

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

May 2, 2024

Cohu, Inc.

(Exact name of registrant as specified in its charter)

Delaware

001-04298

95-1934119

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

12367 Crosthwaite Circle, Poway, California

92064

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area
code:

858-848-8100

Not Applicable

Former name or former address, if changed since last report

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, \$1.00 par value	COHU	The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On May 2, 2024, the Company issued a press release regarding its financial results for the first fiscal quarter ended March 30, 2024. The Company's press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

The information in this Item 2.02 of this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

Use of Non-GAAP Financial Information:

Included within this current report are non-GAAP financial measures, including non-GAAP Gross Margin/Profit, Income and Income (adjusted earnings) per share, Operating Income, Operating Expense, effective tax rate, free cash flow, net cash per share and Adjusted EBITDA that supplement the Company's Condensed Consolidated Statements of Operations prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude charges and the related income tax effect for: share-based compensation, the amortization of purchased intangible assets, manufacturing transition and severance costs, acquisition-related costs and associated professional fees, restructuring costs, impairments, inventory step-up, depreciation of purchase accounting adjustments to property, plant and equipment, amortization of cloud-based software implementation costs (Adjusted EBITDA only) and loss on extinguishment of debt (Adjusted EBITDA only). Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this release and should be considered together with the Condensed Consolidated Statements of Operations. With respect to any forward-looking non-GAAP figures, we are unable to provide without unreasonable efforts, at this time, a GAAP to non-GAAP reconciliation of any forward-looking figures due to their inherent uncertainty.

These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management uses non-GAAP measures for a variety of reasons, including to make operational decisions, to determine executive compensation in part, to forecast future operational results, and for comparison to our annual operating plan. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures.

Forward Looking Statements:

Certain statements contained in this current may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding expectations related to our FY2024 outlook, including quarterly projections; planned technology development and growth expected from customer adoption; 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: new product investments and product enhancements which may not be commercially successful; the semiconductor industry is seasonal, cyclical, volatile and unpredictable; recent erosion in mobile, automotive and industrial market sales; our ability to manage and deliver high quality products and services; failure of sole source contract manufacturer or our ability to manage third-party raw material, component and/or service providers; ongoing inflationary pressures on material and operational costs coupled with rising interest rates; economic recession; the semiconductor industry is intensely competitive, subject to rapid technological changes, and experiences consolidation of key customers for semiconductor test equipment; a limited number of customers account for a substantial percentage of net sales; significant exports to foreign countries with economic and political instability and competition from a number of Asia-based manufacturers; our relationships with customers may deteriorate; loss of key personnel; risks of using artificial intelligence within Cohu's product developments and business; reliance on foreign locations and geopolitical instability in such locations critical to Cohu and its customers; natural disasters, war and climate-related changes, including related economic impacts; levels of debt; access to sufficient capital on reasonable or favorable terms; foreign operations and related currency fluctuations; required or desired accounting charges and the cost or effectiveness of accounting controls; instability of financial institutions where we maintain cash deposits and potential loss of uninsured cash deposits; significant goodwill and other intangibles as percentage of our total assets; increasingly restrictive trade and export regulations impacting our ability to sell products, specifically within China; risks associated with acquisitions, investments and divestitures such as integration and synergies; constraints related to corporate governance structures; share repurchases and related impacts; financial or operating results that are below forecast or credit rating changes impacting our stock price or financing ability; law/regulatory changes and including environmental or tax law changes; significant volatility in our stock price; the risk of cybersecurity breaches; enforcing or defending intellectual property claims or other litigation.

These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including our most recent Form 10-K and Form 10-Q, and the other filings made by Cohu with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable law, Cohu does not undertake any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

The Exhibit listed below is being furnished with this Current Report on Form 8-K.

(d) Exhibits

Exhibit No. - 99.1

[First Quarter 2024 Earnings Release, dated May 2, 2024, of Cohu, Inc.](#)

Exhibit No. - 104

Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cohu, Inc.

May 2, 2024

By: */s/ Jeffrey D. Jones*

Name: Jeffrey D. Jones

Title: Senior VP Finance and Chief Financial Officer

Exhibit Index

Exhibit No.	Description
99.1	First Quarter 2024 Earnings Release, dated May 2, 2024, of Cohu, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



COHU, INC.
12367 CROSTHWAITE CIRCLE
POWAY, CA 92064
FAX (858) 848-8185
PHONE (858) 858-8100
www.cohu.com

Cohu Reports First Quarter 2024 Results

- First quarter revenue \$107.6 million, approximately 66% recurring
- Gross margin of 45.8%; non-GAAP gross margin of 46.0%
- Sense+ system with μ -sense selected for testing next-generation high fidelity microphones

POWAY, Calif., May 2, 2024 – Cohu, Inc. (NASDAQ: COHU), a global supplier of equipment and services optimizing semiconductor manufacturing yield and productivity, today reported fiscal 2024 first quarter net sales of \$107.6 million and GAAP loss of \$14.6 million or \$0.31 per share. Cohu also reported first quarter 2024 non-GAAP income of \$0.6 million or \$0.01 per share.

GAAP Results (in millions, except per share amounts)				
	Q1 FY 2024	Q4 FY 2023	Q1 FY 2023	
Net sales	\$ 107.6	\$ 137.2	\$ 179.4	
Net income (loss)	\$ (14.6)	\$ (2.0)	\$ 15.7	
Net income (loss) per share	\$ (0.31)	\$ (0.04)	\$ 0.33	

Non-GAAP Results (in millions, except per share amounts)				
	Q1 FY 2024	Q4 FY 2023	Q1 FY 2023	
Net income	\$ 0.6	\$ 11.1	\$ 26.9	
Net income per share	\$ 0.01	\$ 0.23	\$ 0.56	

Total cash and investments at the end of first quarter 2024 were \$271.3 million. On February 9, 2024, the Company made a cash payment of \$29.3 million to repay the remaining outstanding amounts owed under our Term Loan B. Cohu repurchased 333,504 shares of its common stock in the first quarter for an aggregate amount of approximately \$10.7 million.

“Recurring revenue continued to deliver stable profitability during the trough of this Semicap cycle when customers typically limit capital expenditures and focus on reducing semiconductor inventory,” said Cohu President and CEO Luis Müller. “We remain focused on developing core technologies and were pleased to receive initial orders from a leading U.S. fabless semiconductor manufacturer for our new high fidelity microphone tester integrated with Cohu’s Sense+ automation platform.”

Cohu expects second quarter 2024 sales to be in a range of \$105 million +/- \$6 million.

Conference Call Information:

The Company will host a live conference call and webcast with slides to discuss first quarter 2024 results at 1:30 p.m. Pacific Time/4:30 p.m. Eastern Time on May 2, 2024. Interested parties may listen live via webcast on Cohu’s investor relations website at <https://edge.media-server.com/mmc/p/vsirqt8u>.

To participate via telephone and join the call live, please register in advance at <https://register.vevent.com/register/BI003a2b1f29c5421891e1b2448a42a390> to receive the dial-in number along with a unique PIN number that can be used to access the call.

About Cohu:

Cohu (NASDAQ: COHU) is a global technology leader supplying test, automation, inspection and metrology products and services to the semiconductor industry. Cohu’s differentiated and broad product portfolio enables optimized yield and productivity, accelerating customers’ manufacturing time-to-market. Additional information can be found at www.cohu.com.

Use of Non-GAAP Financial Information:

Included within this press release and accompanying materials are non-GAAP financial measures, including non-GAAP Gross Margin/Profit, Income and Income (adjusted earnings) per share, Operating Income, Operating Expense, effective tax rate, free cash flow, net cash per share and Adjusted EBITDA that supplement the Company's Condensed Consolidated Statements of Operations prepared under generally accepted accounting principles (GAAP). These non-GAAP financial measures adjust the Company's actual results prepared under GAAP to exclude charges and the related income tax effect for: share-based compensation, the amortization of purchased intangible assets, manufacturing transition and severance costs, acquisition-related costs and associated professional fees, restructuring costs, impairments, inventory step-up, depreciation of purchase accounting adjustments to property, plant and equipment, amortization of cloud-based software implementation costs (Adjusted EBITDA only) and loss on extinguishment of debt (Adjusted EBITDA only). Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this release and should be considered together with the Condensed Consolidated Statements of Operations. With respect to any forward-looking non-GAAP figures, we are unable to provide without unreasonable efforts, at this time, a GAAP to non-GAAP reconciliation of any forward-looking figures due to their inherent uncertainty.

These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash generating capacity. Management uses non-GAAP measures for a variety of reasons, including to make operational decisions, to determine executive compensation in part, to forecast future operational results, and for comparison to our annual operating plan. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures.

Forward Looking Statements:

Certain statements contained in this release and accompanying materials may be considered forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding expectations related to our FY2024 outlook, including quarterly projections; planned technology development and growth expected from customer adoption; 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: new product investments and product enhancements which may not be commercially successful; the semiconductor industry is seasonal, cyclical, volatile and unpredictable; recent erosion in mobile, automotive and industrial market sales; our ability to manage and deliver high quality products and services; failure of sole source contract manufacturer or our ability to manage third-party raw material, component and/or service providers; ongoing inflationary pressures on material and operational costs coupled with rising interest rates; economic recession; the semiconductor industry is intensely competitive, subject to rapid technological changes, and experiences consolidation of key customers for semiconductor test equipment; a limited number of customers account for a substantial percentage of net sales; significant exports to foreign countries with economic and political instability and competition from a number of Asia-based manufacturers; our relationships with customers may deteriorate; loss of key personnel; risks of using artificial intelligence within Cohu's product developments and business; reliance on foreign locations and geopolitical instability in such locations critical to Cohu and its customers; natural disasters, war and climate-related changes, including related economic impacts; levels of debt; access to sufficient capital on reasonable or favorable terms; foreign operations and related currency fluctuations; required or desired accounting charges and the cost or effectiveness of accounting controls; instability of financial institutions where we maintain cash deposits and potential loss of uninsured cash deposits; significant goodwill and other intangibles as percentage of our total assets; increasingly restrictive trade and export regulations impacting our ability to sell products, specifically within China; risks associated with acquisitions, investments and divestitures such as integration and synergies; constraints related to corporate governance structures; share repurchases and related impacts; financial or operating results that are below forecast or credit rating changes impacting our stock price or financing ability; law/regulatory changes and including environmental or tax law changes; significant volatility in our stock price; the risk of cybersecurity breaches; enforcing or defending intellectual property claims or other litigation.

These and other risks and uncertainties are discussed more fully in Cohu's filings with the SEC, including our most recent Form 10-K and Form 10-Q, and the other filings made by Cohu with the SEC from time to time, which are available via the SEC's website at www.sec.gov. Except as required by applicable law, Cohu does not undertake any obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

For press releases and other information of interest to investors, please visit Cohu's website at www.cohu.com.

Contact:
Cohu, Inc.
Jeffrey D. Jones - Investor Relations
858-848-8106

COHU, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Three Months Ended ⁽¹⁾	
	March 30, 2024 ⁽²⁾	April 1, 2023
Net sales	\$ 107,614	\$ 179,371
Cost and expenses:		
Cost of sales (excluding amortization)	58,365	93,153
Research and development	22,336	22,510
Selling, general and administrative	35,082	34,189
Amortization of purchased intangible assets	9,795	8,754
Restructuring charges	9	888
	<u>125,587</u>	<u>159,494</u>
Income (loss) from operations	(17,973)	19,877
Other (expense) income:		
Interest expense	(289)	(1,128)
Interest income	2,709	2,718
Foreign transaction loss	(541)	(440)
Loss on extinguishment of debt	(241)	(369)
Income (loss) from operations before taxes	<u>(16,335)</u>	<u>20,658</u>
Income tax provision (benefit)	<u>(1,700)</u>	<u>4,973</u>
Net income (loss)	<u>\$ (14,635)</u>	<u>\$ 15,685</u>
Income (loss) per share:		
Basic:	<u>\$ (0.31)</u>	<u>\$ 0.33</u>
Diluted:	<u>\$ (0.31)</u>	<u>\$ 0.33</u>
Weighted average shares used in computing income (loss) per share: ⁽³⁾		
Basic	<u>47,134</u>	<u>47,343</u>
Diluted	<u>47,134</u>	<u>48,171</u>

(1) The three- month periods ended March 30, 2024 and April 1, 2023 were both comprised of 13 weeks.

(2) On January 30, 2023 the Company completed the acquisition of MCT Worldwide, LLC ("MCT") and October 2, 2023 the Company completed the acquisition of Equipstest Engineering Pte. Ltd. ("EQT") the results of MCT's and EQT's operations have been included since those dates.

(3) For the three-month period ended March 30, 2024, potentially dilutive securities were excluded from the per share computations due to their antidilutive effect.

COHU, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands)

	March 30, 2024	December 30, 2023
Assets:		
Current assets:		
Cash and investments ⁽¹⁾	\$ 271,322	\$ 335,698
Accounts receivable	115,994	124,624
Inventories	151,587	155,793
Other current assets	34,014	22,703
Total current assets	572,917	638,818
Property, plant & equipment, net	76,414	69,085
Goodwill	238,322	241,658
Intangible assets, net	140,932	151,770
Operating lease right of use assets	15,935	16,778
Other assets	29,928	32,243
Total assets	<u>\$ 1,074,448</u>	<u>\$ 1,150,352</u>
Liabilities & Stockholders' Equity:		
Current liabilities:		
Short-term borrowings	\$ 1,652	\$ 1,773
Current installments of long-term debt	1,151	4,551
Deferred profit	3,021	3,586
Other current liabilities	85,271	93,511
Total current liabilities	91,095	103,421
Long-term debt ⁽¹⁾	8,024	34,303
Non-current operating lease liabilities	12,520	13,175
Other noncurrent liabilities	47,452	49,283
Cohu stockholders' equity	915,357	950,170
Total liabilities & stockholders' equity	<u>\$ 1,074,448</u>	<u>\$ 1,150,352</u>

(1) On February 9, 2024, the Company made a cash payment of \$29.3 million to repay the remaining outstanding amounts owed under our Term Loan B.

COHU, INC.**Supplemental Reconciliation of GAAP Results to Non-GAAP Financial Measures (Unaudited)***(in thousands, except per share amounts)*

	March 30, 2024	Three Months Ended December 30, 2023	April 1, 2023
Income (loss) from operations - GAAP basis (a)	\$ (17,973)	\$ 334	\$ 19,877
Non-GAAP adjustments:			
Share-based compensation included in (b):			
Cost of sales (COS)	227	226	180
Research and development (R&D)	834	860	866
Selling, general and administrative (SG&A)	3,567	3,471	2,868
	4,628	4,557	3,914
Amortization of purchased intangible assets (c)	9,795	9,738	8,754
Restructuring charges related to inventory adjustments in COS (d)	(4)	(3)	(28)
Restructuring charges (d)	9	375	888
Manufacturing and sales transition costs included in (e):			
COS	-	7	18
R&D	14	-	-
SG&A	1,640	527	253
	1,654	534	271
Impairment charge included in SG&A (f)	966	-	-
Inventory step-up included in COS (g)	-	868	124
Acquisition costs included in SG&A (h)	174	288	385
Depreciation of PP&E step-up included in SG&A (i)	12	30	9
Income (loss) from operations - non-GAAP basis (j)	\$ (739)	\$ 16,721	\$ 34,194
Net income (loss) - GAAP basis	\$ (14,635)	\$ (2,028)	\$ 15,685
Non-GAAP adjustments (as scheduled above)	17,234	16,387	14,317
Tax effect of non-GAAP adjustments (k)	(1,999)	(3,239)	(3,057)
Net income - non-GAAP basis	\$ 600	\$ 11,120	\$ 26,945
GAAP net income (loss) per share - diluted	\$ (0.31)	\$ (0.04)	\$ 0.33
Non-GAAP net income per share - diluted (l)	\$ 0.01	\$ 0.23	\$ 0.56

Management believes the presentation of these non-GAAP financial measures, when taken together with the corresponding GAAP financial measures, provides meaningful supplemental information regarding the Company's operating performance. Our management uses these non-GAAP financial measures in assessing the Company's operating results, as well as when planning, forecasting and analyzing future periods and these non-GAAP measures allow investors to evaluate the Company's financial performance using some of the same measures as management. Management views share-based compensation as an expense that is unrelated to the Company's operational performance as it does not require cash payments and can vary in amount from period to period and the elimination of amortization charges provides better comparability of pre- and post-acquisition operating results and to results of businesses utilizing internally developed intangible assets. Management initiated certain restructuring activities including employee headcount reductions and other organizational changes to align our business strategies in light of the merger with Xcerra and the acquisitions of MCT and EQT. Restructuring costs have been excluded because such expense is not used by Management to assess the core profitability of Cohu's business operations. Impairment charges have been excluded as these amounts are infrequent and are unrelated to the operational performance of Cohu. PP&E and inventory step-up costs have been excluded by management as they are unrelated to the core operating activities of the Company. Acquisition costs have been excluded by management as they are unrelated to the core operating activities of the Company and the frequency and variability in the nature of the charges can vary significantly from period to period. Excluding this data provides investors with a basis to compare Cohu's performance against the performance of other companies without this variability. However, the non-GAAP financial measures should not be regarded as a replacement for (or superior to) corresponding, similarly captioned, GAAP measures. The presentation of non-GAAP financial measures above may not be comparable to similarly titled measures reported by other companies and investors should be careful when comparing our non-GAAP financial measures to those of other companies.

(a) (16.7)%, 0.2% and 11.1% of net sales, respectively.

(b) To eliminate compensation expense for employee stock options, stock units and our employee stock purchase plan.

(c) To eliminate the amortization of acquired intangible assets.

(d) To eliminate restructuring costs incurred related to the integration of MCT and Xcerra.

(e) To eliminate the manufacturing transition and severance costs.

(f) To eliminate impact of the impairment of our investment in Fraes-und Technologiezentrum GmbH Frasdorf, a company based in Germany.

(g) To eliminate amortization of inventory step up charges related to the acquisition of MCT and EQT.

(h) To eliminate professional fees and other direct incremental expenses incurred related to acquisitions.

(i) To eliminate depreciation of PP&E step up charges related to the acquisition of MCT and EQT.

(j) (0.7)%, 12.2% and 19.1% of net sales, respectively.

(k) To adjust the provision for income taxes related to the adjustments described above based on applicable tax rates.

(l) The three months ended March 30, 2024 and December 30, 2023 were computed using 47,606 and 47,795 shares outstanding, respectively, as the effect of dilutive securities was excluded from GAAP diluted common shares due to the reported net loss under GAAP, but are included for non-GAAP diluted common shares since the Company has non-GAAP net income. All other periods presented were calculated using the number of GAAP diluted shares outstanding.

COHU, INC.
Supplemental Reconciliation of GAAP Results to Non-GAAP Financial Measures (Unaudited)
(in thousands)

	March 30, 2024	Three Months Ended December 30, 2023	April 1, 2023
Gross Profit Reconciliation			
Gross profit - GAAP basis (excluding amortization) ⁽¹⁾	\$ 49,249	\$ 65,410	\$ 86,218
Non-GAAP adjustments to cost of sales (as scheduled above)	223	1,098	294
Gross profit - Non-GAAP basis	<u>\$ 49,472</u>	<u>\$ 66,508</u>	<u>\$ 86,512</u>
As a percentage of net sales:			
GAAP gross profit	45.8%	47.7%	48.1%
Non-GAAP gross profit	46.0%	48.5%	48.2%
Adjusted EBITDA Reconciliation			
Net income - GAAP Basis	\$ (14,635)	\$ (2,028)	\$ 15,685
Income tax provision (benefit)	(1,700)	1,531	4,973
Interest expense	289	754	1,128
Interest income	(2,709)	(2,847)	(2,718)
Amortization of purchased intangible assets	9,795	9,738	8,754
Depreciation	3,429	3,372	3,337
Amortization of cloud-based software implementation costs ⁽²⁾	709	700	700
Loss on extinguishment of debt	241	-	369
Other non-GAAP adjustments (as scheduled above)	7,427	6,619	5,554
Adjusted EBITDA	<u>\$ 2,846</u>	<u>\$ 17,839</u>	<u>\$ 37,782</u>
As a percentage of net sales:			
Net income - GAAP Basis	(13.6)%	(1.5)%	8.7%
Adjusted EBITDA	2.6%	13.0%	21.1%
Operating Expense Reconciliation			
Operating Expense - GAAP basis	\$ 67,222	\$ 65,076	\$ 66,341
Non-GAAP adjustments to operating expenses (as scheduled above)	(17,011)	(15,289)	(14,023)
Operating Expenses - Non-GAAP basis	<u>\$ 50,211</u>	<u>\$ 49,787</u>	<u>\$ 52,318</u>

(1) Excludes amortization of \$7,522, \$7,476 and \$6,891 for the three months ending March 30, 2024, December 30, 2023 and April 01, 2023, respectively.

(2) Represents amortization of capitalized implementation costs related to cloud-based software arrangements that are included within SG&A.