.2	6.9
<b>Operating income on non-GAAP basis</b>	<u>\$ 217.1</u>	<u>\$ 277.8</u>	<u>\$ 172.0</u>	<u>\$ 781.3</u>	<u>\$ 481.6</u>

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Reconciliation of GAAP Segment Operating Income (Loss) to Segment Non-GAAP Operating Income (Loss)\*

\$ Millions

(Unaudited)

	Three Months Ended			Nine Months Ended	
	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
<b>Networking GAAP Operating Income</b>	\$ 49.5	\$ 90.0	\$ 54.6	\$ 230.5	\$ 164.5
Share-based compensation	6.9	8.9	8.8	26.0	27.8
Amortization of acquired intangibles	16.5	16.4	16.5	49.4	49.8
Integration and other <sup>(1)</sup>	1.8	2.5	1.9	4.3	3.9
<b>Non-GAAP Networking Operating Income</b>	<u>\$ 74.7</u>	<u>\$ 117.8</u>	<u>\$ 81.8</u>	<u>\$ 310.2</u>	<u>\$ 246.0</u>
<b>Materials GAAP Operating Income</b>	\$ 67.8	\$ 81.5	\$ 61.8	\$ 224.6	165.0
Share-based compensation	10.7	12.8	9.2	40.7	31.7
Amortization of acquired intangibles	3.2	3.3	2.9	9.7	10.0
Integration and other <sup>(1)</sup>	7.3	2.8	1.7	11.1	2.9
Start-up costs <sup>(3)</sup>	—	—	14.6	—	25.9
<b>Non-GAAP Materials Operating Income</b>	<u>\$ 89.0</u>	<u>\$ 100.3</u>	<u>\$ 90.2</u>	<u>\$ 286.1</u>	<u>\$ 235.5</u>
<b>Lasers GAAP Operating Income (Loss)</b>	\$ (49.9)	\$ (163.3)	\$ —	\$ (337.0)	\$ —
Share-based compensation	17.5	13.2	—	56.5	—
Amortization of acquired intangibles	73.0	85.7	—	221.5	—
Integration and other <sup>(1)</sup>	12.8	12.0	—	47.8	—
Transaction fees and financing <sup>(2)</sup>	—	—	—	38.7	—
Preliminary fair value adjustment on acquired inventory	—	112.0	—	157.5	—
<b>Non-GAAP Lasers Operating Income</b>	<u>\$ 53.4</u>	<u>\$ 59.7</u>	<u>\$ —</u>	<u>\$ 185.0</u>	<u>\$ —</u>
<b>Unallocated and Other GAAP Operating Income (Loss)</b>	\$ —	\$ —	\$ (9.6)	\$ —	\$ (29.5)
Transaction fees and financing <sup>(2)</sup>	—	—	9.6	—	29.5
<b>Non-GAAP Unallocated and Other GAAP Operating Income (Loss)</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Total GAAP Operating Income</b>	<u>\$ 67.4</u>	<u>\$ 8.2</u>	<u>\$ 106.8</u>	<u>\$ 118.1</u>	<u>\$ 300.0</u>
<b>Non-GAAP Operating Income</b>	<u>\$ 217.1</u>	<u>\$ 277.8</u>	<u>\$ 172.0</u>	<u>\$ 781.3</u>	<u>\$ 481.6</u>



# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Reconciliation of GAAP Measures to non-GAAP Measures\*

\$ Millions

(Unaudited)

	Three Months Ended			Six Months Ended	
	Dec 31, 2022	Sept 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>Gross profit on GAAP basis</b>	\$ 411.2	\$ 443.6	\$ 311.2	\$ 854.8	\$ 617.8
Share-based compensation	6.2	5.3	1.4	11.5	2.9
Amortization of acquired intangibles	15.3	47.4	9.7	62.7	19.3
Preliminary fair value adjustment on acquired inventory	112.0	45.5	—	157.5	—
Start-up costs <sup>(3)</sup>	—	—	1.2	—	1.2
Integration and other <sup>(1)</sup>	1.2	0.4	1.2	1.6	1.2
<b>Gross profit on non-GAAP basis</b>	<u>\$ 545.9</u>	<u>\$ 542.2</u>	<u>\$ 324.8</u>	<u>\$ 1,088.1</u>	<u>\$ 642.4</u>
<b>Operating income on GAAP basis</b>	\$ 8.2	\$ 42.5	\$ 98.2	\$ 50.7	\$ 193.3
Share-based compensation	34.9	53.2	18.7	88.1	41.4
Amortization of acquired intangibles	105.4	82.5	20.0	187.9	40.4
Preliminary fair value adjustment on acquired inventory	112.0	45.5	—	157.5	—
Start-up costs <sup>(3)</sup>	—	—	11.3	—	11.3
Transaction fees and financing <sup>(2)</sup>	—	38.7	7.9	38.7	19.9
Integration and other <sup>(1)</sup>	17.2	24.1	3.1	41.3	3.2
<b>Operating income on non-GAAP basis</b>	<u>\$ 277.8</u>	<u>\$ 286.4</u>	<u>\$ 159.2</u>	<u>\$ 564.2</u>	<u>\$ 309.6</u>

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

Reconciliation of GAAP Segment Operating Income (Loss) to  
Segment Non-GAAP Operating Income (Loss)\*

\$ Millions

(Unaudited)

	Three Months Ended			Six Months Ended	
	Dec 31, 2022	Sept 30, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
<b>Networking GAAP Operating Income</b>	\$ 90.0	\$ 91.0	\$ 50.4	\$ 181.0	\$ 109.9
Share-based compensation	8.9	10.2	9.4	19.1	19.0
Amortization of acquired intangibles	16.4	16.5	16.4	32.9	33.4
Integration and other <sup>(1)</sup>	2.5	—	1.1	2.5	2.0
<b>Non-GAAP Networking Operating Income</b>	<u>\$ 117.8</u>	<u>\$ 117.7</u>	<u>\$ 77.3</u>	<u>\$ 235.5</u>	<u>\$ 164.3</u>
<b>Materials GAAP Operating Income</b>	\$ 81.5	\$ 75.3	\$ 56.5	\$ 156.8	103.3
Share-based compensation	12.8	17.2	9.3	30.0	22.5
Amortization of acquired intangibles	3.3	3.2	3.6	6.5	7.0
Integration and other <sup>(1)</sup>	2.8	1.1	1.2	3.8	1.2
Start-up costs <sup>(3)</sup>	—	—	11.3	—	11.3
<b>Non-GAAP Materials Operating Income</b>	<u>\$ 100.3</u>	<u>\$ 96.8</u>	<u>\$ 81.9</u>	<u>\$ 197.1</u>	<u>\$ 145.3</u>
<b>Lasers GAAP Operating Income (Loss)</b>	\$ (163.3)	\$ (123.8)	\$ —	\$ (287.1)	\$ —
Share-based compensation	13.2	25.8	—	39.0	—
Amortization of acquired intangibles	85.7	62.8	—	148.5	—
Integration and other <sup>(1)</sup>	12.0	23.0	—	35.0	—
Transaction fees and financing <sup>(2)</sup>	—	38.7	—	38.7	—
Preliminary fair value adjustment on acquired inventory	112.0	45.5	—	157.5	—
<b>Non-GAAP Lasers Operating Income</b>	<u>\$ 59.7</u>	<u>\$ 71.9</u>	<u>\$ —</u>	<u>\$ 131.6</u>	<u>\$ —</u>
<b>Unallocated and Other GAAP Operating Income (Loss)</b>	\$ —	\$ —	\$ (8.7)	\$ —	\$ (19.9)
Transaction fees and financing <sup>(2)</sup>	—	—	8.7	—	19.9
<b>Non-GAAP Unallocated and Other GAAP Operating Income (Loss)</b>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<b>Total GAAP Operating Income</b>	<u>\$ 8.2</u>	<u>\$ 42.5</u>	<u>\$ 98.2</u>	<u>\$ 50.7</u>	<u>\$ 193.3</u>
<b>Non-GAAP Operating Income</b>	<u>\$ 277.8</u>	<u>\$ 286.4</u>	<u>\$ 159.2</u>	<u>\$ 564.2</u>	<u>\$ 309.6</u>

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Reconciliation of Segment Non-GAAP Operating Income (Loss) to

### GAAP Segment Operating Income (Loss)

\$ Millions

(Unaudited)

	Three Months Ended			Year Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
Non-GAAP Photonic Solutions Operating Income	\$ 91.7	\$ 81.8	\$ 87.4	\$ 334.4	\$ 324.3
Share-based compensation	(3.1)	(8.8)	(9.4)	(30.9)	(39.6)
Amortization of acquired intangibles	(16.6)	(16.5)	(17.3)	(66.7)	(69.2)
Restructuring, transaction expenses and other	(2.8)	(1.9)	(0.2)	(6.7)	(7.8)
<b>Photonic Solutions GAAP Operating Income</b>	<b>\$ 69.2</b>	<b>\$ 54.6</b>	<b>\$ 60.5</b>	<b>\$ 230.1</b>	<b>\$ 207.7</b>
Non-GAAP Compound Semiconductors Operating Income	\$ 76.9	\$ 90.2	\$ 61.1	\$ 315.8	\$ 277.2
Share-based compensation	(10.5)	(9.2)	(9.3)	(42.2)	(39.4)
Amortization of acquired intangibles	(3.2)	(2.9)	(3.3)	(12.9)	(13.0)
Restructuring, transaction expenses, and other	(5.4)	(1.7)	(0.8)	(8.3)	(3.6)
Start-up costs	\$ (6.4)	\$ (14.6)	\$ —	\$ (32.3)	\$ —
<b>Compound Semiconductors GAAP Operating Income</b>	<b>\$ 51.4</b>	<b>\$ 61.8</b>	<b>\$ 47.7</b>	<b>\$ 220.1</b>	<b>\$ 221.2</b>
Non-GAAP Unallocated and Other Operating Income (Loss)	\$ —	\$ —	\$ —	\$ —	\$ —
Restructuring, transaction expenses, and other	(6.4)	(9.6)	(11.1)	(35.9)	(26.8)
<b>Unallocated and Other GAAP Operating Income (Loss)</b>	<b>\$ (6.4)</b>	<b>\$ (9.6)</b>	<b>\$ (11.1)</b>	<b>\$ (35.9)</b>	<b>\$ (26.8)</b>
<b>Total GAAP Operating Income</b>	<b>\$ 114.2</b>	<b>\$ 106.8</b>	<b>\$ 97.1</b>	<b>\$ 414.3</b>	<b>\$ 402.1</b>
<b>Non-GAAP Operating Income</b>	<b>\$ 168.6</b>	<b>\$ 172.0</b>	<b>\$ 148.5</b>	<b>\$ 650.2</b>	<b>\$ 601.5</b>

\*Amounts may not recalculate due to rounding.

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Adjusted Combined Gross Profit and Operating Income - Unaudited

(\$ millions)	FY 2022
	Q4
<b>Combined Gross Profit</b>	465
<i>Combined gross margin %</i>	36.9%
Share-based compensation	3
Amortization of acquired intangibles	10
Fair value adjustment on acquired inventory	-
Start-up costs	-
Restructuring expenses, integration expenses, transaction expenses and other	7
<b>Adjusted Combined Gross Profit</b>	485
<i>Adjusted combined gross margin %</i>	38.5%
<b>Combined Internal Research and Development</b>	127
Share-based compensation	(2)
Start-up costs	(6)
Restructuring expenses, integration expenses, transaction expenses and other	(1)
<b>Adjusted Combined Internal Research and Development</b>	118
<b>Combined Selling, General and Administrative</b>	199
Share-based compensation	(16)
Amortization of acquired intangibles	(11)
Restructuring expenses, integration expenses, transaction expenses and other	(21)
<b>Adjusted Combined Selling, General and Administrative</b>	151
<b>Combined Operating Income</b>	139
Share-based compensation	21
Amortization of acquired intangibles	21
Fair value adjustment on acquired inventory	-
Start-up costs	6
Restructuring expenses, integration expenses, transaction expenses and other	29
<b>Adjusted Combined Operating Income</b>	216
<i>Adjusted combined operating margin %</i>	17.1%

**C****HERENT**