

# INVESTOR PRESENTATION

**November 2022**

# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements relating to future events and expectations 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 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") and the need to generate sufficient cash flows to service and repay such debt; (iv) the possibility that the Company may be unable to achieve expected synergies, operating efficiencies and other benefits within the expected time-frames or at all and to successfully integrate operations of Coherent, Inc. ("Coherent") with those of the Company; (v) the possibility that such integration 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; (vi) any unexpected costs, charges or expenses resulting from the Transaction; (vii) the risk that disruption from the Transaction 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; (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 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 (xvi) 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 November 9, 2022. 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**

Nasdaq

**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

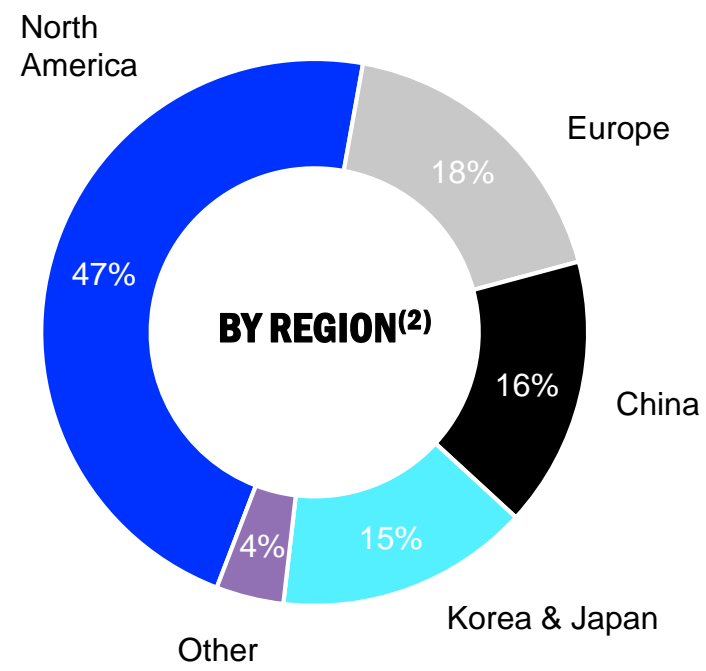
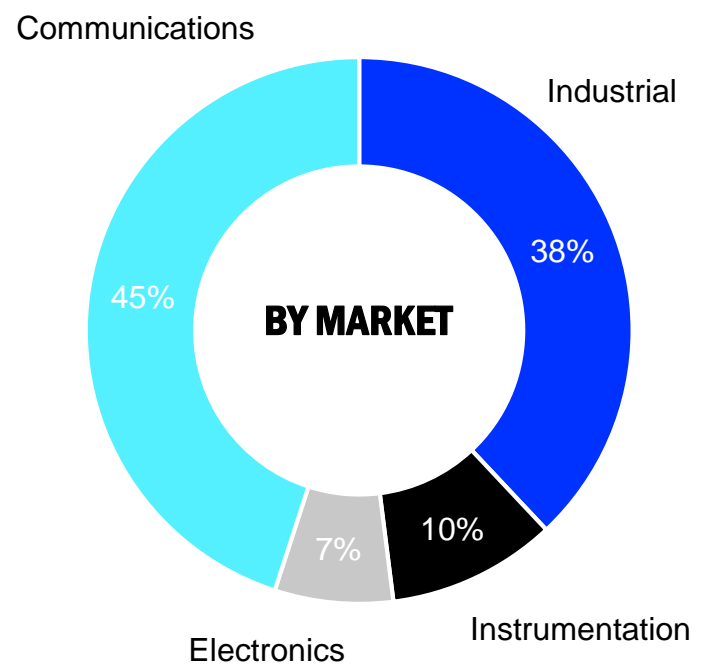
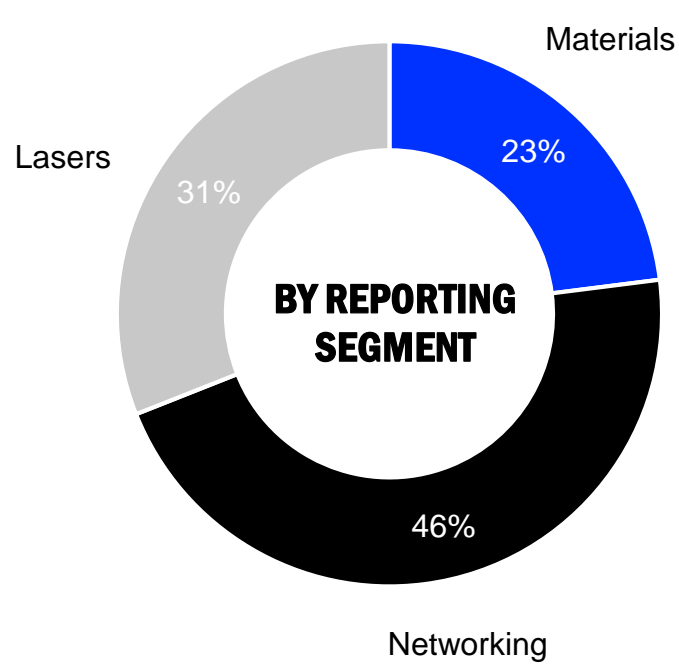
**24**

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

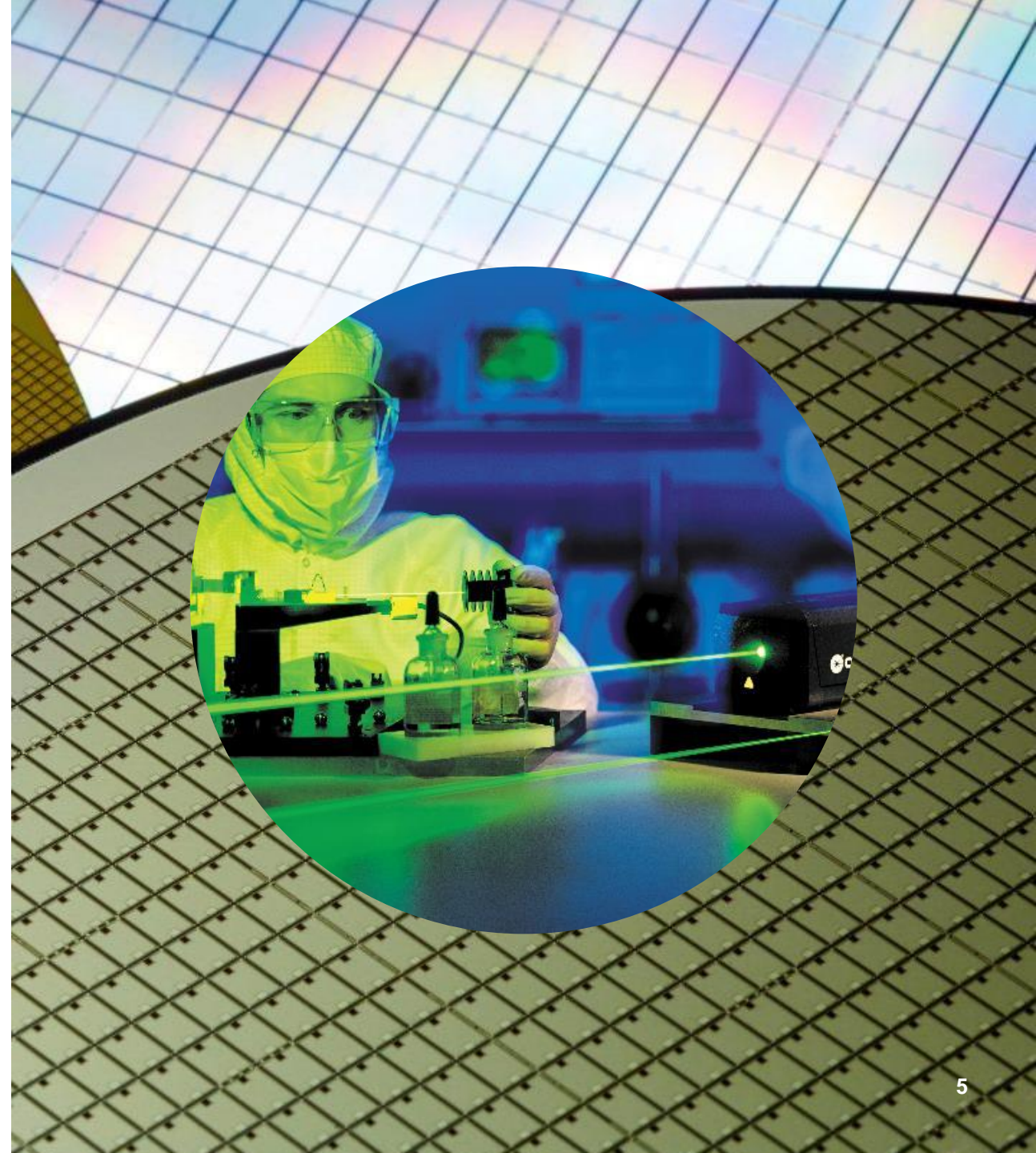


(1) Proforma non-GAAP revenue combines II-VI FY22 revenue (as of FYE 6/30/22) and Coherent 6/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.  
(2) Revenue by region is based on customer headquarter addresses.



# 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
- Experience management team with a successful track record
- Strong execution and resilient growth



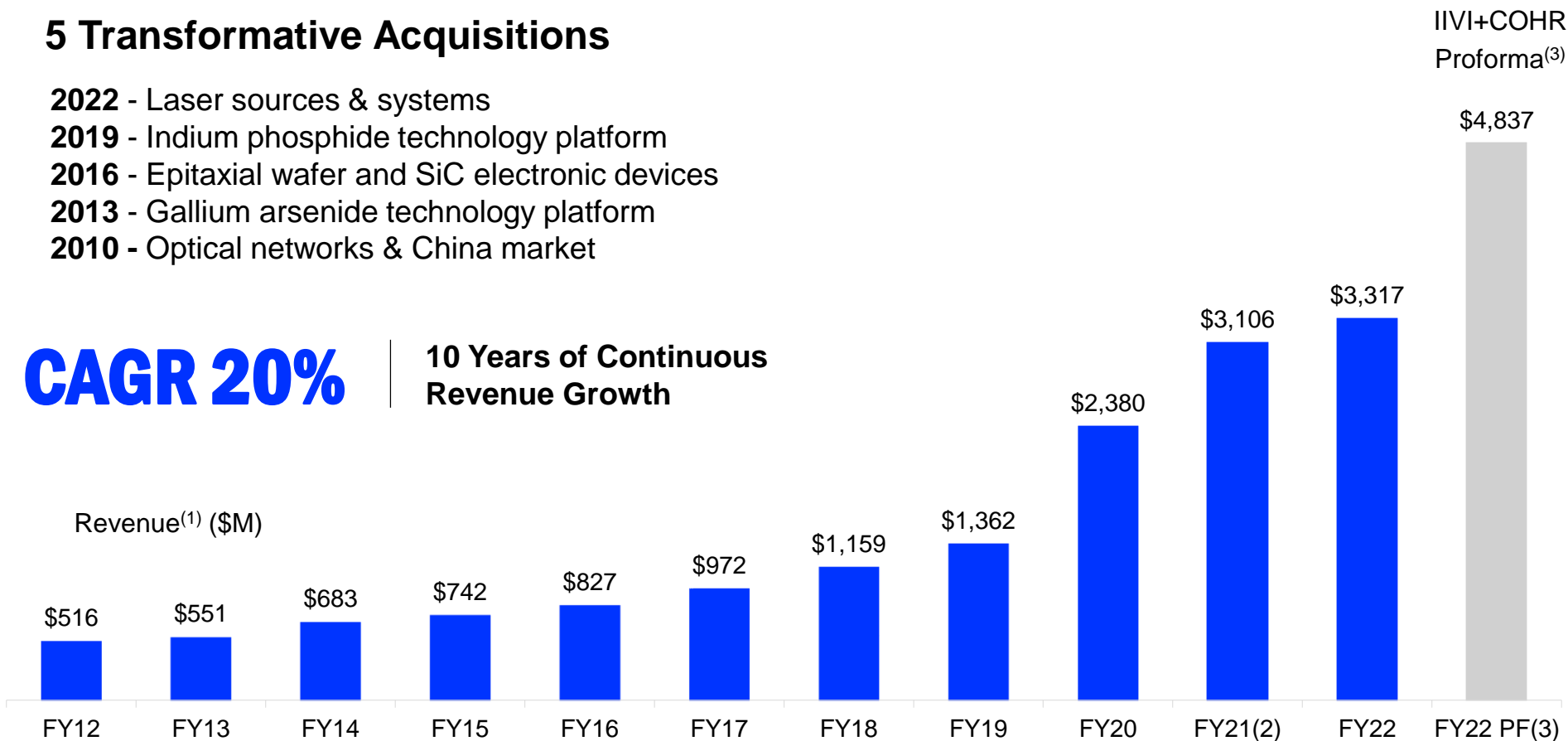
# INSIGHTFUL TARGETING AND INTEGRATION OF STRATEGIC ACQUISITIONS

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

# CORPORATE SOCIAL RESPONSIBILITY

## CARBON FOOTPRINT REDUCTION IS A PRIORITY

- As of June 30, 2022 Coherent purchases 38% of our electricity from renewable sources
- 35 sites (9 in U.S. and all sites in Europe) are powered by renewable energy
- Largest facility in China will be powered by 100% renewable energy by 2026

Energy	FY21	FY22
Total electricity consumption (MWh)	547,557	564,689
Self-generated electricity (%)	0%	0%
Electricity purchased from the grid (%)	100%	100%
Total fuel consumption (MWh)	72, 222	74,779
Total Energy Consumption (MWh)	619,779	639,468
Energy consumption from renewable sources	22%	29%

Note: Energy consumption includes electricity and natural gas only. No other energy sources are significant.

## 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

- 13 total Board members
- 5 of 13 (38%) are ethnically diverse
- 2 Board members are women
- 11 of 13 (82%) 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>

# II-VI Q1 FY23 FINANCIAL HIGHLIGHTS

Revenue

**\$1.3B**

Backlog

**\$3.1B**

Operating Income

**\$42.5M** GAAP

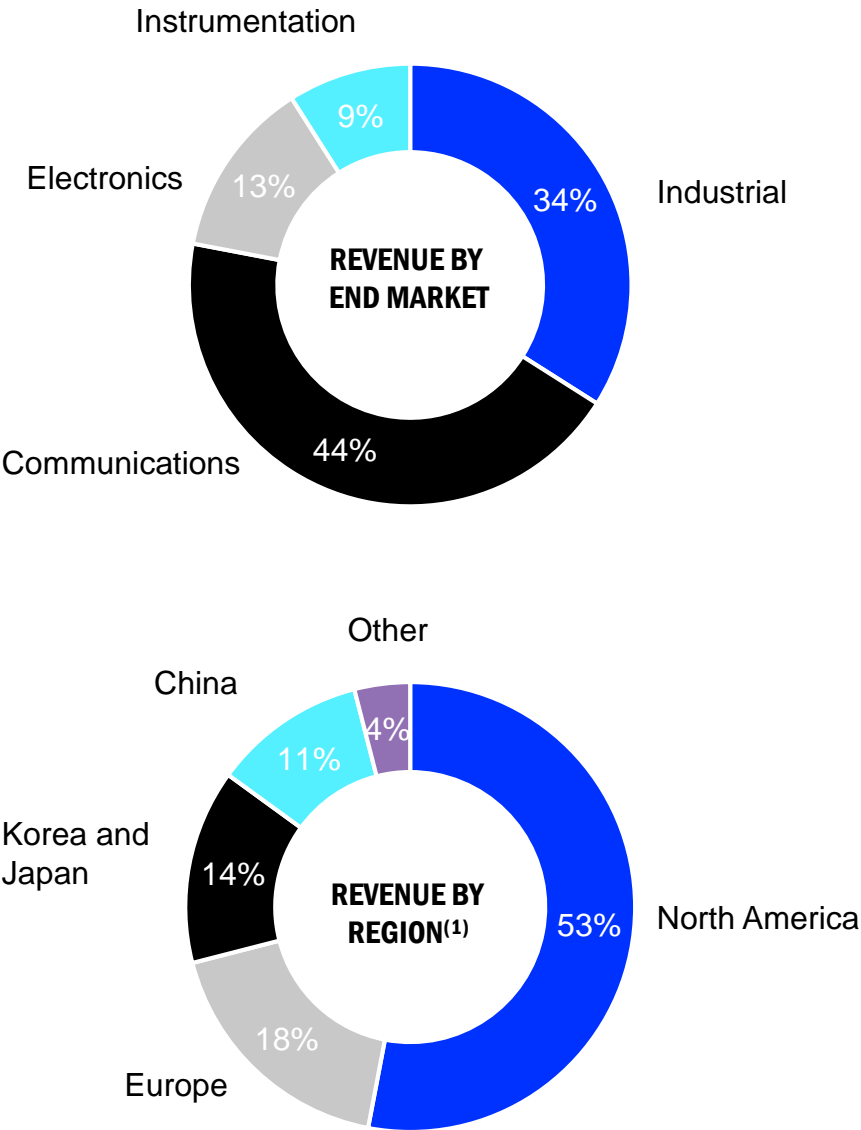
**\$286.4M** Non-GAAP

Earnings (Loss) Per Share

**\$(0.56)** GAAP

**\$1.04** Non-GAAP

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

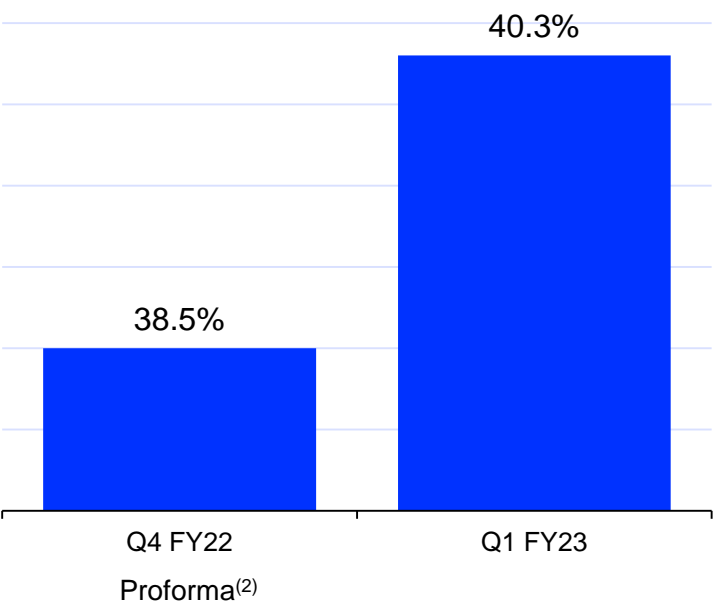




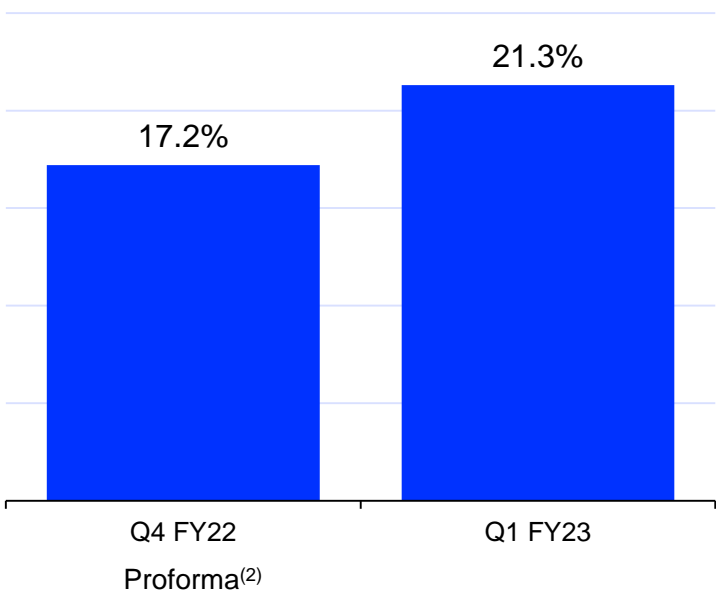
# ATTRACTIVE AND INCREASING OPERATING MARGINS

Strong Execution and Synergy Realization Post Coherent Transaction Close Driving Margins

Non-GAAP Gross Margin<sup>(1)</sup>



Non-GAAP Operating Margin<sup>(1)</sup>

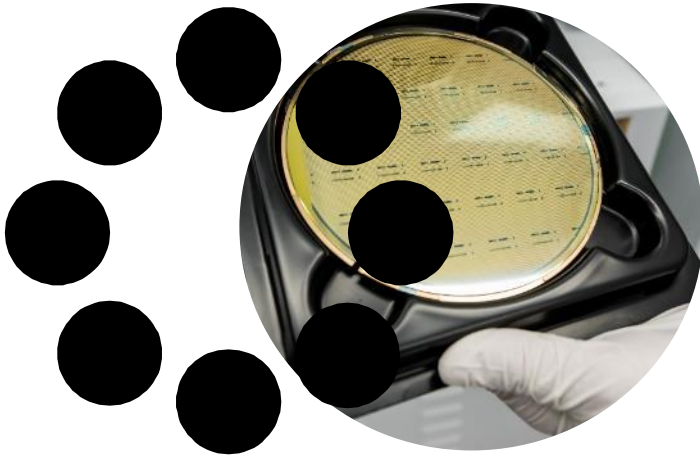


(1) All non-GAAP amounts exclude certain adjustments for share-based compensation, acquired intangible amortization expense, certain one-time transaction expenses, debt extinguishment expense, fair value measurement period adjustments and restructuring and related items. See Appendix for reconciliation to most comparable GAAP measures.

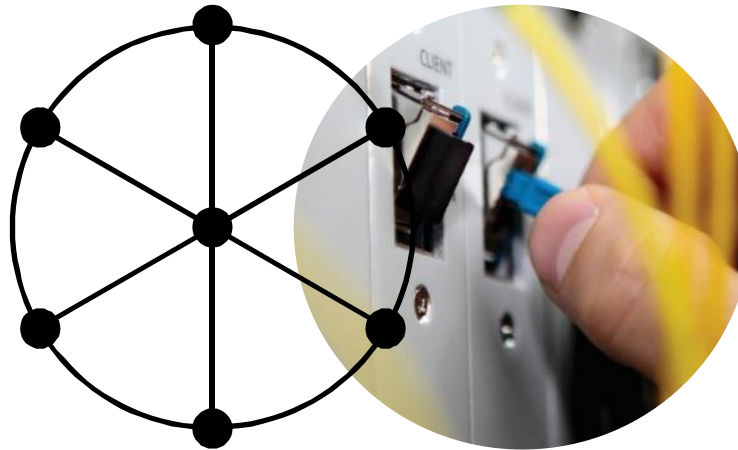
(2) II-VI Incorporated and Coherent, Inc. figures are for the three months ended June 30, 2022

# THREE REPORTING SEGMENTS

## MATERIALS



## NETWORKING



## LASERS



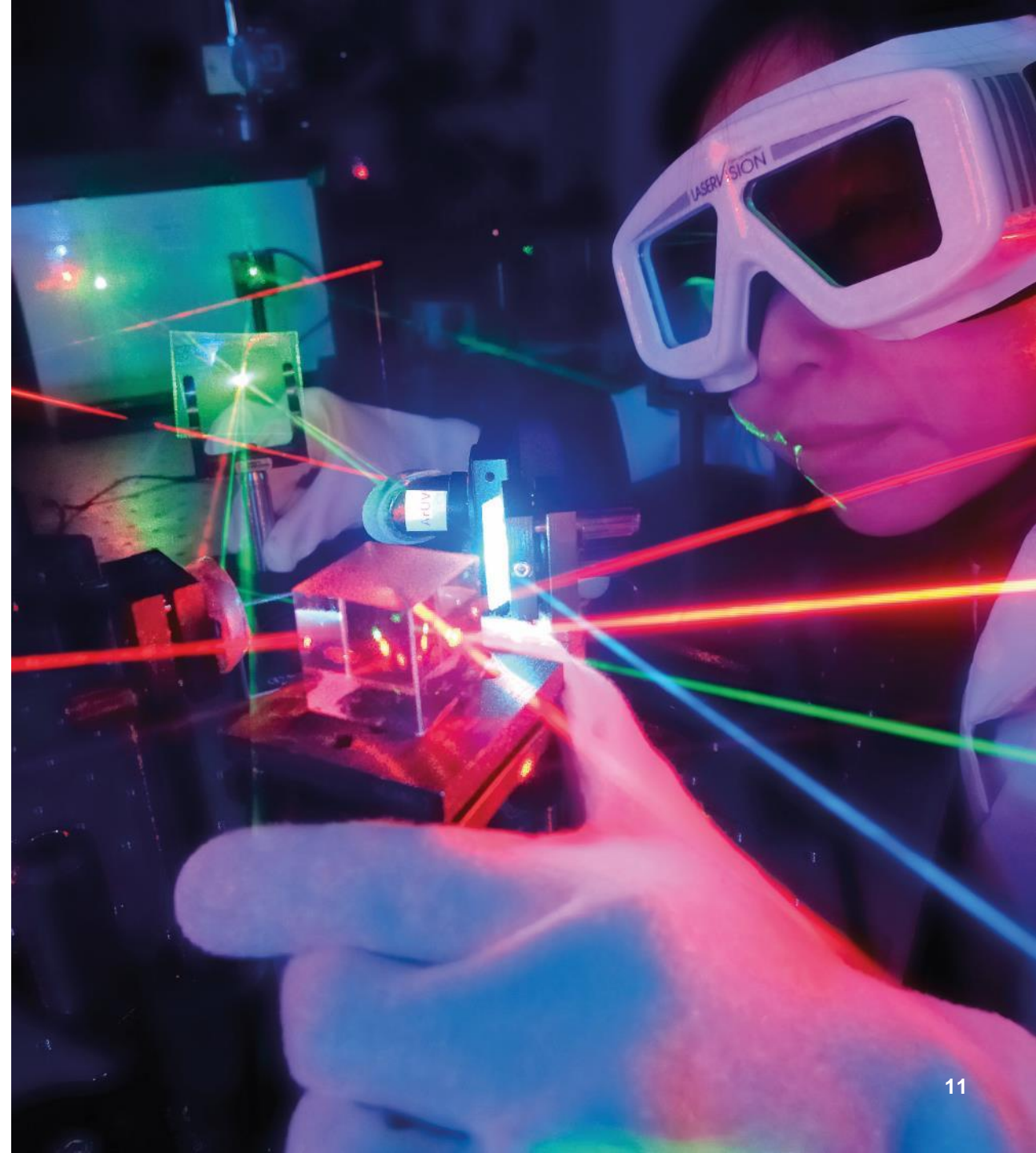
## INNOVATIONS THAT RESONATE

# 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



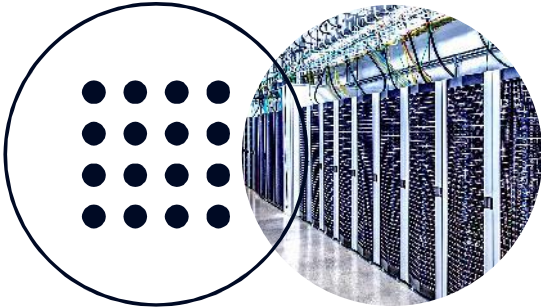
# SIMPLIFYING AND STRENGTHENING OUR FOCUS ON FOUR MARKETS WITH A COMBINED \$65B IN TAM



## INDUSTRIAL

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

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



## COMMUNICATIONS

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

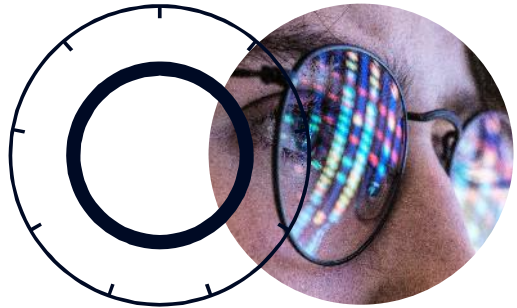
Sources: LightCounting, Omdia, Signal AI, Yole, Internal Estimates



## ELECTRONICS

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

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



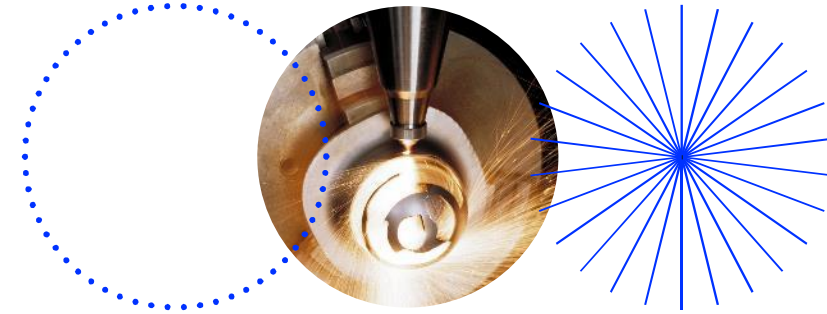
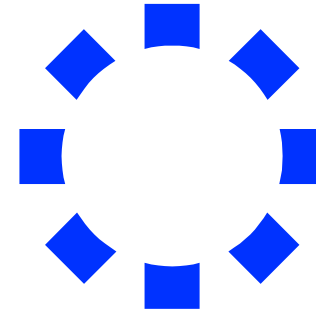
## INSTRUMENTATION

**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

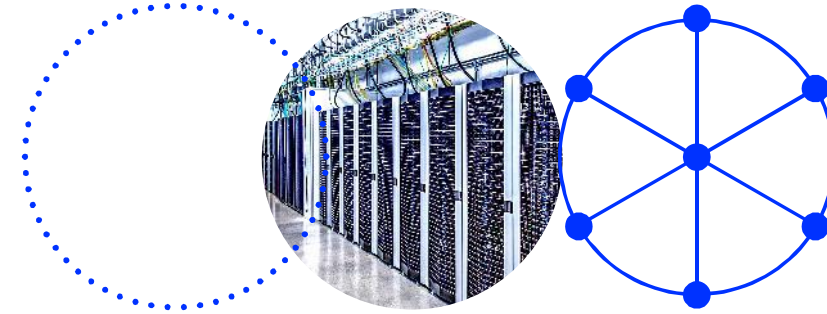
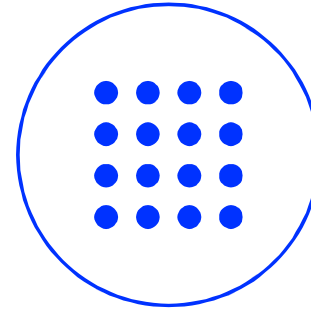
## VALUE PROPOSITION

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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

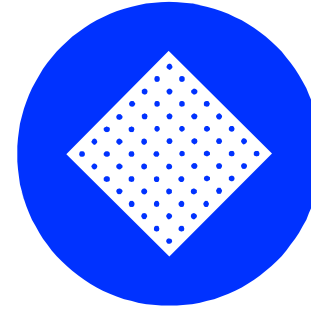
- 100 to 800 Gbps datacom transceivers
- Pluggable coherent transceivers
- Wavelength selective switches (WSS)
- Pluggable optical line subsystems (POLS)
- Terrestrial and submarine pump lasers
- InP edge emitting lasers and GaAs VCSELs

## 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

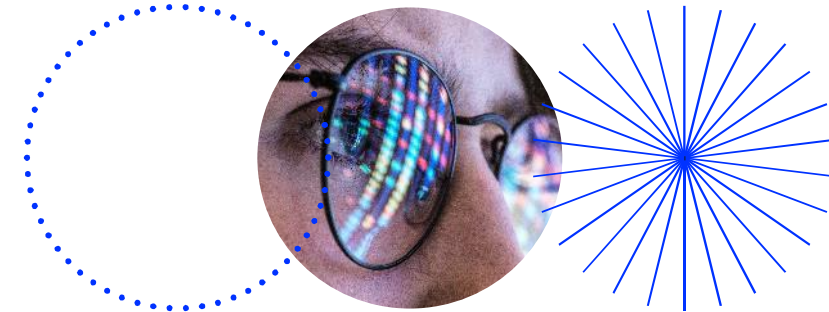
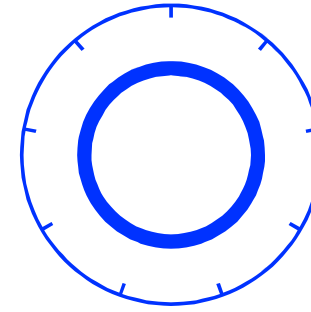
- GaAs and InP optoelectronics
- VCSELs and edge emitting lasers
- Laser illumination modules
- Wafer level optics and subassemblies
- Waveguide materials, diffractive optics
- Silicon carbide substrates and epiwafers
- GaN/SiC HEMT and SiC MOSFET devices

## 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 the next 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>	2015 2019 2021 2024	<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



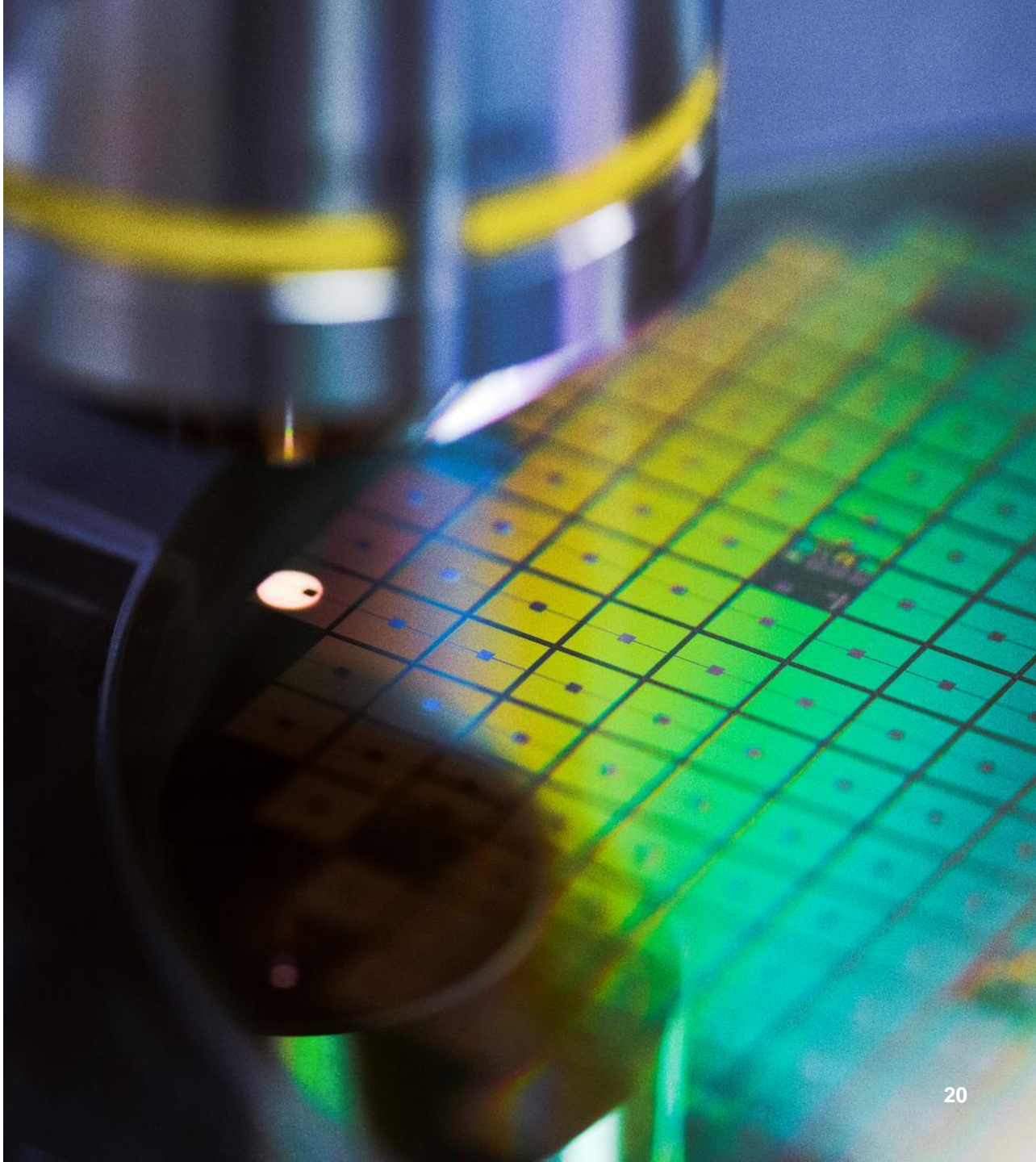
# ACCELERATING TIME-TO-MARKET

**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**.

	Vertical Integration	
SiC Modules		II-VI and GE Technology
SiC Devices		II-VI and GE Technology
SiC Chips		II-VI and GE Technology
SiC Epiwafers		II-VI (3DSiC®)
SiC Substrates		II-VI





# ACQUISITION OF COHERENT

# LEADER IN TECHNOLOGY FOR DISPLAY MANUFACTURING

## ▪ Market trends:

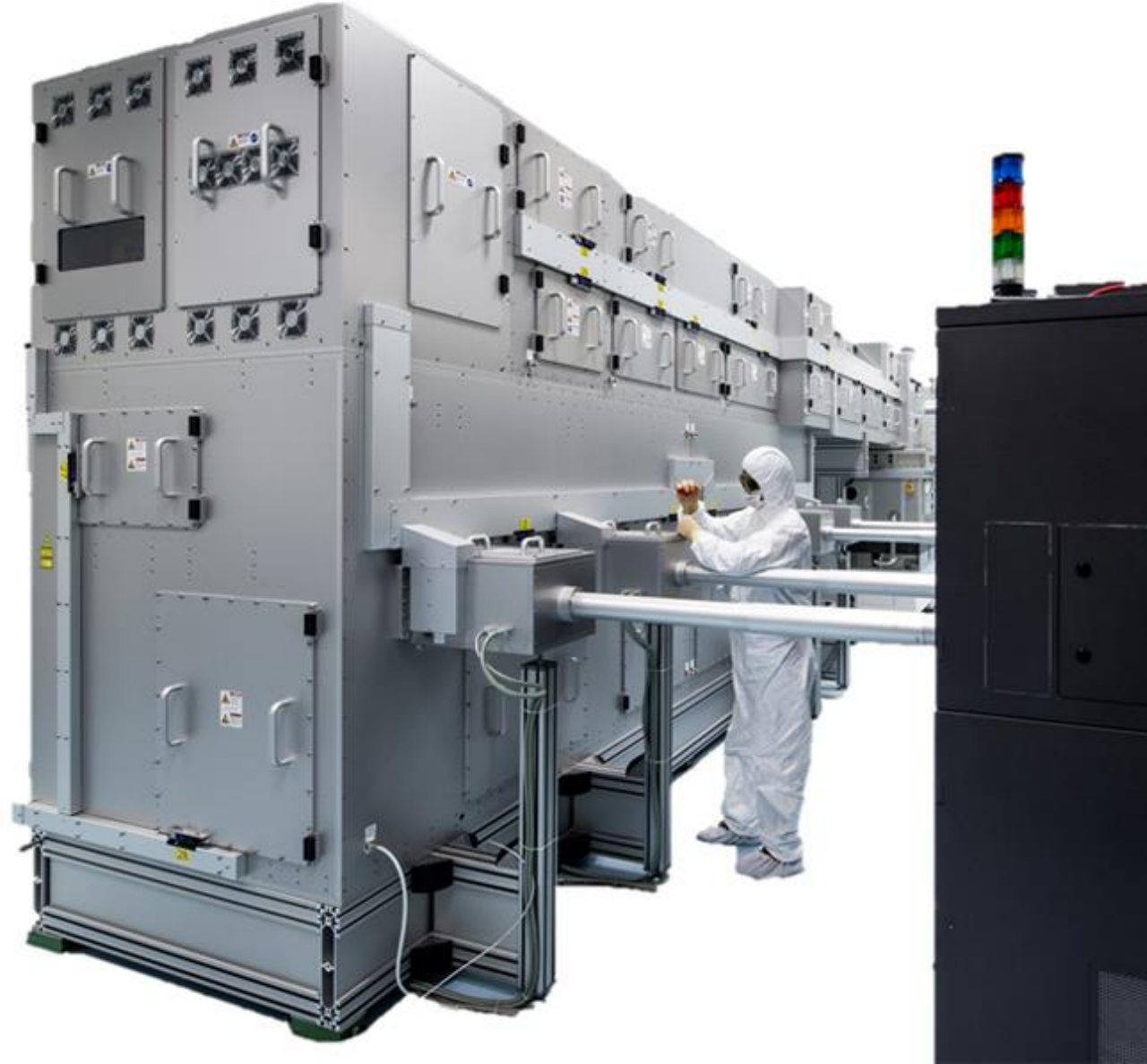
- OLED display manufacturing technology in the process of moving from Gen 6 to Gen 8 for improved economies of scale
  - Deployments in Korea and China
- Revenue for Micro-LED display manufacturing will become material around FY25
  - Micro-LEDs address incremental markets: higher brightness TVs and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



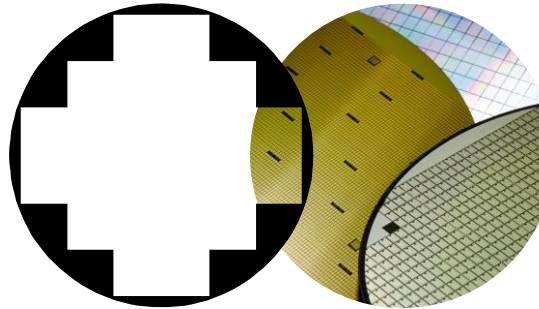
## PRECISION MANUFACTURING

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.

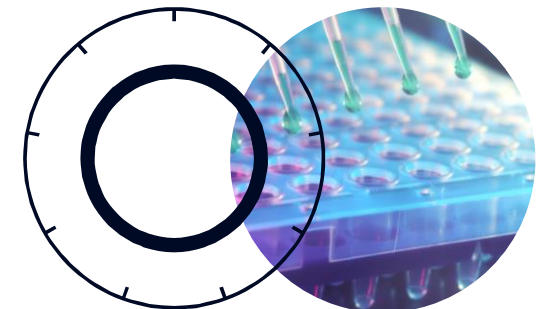


## SEMICONDUCTOR CAPITAL EQUIPMENT

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

		Q1FY23 RUN RATE SYNERGIES ACHIEVED	EXPECTED SYNERGIES WITHIN 3 YEARS
Cost of Goods Sold	<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>	\$1.8M	\$150M
Operating Expenses	<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>	\$10.5M	\$100M
TOTAL		\$12.3M	\$250M

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

## External Financing Sources

<b>Debt</b>	<ul style="list-style-type: none"> <li>▪ \$3.7B secured term loans</li> <li>▪ \$990M high yield bonds</li> <li>▪ \$285M available on \$350M revolver</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>	\$4.7 billion	3.2x <sup>(1)</sup>
<b>Cash</b>	\$0.9 billion	
<b>Net Debt</b>	\$3.8 billion	2.6x <sup>(1)</sup>
<b>PF Combined TTM Adj EBITDA<sup>(1)</sup></b>	\$1,479 million (incl. \$250M synergies)	

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

COHR basic shares	138M
Stock comp shares	1M
Series A preferred equity	11M
Series B preferred	26M
<b>Pro forma FDSO</b>	<b>176M</b>

(1) Reflects, as of 9/30/2022, using pro forma TTM combined adj EBITDA at 9/30/22, including \$250 million of cost synergies.

(2) Balances assuming conversion at 9/30

# CASH FLOW – ACQUISITION CONSIDERATIONS

- **Operating Cash Flow**

- Increase/decrease in cash from changes in operating assets/liabilities should be considered net of the effects of the acquisition. The cash outflow for the net assets acquired is considered 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 paid for the acquired net assets and extinguishment of certain obligations, net of cash acquired.

- **Financing Cash Flow**

- Includes the gross proceeds from 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.



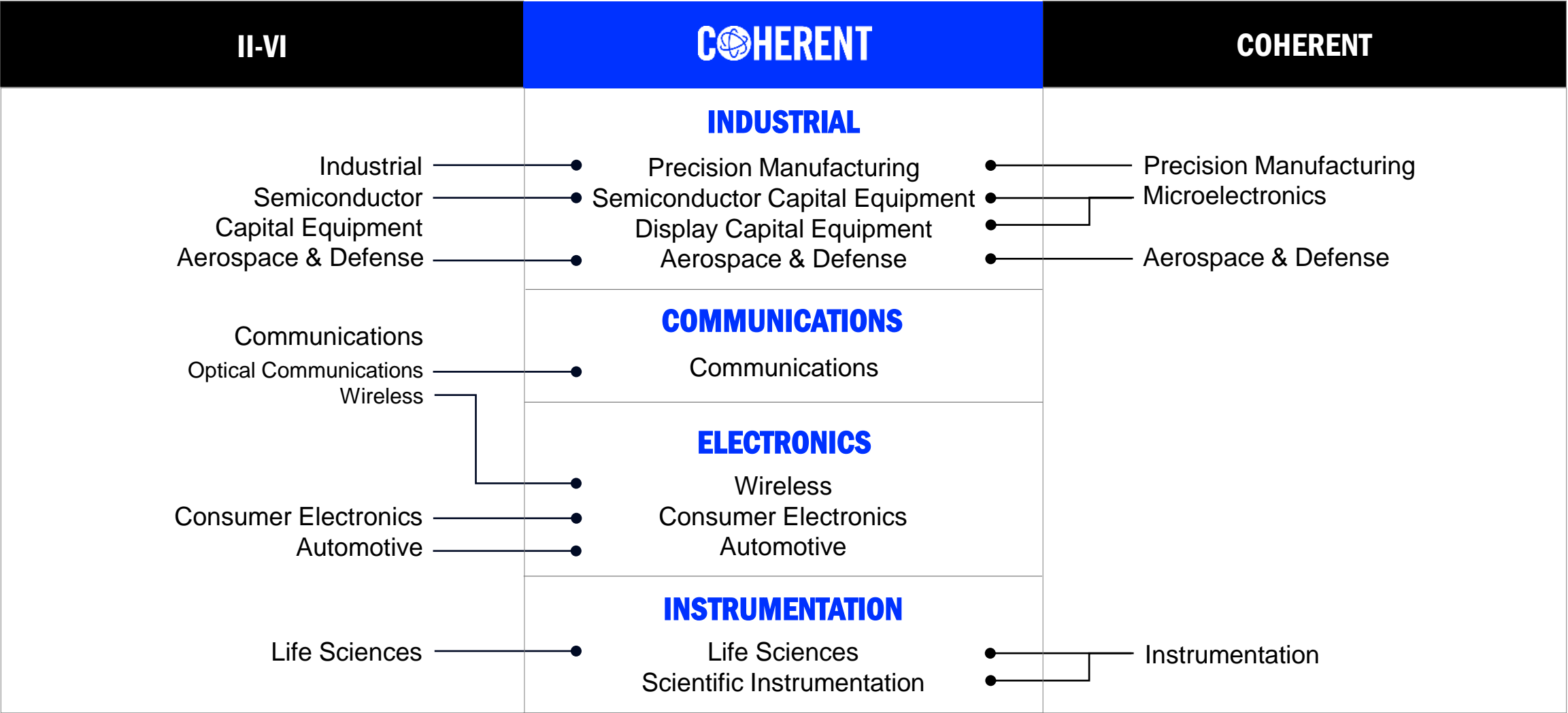
# FINANCIAL APPENDIX

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

					End Market Distribution of Full Year FY22 Revenue				
Reported Segments	FY21 Revenue	FY22 Revenue	FY22 Op Margin – GAAP / Non-GAAP	FY22/FY21 Revenue Growth	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 Q1FY23 QTD

					End Market Distribution of Q1FY23 QTD Revenue			
Reported Segments	Q1FY22 Revenue <sup>(1)</sup>	Q1FY23 Revenue	Q1FY23/ Q1FY22 Revenue Growth	Q1FY23 Op Margin – GAAP / Non-GAAP	Industrial	Communications	Electronics	Instrumentation
Materials Segment	\$264M	\$356M	37%	21% / 27%	41%	6%	49%	4%
Networking Segment	\$531M	\$596M	11%	15% / 20%	3%	94%	1%	2%
Lasers Segment	\$392M <sup>(2)</sup>	\$392M	0%	(31)% / 18%	76%	0%	0%	24%
<b>Proforma Combined</b>	<b>\$1,187M<sup>(1)</sup></b>	<b>\$1,344M</b>	<b>13%</b>	<b>3% / 21%</b>	<b>34%</b>	<b>44%</b>	<b>13%</b>	<b>9%</b>

(1) Proforma non-GAAP revenue combines II-VI Q1 FY22 revenue (as of 9/30/22) and Coherent 9/30/22 TTM. Not calculated in accordance with Article 11 of SEC regulation S-X.

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

# HYPOTHETICAL ILLUSTRATION OF EPS CALCULATION

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

\$ Millions

	Hypothetical Earnings Level for Q2 FY23			
<b>Non-GAAP net earnings</b>	\$ 162.0	\$ 171.0	\$ 180.0	\$ 200.0
Deduct Series B redeemable preferred dividends	(29.4)	(29.4)	(29.4)	—
<b>Non-GAAP net earnings available to common shareholders</b>	<u>\$ 132.6</u>	<u>\$ 141.6</u>	<u>\$ 150.6</u>	<u>\$ 200.0</u>
<b>Diluted weighted average common shares</b>	151.0	151.0	151.0	177.0
<b>Diluted earnings per common share on non-GAAP basis</b>	<u>\$ 0.88</u>	<u>\$ 0.94</u>	<u>\$ 1.00</u>	<u>\$ 1.13</u>

(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		
	Sept 30, 2022	Jun 30, 2022	Sept 30, 2021
<b>Gross profit on GAAP basis</b> <sup>(4)</sup>	\$ 443.6	\$ 326.0	\$ 306.6
Share-based compensation	5.3	0.9	1.5
Amortization of acquired intangibles	47.4	9.6	9.6
Preliminary fair value adjustment on acquired inventory	45.5	—	—
Integration and other <sup>(1)</sup>	0.4	6.9	—
<b>Gross profit on non-GAAP basis</b>	<u>\$ 542.2</u>	<u>\$ 343.4</u>	<u>\$ 317.7</u>
<b>Operating income on GAAP basis</b>	\$ 42.5	\$ 114.2	\$ 95.1
Share-based compensation	53.2	13.5	22.7
Amortization of acquired intangibles	82.5	19.9	20.4
Start-up costs <sup>(3)</sup>	—	6.4	—
Preliminary fair value adjustment on acquired inventory	45.5	—	—
Integration and other <sup>(1)</sup>	24.1	—	—
Transaction fees and financing <sup>(2)</sup>	38.7	14.6	12.0
<b>Operating income on non-GAAP basis</b>	<u>\$ 286.4</u>	<u>\$ 168.6</u>	<u>\$ 150.2</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		
	Sept 30, 2022	Jun 30, 2022	Sept 30, 2021
Non-GAAP Networking Operating Income	\$ 117.7	\$ 89.2	\$ 86.8
Share-based compensation	(10.2)	(3.1)	(9.6)
Amortization of acquired intangibles	(16.5)	(16.2)	(16.9)
Restructuring and related expenses	—	(2.8)	(0.9)
<b>Networking GAAP Operating Income</b>	<b>\$ 91.0</b>	<b>\$ 67.1</b>	<b>\$ 59.4</b>
Non-GAAP Materials Operating Income	\$ 96.8	\$ 79.5	\$ 63.5
Share-based compensation	(17.2)	(10.5)	(13.2)
Amortization of acquired intangibles	(3.2)	(3.7)	(3.5)
Integration and other <sup>(1)</sup>	(1.1)	(5.4)	—
Start-up costs <sup>(3)</sup>	—	(6.4)	—
<b>Materials GAAP Operating Income</b>	<b>\$ 75.3</b>	<b>\$ 53.5</b>	<b>\$ 46.8</b>
Non-GAAP Lasers Operating Income	\$ 71.9	\$ —	\$ —
Share-based compensation	(25.8)	—	—
Amortization of acquired intangibles	(62.8)	—	—
Integration and other <sup>(1)</sup>	(23.0)	—	—
Transaction fees and financing <sup>(2)</sup>	(38.7)	—	—
Preliminary fair value adjustment on acquired inventory	(45.5)	—	—
<b>Lasers GAAP Operating Income (Loss)</b>	<b>\$ (123.8)</b>	<b>\$ —</b>	<b>\$ —</b>
Non-GAAP Unallocated and Other Operating Income (Loss)	\$ —	\$ —	\$ —
Restructuring, integration, and transaction expenses	—	(6.4)	(11.2)
<b>Unallocated and Other GAAP Operating Income (Loss)</b>	<b>\$ —</b>	<b>\$ (6.4)</b>	<b>\$ (11.2)</b>
<b>Total GAAP Operating Income</b>	<b>\$ 42.5</b>	<b>\$ 114.2</b>	<b>\$ 95.1</b>
<b>Non-GAAP Operating Income</b>	<b>\$ 286.4</b>	<b>\$ 168.6</b>	<b>\$ 150.2</b>

# 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

## Reconciliation of GAAP Measures to non-GAAP Measures

\$ Millions

(Unaudited)

	Three Months Ended			Year Ended	
	Jun 30, 2022	Mar 31, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
<b>Revenue</b>	\$ 887.0	\$ 827.7	\$ 808.0	\$3,316.6	\$3,105.9
<b>Gross profit on GAAP basis</b>	\$ 326.0	\$ 321.7	\$ 297.8	\$1,265.5	\$1,177.5
Share-based compensation	0.9	1.3	3.4	5.1	12.1
Amortization of acquired intangibles <sup>(4)</sup>	9.6	9.4	9.8	38.3	38.8
Start-up costs <sup>(3)</sup>	—	1.6	—	2.8	—
Restructuring, transaction expenses and other <sup>(1)</sup>	6.9	1.7	0.7	9.8	6.7
<b>Gross profit on non-GAAP basis</b>	<u>\$ 343.4</u>	<u>\$ 335.7</u>	<u>\$ 311.7</u>	<u>\$1,321.5</u>	<u>\$1,235.0</u>
<b>Operating income on GAAP basis</b>	\$ 114.2	\$ 106.8	\$ 97.1	\$ 414.3	\$ 402.1
Share-based compensation	13.5	18.2	18.5	73.1	78.9
Start-up costs <sup>(3)</sup>	6.4	14.6	—	32.3	—
Amortization of acquired intangibles	19.9	19.4	20.6	79.7	82.2
Restructuring, transaction expenses and other <sup>(1)</sup>	14.6	13.2	12.2	50.9	38.3
<b>Operating income on non-GAAP basis</b>	<u>\$ 168.6</u>	<u>\$ 172.0</u>	<u>\$ 148.5</u>	<u>\$ 650.2</u>	<u>\$ 601.5</u>

# RECONCILIATION OF GAAP MEASURES TO NON-GAAP MEASURES

## Adjusted Combined Gross Profit and Operating Income - Unaudited

	FY 2022
(\$ millions)	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%

**COHERENT**