



# Investor Presentation

December 2024



# Forward-Looking Statements; Non-GAAP Financial Measures

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This presentation contains forward-looking statements within the meaning of the U.S. Securities Exchange Act of 1934 and the Securities Act of 1933. The forward-looking statements include statements concerning, among other things, our future business model and strategies, our financial model and structure, market and market share growth, industry trends, customer demand and growth opportunities. In some instances, you can identify these statements by forward-looking words, such as "may," "might," "will," "could," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend" and "continue," the negative or plural of these words and other comparable terminology. The target financial model described in this presentation is intended to aid in the evaluation of long-term potential, and is not guidance or a statement of forecasted performance in a specific future period. The forward-looking statements are only predictions based on our current expectations and our projections about future events. All information and forward-looking statements included in this presentation and the related discussions are based upon information available to us as of December 3, 2024. You should not place undue reliance on these forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements, including risks related to technology and market trends; the benefits of acquisitions and investments; macroeconomic conditions; uncertainties related to the COVID-19 pandemic and the impacts of our responses to it; the interpretation and impacts of changes in export controls and other trade barriers; our success in executing our business strategies and other risks discussed in the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 30, 2023 and in our other filings with the U.S. Securities and Exchange Commission copies of which may be obtained by visiting the Investor Relations section of our website at <http://investors.formfactor.com> or at [www.sec.gov](http://www.sec.gov).

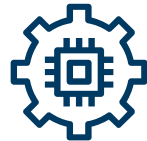
This presentation and related discussions contain non-GAAP measures relating to our financial performance. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation of, or as a substitute for, financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measures in the Supplemental Information contained in this presentation.

# FormFactor At a Glance

TTM Revenue\*  
**\$742M**



Advanced Probe Cards  
for Chip Production



115,000,000+  
MEMS PROBES/YEAR

Engineering Systems



10,000+  
INSTALLED PROBERS

Global Manufacturing, Design  
and Customer Service Presence



~ **2,150**  
PEOPLE



Recognized by  
Industry Leaders\*\*

Intel

TSMC

Micron

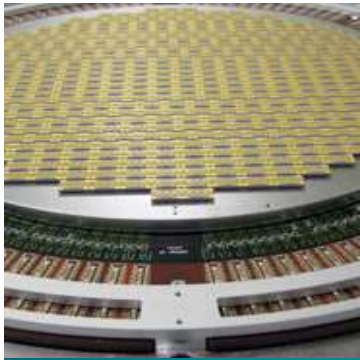
SK hynix

Samsung

\*As of 10/30/24

\*\* Customers that have accounted for >10% of revenue for one or more quarters since Q1 FY18

# Compelling Investment Thesis



Market leader in large and growing semiconductor test and measurement sector



Benefits from powerful secular trends:

- Exponential growth in semiconductor content, increased 5G and data center spending
- Adoption of advanced packaging to counter slowdown in Moore's Law



Technology leadership enables customers' most critical roadmap advancements, from R&D through Production



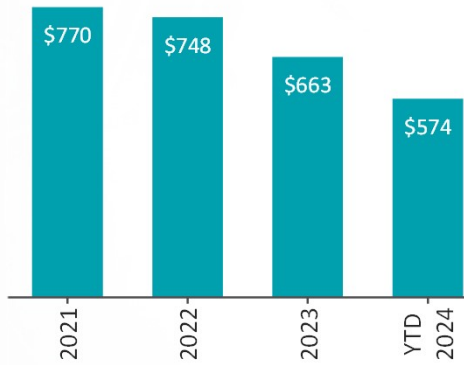
Profitable financial model with earnings growth and strong cash flow



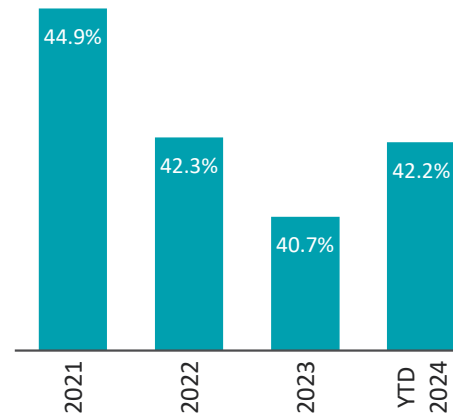
Active execution of acquisition strategy increases scale and diversification

# Proven Track Record

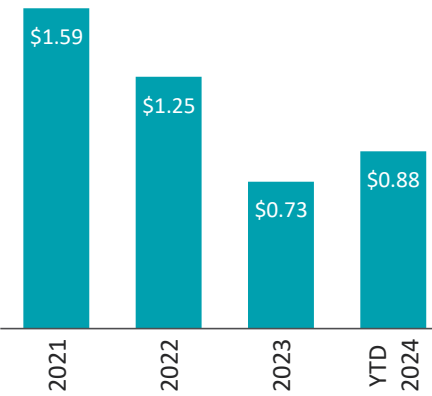
**Revenue**  
\$ IN MILLIONS



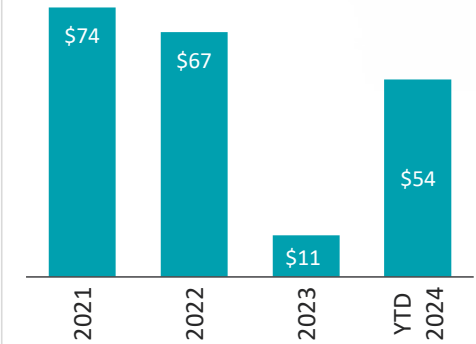
**Non-GAAP Gross Margin**



**Non-GAAP EPS\***



**Free Cash Flow**  
\$ IN MILLIONS



Expanding Market Share Leadership

Benefits From Scale and Operational Execution

Significant Operating Leverage

Cash Generative Business Model

See Supplemental Information for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.

\*All references to EPS are on a diluted basis.

Sources: Historical information, company SEC filings and press releases.



# Recognized Industry Leader



2014 • 2015 • 2016  
2017 • 2018 • 2019  
2020 • 2021 • 2022  
2023



## FormFactor Named One of THE BEST Suppliers in the Semiconductor Industry for Tenth Consecutive Year

LIVERMORE, Calif., May 17, 2023 (GLOBE NEWSWIRE) — FormFactor, Inc. (NASDAQ: FORM), a leading semiconductor test and measurement supplier, announced that it has again been named a top performer in TechInsights' customer satisfaction survey earning five stars in three categories:

10 BEST Focused Suppliers of Chip Making Equipment,  
THE BEST Suppliers of Test Equipment, and  
THE BEST Suppliers of Test Subsystems.

In this survey, worldwide semiconductor manufacturing companies rate their vendors for supplier performance, customer service, and product performance. The results mark ten years running that FormFactor has been selected in THE BEST Suppliers of Test Subsystems which includes manufacturers of probe cards, test sockets, and device interface boards. FormFactor again ranked number one in the '10 BEST Focused Suppliers of Chip Making Equipment' category.

"Customers give FormFactor high rankings for technical leadership and field engineering support," said G. Dan Hutcheson, Vice Chair, TechInsights. "In multiple categories, FormFactor consistently rates as a Five Star supplier."

Trusted by leading semiconductor designers and foundries

# FormFactor Earns Intel's 2024 EPIC Distinguished Supplier Award



## FormFactor Earns Intel's 2024 EPIC Distinguished Supplier Award

**LIVERMORE, CA – (Globe Newswire – March 28, 2024)** – FormFactor is proud to announce that it has earned Intel's EPIC Distinguished Supplier Award. Through its dedication to Excellence, Partnership, Inclusion, and Continuous (EPIC) quality improvement, FormFactor has achieved a level of performance that consistently exceeds Intel's expectations.

"As one of the 27 Distinguished Supplier Award recipients in 2024, FormFactor stands out among suppliers in Intel's trusted supply chain," said Keyvan Esfarjani, chief global operations officer at Intel. "Through their relentless drive to improve, they have achieved a level of performance that consistently exceeds Intel's expectations and serves as a benchmark across the ecosystem."

The Intel EPIC Distinguished Supplier Award recognizes a consistent level of strong performance across all performance criteria. Of the thousands of Intel suppliers around the world, only a few hundred qualify to participate in the EPIC Supplier Program. The EPIC Distinguished Award is the second-highest honor a supplier can achieve. In 2024, only 27 suppliers in the Intel supply chain network earned this award.

To qualify for an Intel EPIC Distinguished Supplier Award, suppliers must exceed expectations, meet aggressive performance goals, and score 80 percent or higher in performance assessments throughout the year. Suppliers must also meet 80 percent or more of their improvement plan deliverables and demonstrate formidable quality and business systems.

**FormFactor is one of twenty-seven Distinguished Supplier Award recipients in all of Intel's global supply chain**

# How FormFactor Wins

Early Customer Engagement  
Creates Competitive Advantage  
and High Barriers to Entry



Technology and Applications  
Leadership Relied Upon  
by Customers



Deliver Market-Leading  
Products with World-Class  
Cycle Times and Quality



Largest R&D Budget in  
Served Markets, Enabled  
by Industry-Leading Scale





# FormFactor Occupies a Unique Place in Semiconductor Industry

## Front-End: Wafer Fabrication Equipment



**Industry: \$100 Billion**

- 6% CAGR
- Highly cyclical, tied to capital spending
- Highly consolidated

## Wafer Test & Measurement



**Industry: \$2.5 Billion**

Advanced Probe Cards: \$2.0B; Engineering Systems: \$0.5B

- 8% CAGR for Advanced Probe Cards, device-specific consumables
- Demand driven by design releases on both new and existing nodes
- 3% CAGR for Engineering Systems, driven by R&D budgets
- Moderate cyclicality
- Consolidated industry

## Back-End: Wafer Assembly and Final Test



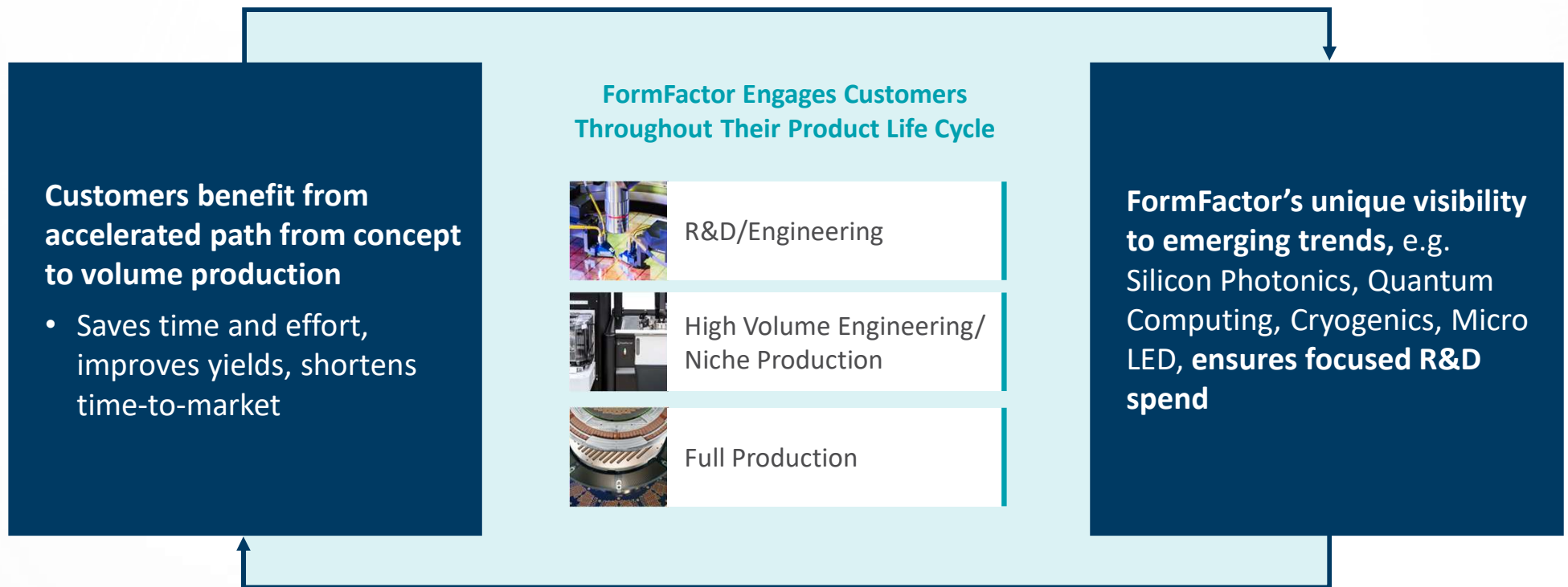
**Industry: \$3.5 Billion**

- 7% CAGR
- Highly cyclical, tied to capital spending
- Highly fragmented

**Customers' shorter product cycles and faster times-to-market amplify secular growth in silicon devices**

Sources: 2023 Data. All market size and growth rates are TechInsights estimates, except for Engineering Systems which are company estimates.

# Customers Value, FormFactor Benefits From “Lab to Fab” Capabilities

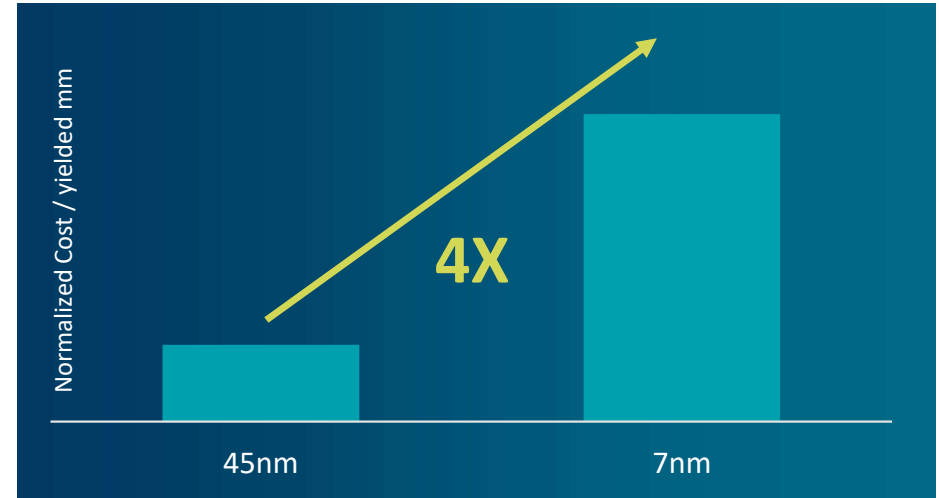


# FormFactor Benefits from Two Industry Dynamics

## Secular Growth in the Semiconductor Industry

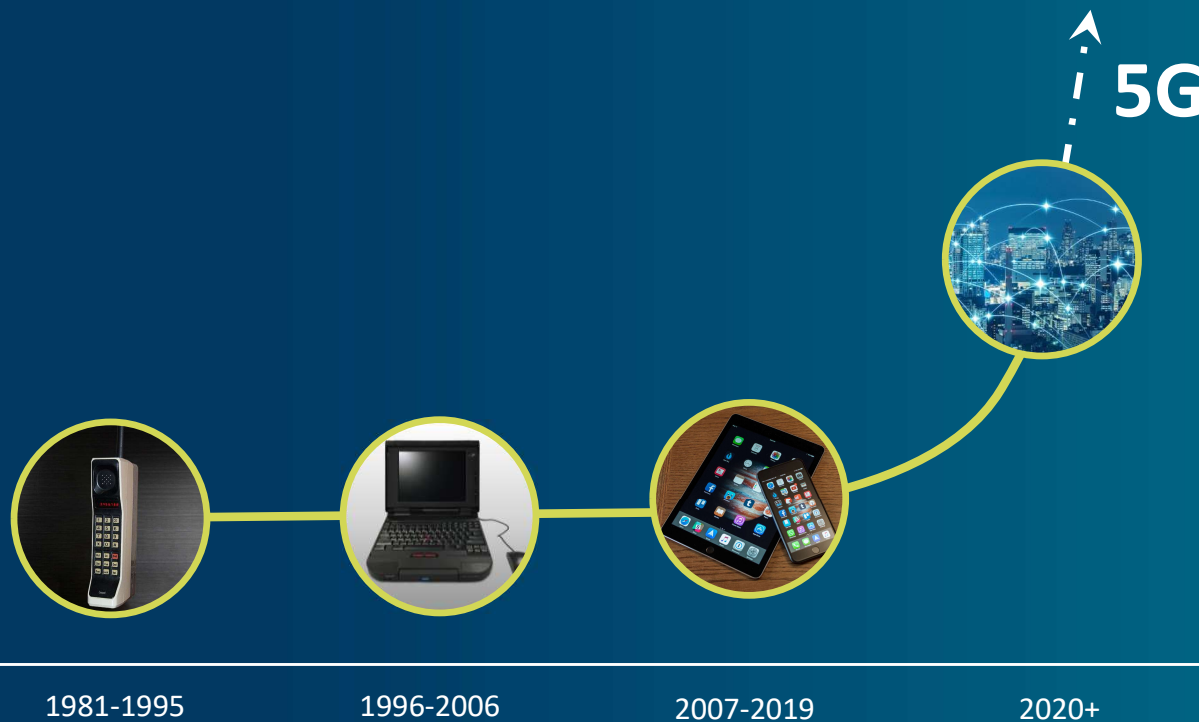


## Slowing of Moore's Law: Node shrinks no longer provide cost reduction



Source: Su (AMD), IEDM 2017.

# Exponential Growth in Silicon Devices Will Be Accelerated by 5G



## Key Factors for 5G Success

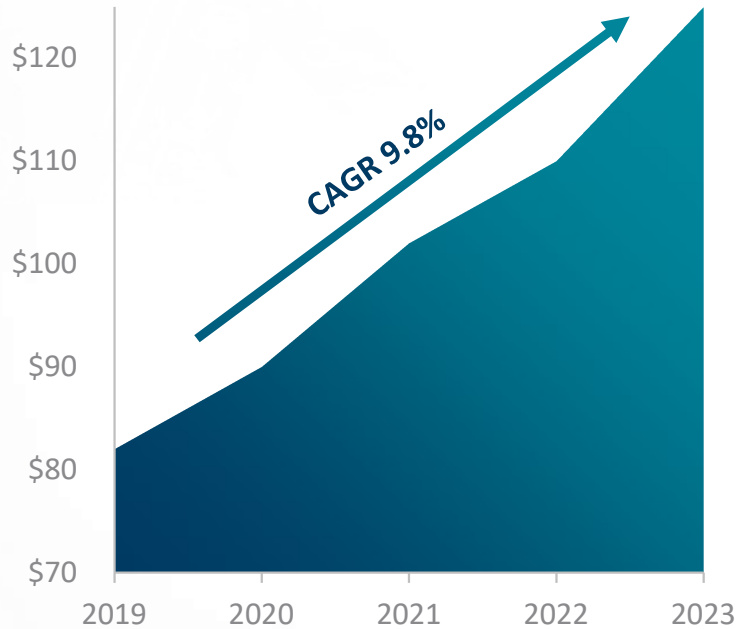
- RF expertise
- R&D-intensity
- Dependable supplier
- Customer intimacy

Source: Yole Development of Technology for 5G.

# Infrastructure Spending and 5G Adoption Are Spurring Semiconductor and Probe Card Use

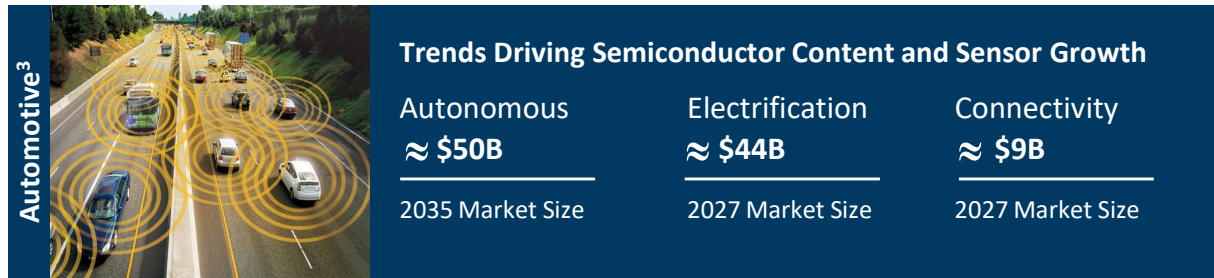
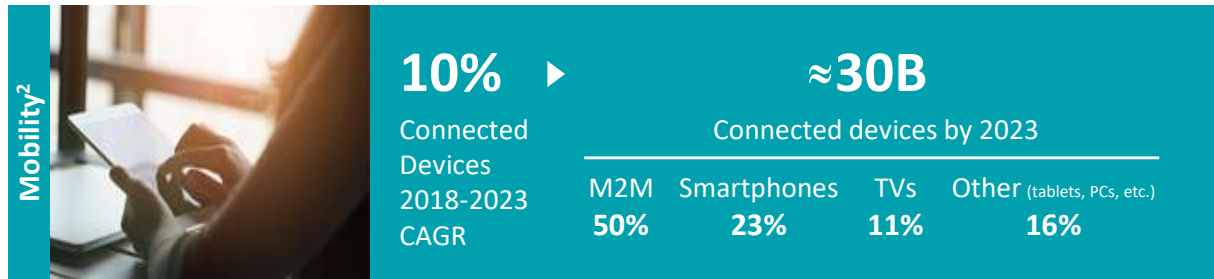
## Data Center Capital Spending Forecast<sup>1</sup>

IN BILLIONS



Source:  
 1. Omdia  
 2. Cisco "Annual Internet Report"  
 3. Lear Corporation, IHS Automotive for industry production.

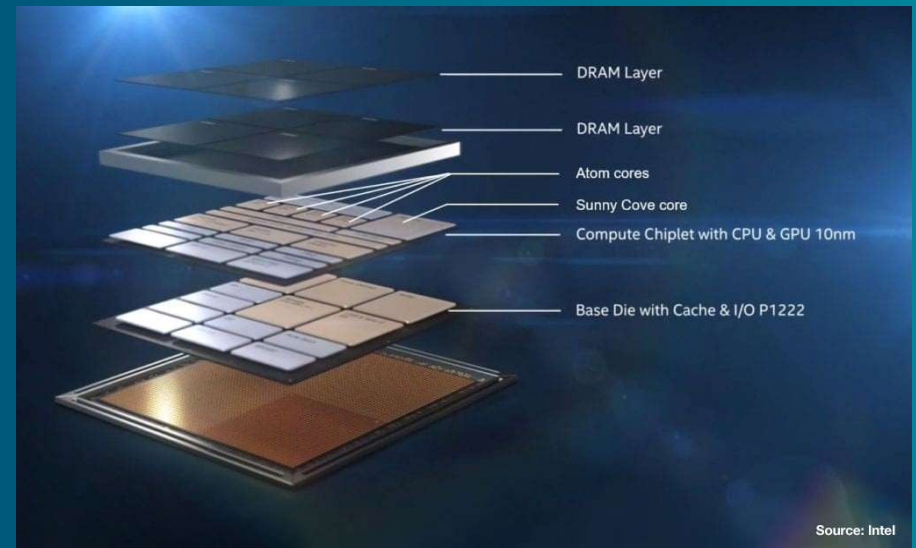
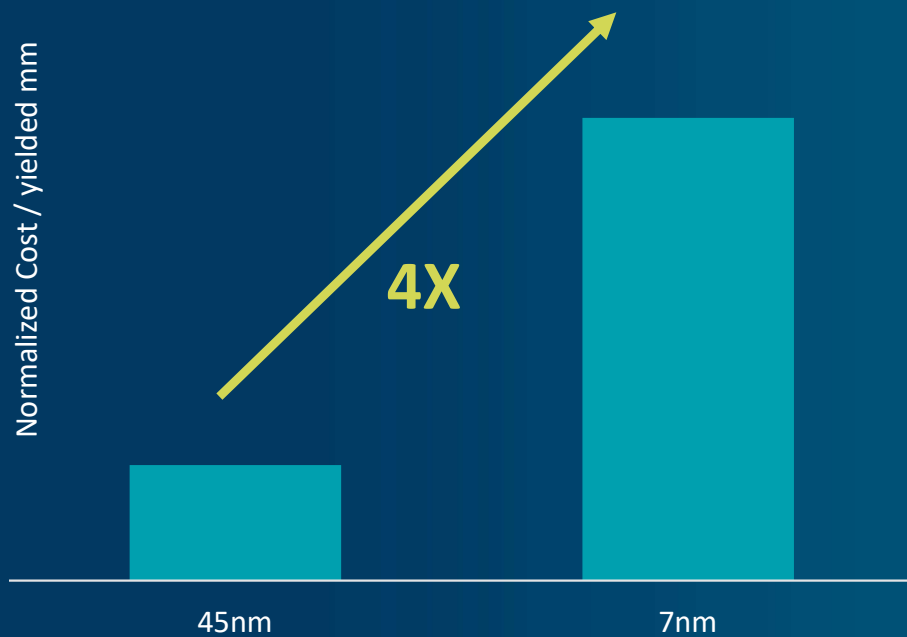
## 5G Will Drive Increased Content in Mobility and Automotive Applications





# Advanced Packaging Addresses Scaling Challenges As Moore's Law Slows

Node shrinks no longer provide cost reduction

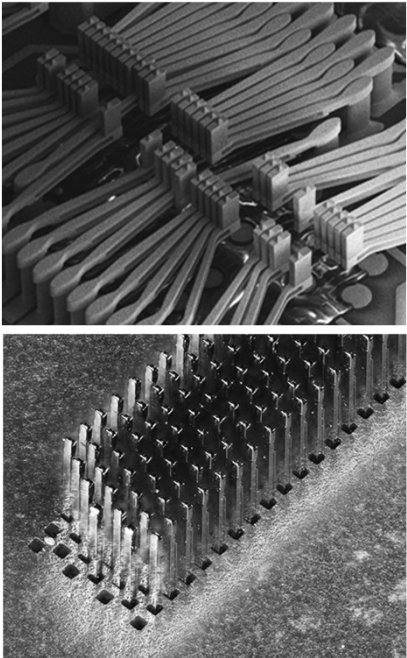


Advanced Packaging improves product-level performance, power and density

Source: Su (AMD), IEDM 2017.  
Note: Cost per yielded mm<sup>2</sup> for a 250 mm<sup>2</sup> die.

# Probe Cards are Critical to Advanced Packaging

TEST INTENSITY		Cost of the Advanced Packaging Solution	
		Low	High
Semiconductor Die Yield	Low	Some	<b>LOTS!</b> FORMFACTOR™
	High	Little	Some



Test intensity, and therefore probe card demand, increases as advanced packaging becomes widespread

# Unique Capabilities Position FormFactor for Faster Growth in Advanced Probe Cards

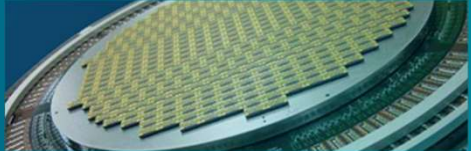
**10%+** CAGR\*\*

**FormFactor**

- Proprietary Technologies
- Strong Customer Relationships
- Productive R&D Spend

**8%** CAGR\*

Advanced Probe Card Market



Memory



High Frequency (RF)



Logic

**\$2.7 Billion Advanced Probe Card Market In 2028**

Source: \*2023 TechInsights estimates.  
\*\*Company estimates.

# Poised for Above-Market Growth in Engineering Systems

**5%+** CAGR\*\*

## FormFactor

- Largest Installed Base
- Autonomous Measurement Solutions Leader
- Broadest Portfolio

**3%** CAGR\*

Engineering Systems Market

200 mm  
Automated



300 mm  
Automated

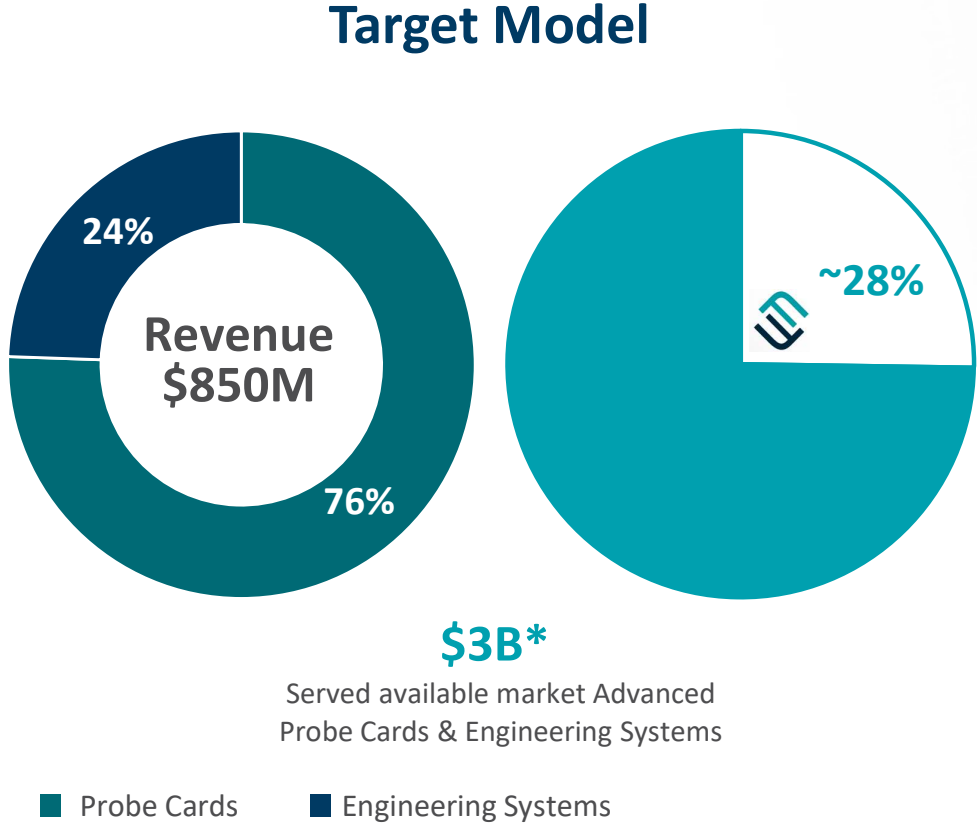
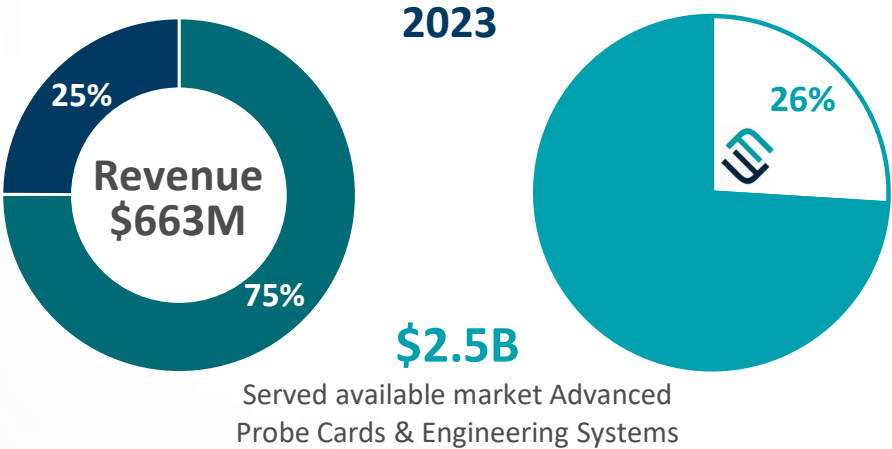


Technology Leadership and Worldwide Infrastructure Lead to Customer Intimacy and Early Involvement

Source: \*2022 TechInsights estimates.

\*\*Company estimates.

# FormFactor's Target Model



18 Sources: Historical information, company SEC filings and press releases.  
 \*TechInsights estimates of 2022 market size and company estimates. Reflects sale of FRT in Q4'23.





## Growth to \$850M Target Model Revenue, Delivers \$2.00 Non-GAAP EPS

	2023 Actuals	YTD 2024	Target Model
Revenue	\$663M	\$574M	\$850M
Non-GAAP Gross Margin	40.7%	42.2%	47.0%
Non-GAAP Operating Margin	9.2%	12.2%	22.0%
Non-GAAP Effective Tax Rate	15.6%	14.3%	17.0%
Non-GAAP Diluted Earnings Per Share	\$0.73	\$0.88	\$2.00
Free Cash Flow	\$11M	\$54M	\$160M

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.  
Sources: Historical information, company SEC filings and press releases.

# Drivers of Shareholder Value Creation

## Revenue Growth

- Underlying growth in semiconductor applications
- Participation in Advanced Packaging and 5G mega trends
- Diversification of customers

## Operating Leverage

- Gross Margin expansion
- Disciplined operating structure
- Robust Operating Cash Flow and Free Cash Flow
- Profitable growth

## Capital Allocation

### Focused reinvestment

- R&D
- Capacity expansion
- Fund organic growth

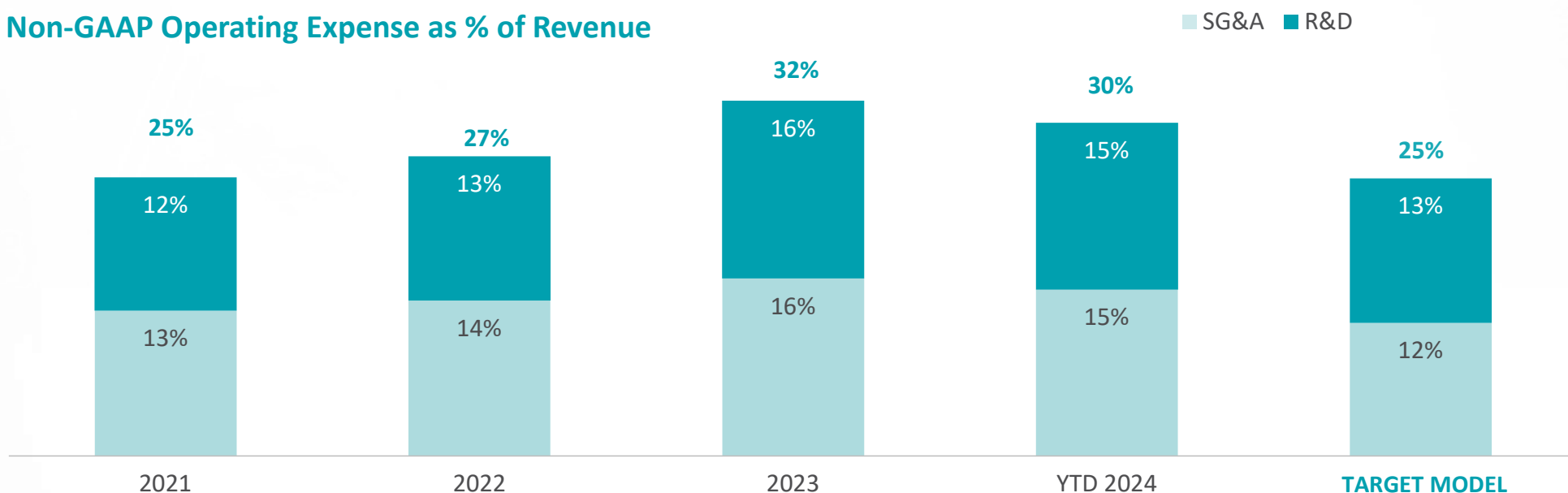
### M&A

- Increase SAM
- Acquire attractive technologies
- Patient, deliberate approach
  - Complementary to organic growth
  - Diversifies revenue stream
  - Accretive to earnings

**Stock buyback to offset dilution from stock-based compensation**

## Scale Enhances Margins, Finances Differentiating R&D

### Non-GAAP Operating Expense as % of Revenue

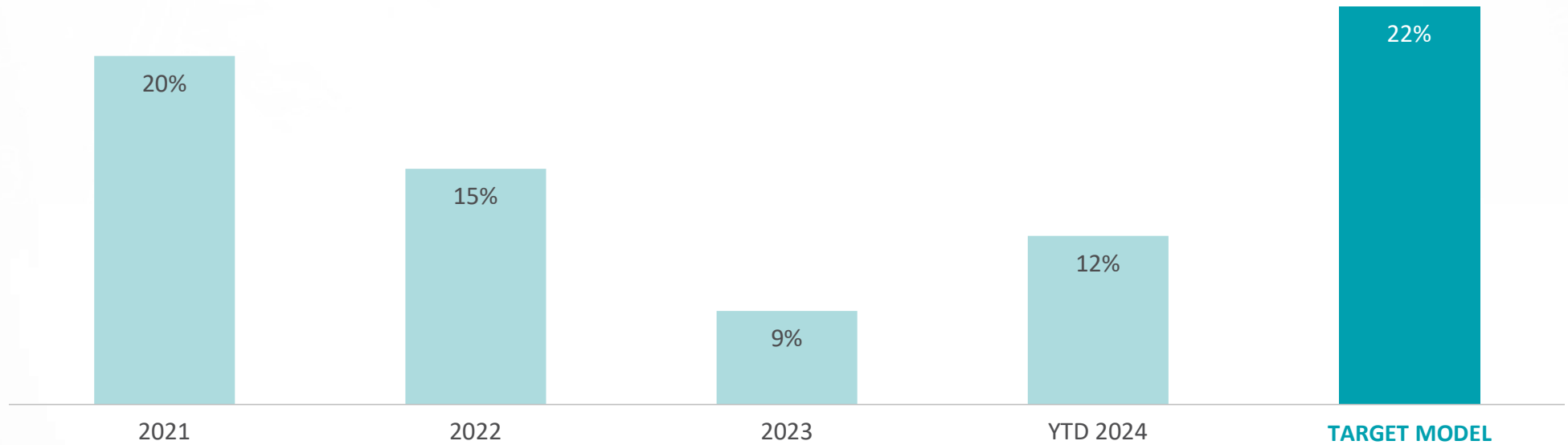


**Capitalize on scale to leverage our operating expense infrastructure.  
Continued significant R&D investment creates new organic growth opportunities.**

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.  
Sources: Historical information, company SEC filings and press releases.

# Driving Operating Leverage Through Scale

## Non-GAAP Operating Margin



**Disciplined spending and increasing scale will continue to enhance profitability**

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.  
Sources: Historical information, company SEC filings and press releases.

## Capital Expenditures to Support Organic Growth

	2020	2021	2022	2023	YTD'24	Target CapEx Model
CapEx	\$56M	\$67M	\$65M	\$56M	\$31M	\$30M - \$35M
Revenue	\$694M	\$770M	\$748M	\$663M	\$574M	\$850M
CapEx as % of Revenue	8.0%	8.6%	8.7%	8.4%	5.4%	3.5%-4.0%



New Livermore Manufacturing Center



Highly Automated Manufacturing



Factory Expansions



# Acquisition Strategy Adds Scale and Diversification

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## Established process focused on extending long-term industry leadership

- Acquisition priorities
  - Market leader in growing market
  - Compelling technical capabilities
  - Accretive
  - Focus on tuck-ins as well as larger scale companies
- Leveraging FormFactor's key capabilities and infrastructure to achieve synergies

## Opportunistic tuck-in acquisitions aligned with our long-term strategy and M&A principles

- Provide critical enabling technologies reinforcing FormFactor's leadership
- Create potential opportunity to increase served available market

Proven track record of identifying and integrating accretive acquisitions



Year: 2012

Amount: \$117M



Year: 2016

Amount: \$352M

*Acquisition of Advantest's probe card assets*

Year: 2020

Amount: \$35M



Year: 2020

Amount: \$15M

*Acquisition of JanisULT dilution refrigerator product line*

Year: 2022

Amount: \$3.4M



# Highly Resilient Business Model

## Enabled by Flexible Cost Structure

- 100% of employees with variable pay component
- Flexible staffing model

## Strong and Healthy Balance Sheet

- Supported by strong free cash flows
- History of successfully managing debt and significant borrowing capacity available if needed



## Recent Results (non-GAAP)

	Revenue	Gross Margin	Diluted EPS	Free Cash Flow
Q2'24 ACTUAL	\$197.5M	45.3%	\$0.35	\$14.2M
Q3'24 ACTUAL	\$207.9M	42.2%	\$0.35	\$20.0M
Q4'24 OUTLOOK	\$190M +/- \$5M	41.0% +/- 1.5%	\$0.29 +/- \$0.04	

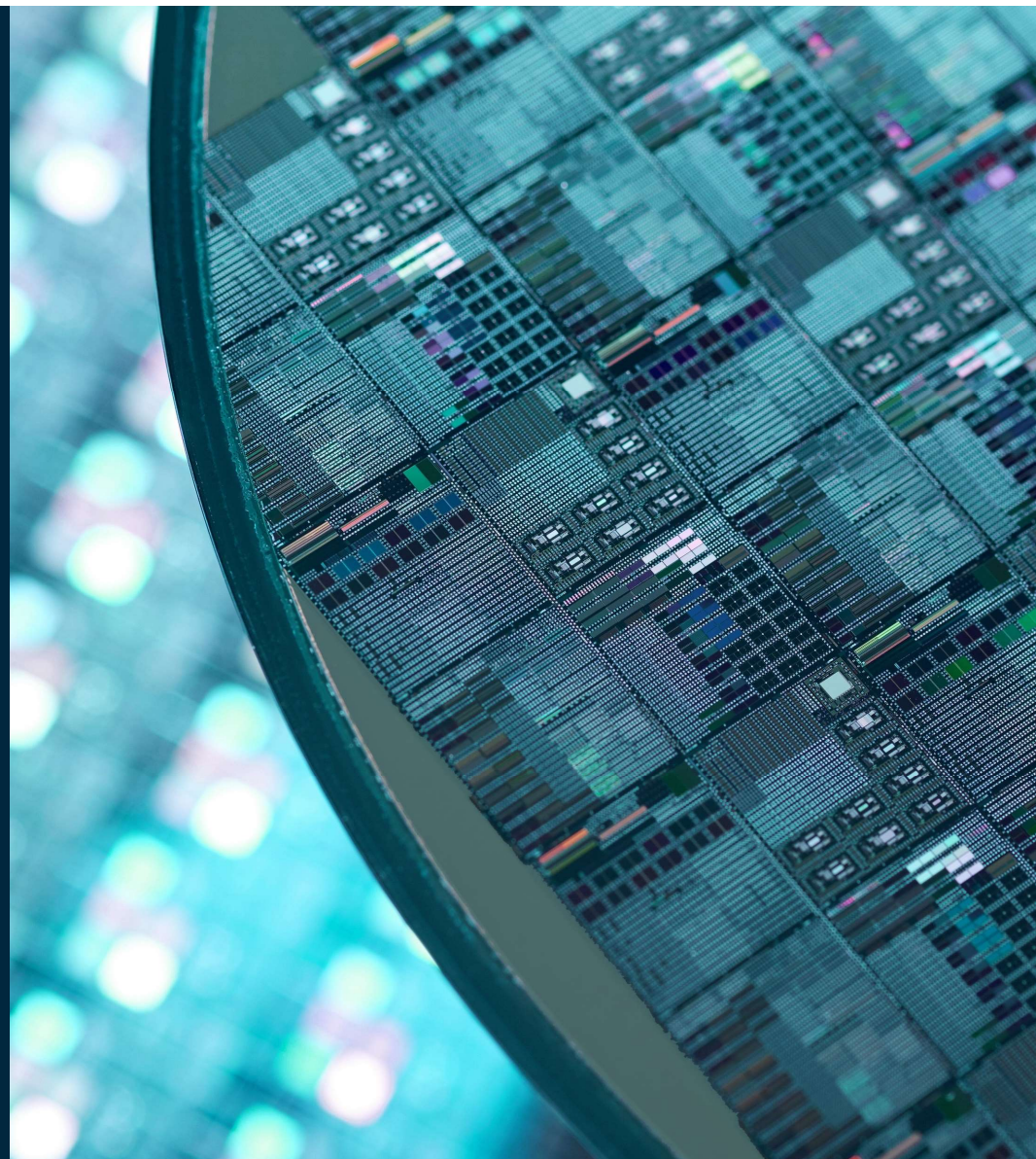
### Q3'24 and Q4'24 Themes:

- Record revenue in Q3 exceeded outlook range and non-GAAP EPS was at the top end of the range; Strong DDR5 demand produced third consecutive record-setting quarter of DRAM probe-card revenue.
- Q4 revenue outlook range reflects record levels of DRAM probe card demand combined with slightly higher Systems Segment revenue, partially offset by reduction in Foundry & Logic probe-card demand.





# Supplemental Information



## FY 2023 GAAP to Non-GAAP Reconciliation

	GAAP	Adjustments					Non-GAAP
	Twelve Months Ended December 30, 2023	Stock-based Compensation	Amortization of Intangibles	Amortization of Acquisition Fair Value Adjustments and	Restructuring	Sale of Business	Twelve Months Ended December 30, 2023
Revenues	\$ 663,102	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 663,102
Cost of revenues	\$ 404,522	\$ (6,854)	\$ (3,081)	\$ (1,255)	\$ (357)	\$ —	\$ 392,975
Gross profit	\$ 258,580	\$ 6,854	\$ 3,081	\$ 1,255	\$ 357	\$ —	\$ 270,127
	39.0 %						40.7 %
<b>Operating expenses:</b>							
Research and development	\$ 115,765	\$ (10,652)	\$ —	\$ (222)	(291)	—	\$ 104,600
Sales and marketing	\$ 75,142	\$ (8,448)	\$ (3,769)	\$ 10	(775)	—	\$ 62,160
General and administrative	\$ 57,870	\$ (12,662)	\$ —	\$ (100)	(117)	(2,407)	\$ 42,584
Total operating expenses	\$ 248,777	\$ (31,762)	\$ (3,769)	\$ (312)	\$ (1,183)	\$ (2,407)	\$ 209,344
Gain on sale of business	\$ 72,953	\$ —	\$ —	\$ —	\$ —	\$ (72,953)	\$ —
Operating profit (loss)	\$ 82,756	\$ 38,616	\$ 6,850	\$ 1,567	\$ 1,540	\$ (70,546)	\$ 60,783
Interest income	\$ 7,217	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,217
Interest expense	\$ (421)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (421)
Other income (expense), net	\$ (285)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (285)
Income (loss) before income taxes	\$ 89,267	\$ 38,616	\$ 6,850	\$ 1,567	\$ 1,540	\$ (70,546)	\$ 67,294
Provision (benefit) for income taxes	\$ 6,880	\$ (6,369)	\$ (1,130)	\$ (258)	\$ (254)	\$ 11,635	\$ 10,504
Net income (loss)	\$ 82,387	\$ 44,985	\$ 7,980	\$ 1,825	\$ 1,794	\$ (82,181)	\$ 56,790
Net income (loss) per share:							
Basic	\$1.06	\$0.58	\$0.10	\$0.02	\$0.02	\$(1.06)	\$0.73
Diluted	\$1.05	\$0.58	\$0.10	\$0.02	\$0.02	\$(1.05)	\$0.73
Weighted-average number of shares							
Basic	77,370	77,370	77,370	77,370	77,370	77,370	77,370
Diluted	78,159	78,159	78,159	78,159	78,159	78,159	78,159



## YTD 2024 GAAP to Non-GAAP Reconciliation

	GAAP	Adjustments					Non-GAAP
	Nine Months Ended September 28, 2024	Stock-based Compensation	Amortization of Intangibles	Amortization of Acquisition Fair Value Adjustments and Other	Restructuring	Sale of Business	Nine Months Ended September 28, 2024
Revenues	574,116	—	—	—	—	—	574,116
Cost of revenues	339,773	(5,794)	(1,347)	(314)	(607)	—	331,711
Gross profit	234,343	5,794	1,347	314	607	—	242,405
	40.8 %						42.2 %
<b>Operating expenses:</b>							
Research and development	91,434	(7,906)	—	—	(139)	—	83,389
Sales and marketing	56,325	(5,623)	(573)	—	(110)	—	50,019
General and administrative	50,235	(10,227)	—	(147)	—	(702)	39,159
Total operating expenses	197,994	(23,756)	(573)	(147)	(249)	(702)	172,567
Gain on sale of business	20,581	—	—	—	—	(20,581)	—
Operating profit	56,930	29,550	1,920	461	856	(19,879)	69,838
Interest income	10,542	—	—	—	—	—	10,542
Interest expense	(321)	—	—	—	—	—	(321)
Other income (expense), net	322	—	—	—	—	—	322
Income before income taxes	67,473	29,550	1,920	461	856	(19,879)	80,381
Provision for income taxes	7,564	8,983	584	140	260	(6,043)	11,488
Net income	59,909	20,567	1,336	321	596	(13,836)	68,893
<b>Net income per share:</b>							
Basic	\$0.77	\$0.27	\$0.02	\$0.00	\$0.01	\$(0.18)	\$0.89
Diluted	\$0.76	\$0.26	\$0.02	\$0.00	\$0.01	\$(0.18)	\$0.88
<b>Weighted-average number of shares:</b>							
Basic	77,364	77,364	77,364	77,364	77,364	77,364	77,364
Diluted	78,495	78,495	78,495	78,495	78,495	78,495	78,495

## Free Cash Flow Reconciliation

### Free Cash Flow Trend (in thousands)

	2019		2020		2021		2022		2023		YTD 2024	
Net cash provided by operating activities	\$	121,048	\$	169,256	\$	139,364	\$	131,786	\$	64,602	\$	81,621
Add: Cash paid for interest		1,405		867		643		535		422		298
Add: Cash paid for acquisition related expenses		213		509		209		—		2,407		2,811
Capital expenditures		(20,847)		(55,865)		(66,496)		(65,254)		(56,027)		(30,773)
Free cash flow	\$	101,819	\$	114,767	\$	73,720	\$	67,067	\$	11,404	\$	53,957

## About Non-GAAP Financial Measures

We believe that the presentation of non-GAAP earnings per fully-diluted share, free cash flow and other non-GAAP measures in this presentation provides supplemental information that is important to understanding financial and business trends and other factors relating to our financial condition and results of operations. These non-GAAP measures are among the primary indicators used by management as a basis for planning and forecasting future periods, and by management and our board of directors to determine whether our operating performance has met certain targets and thresholds. Management uses non-GAAP operating income (loss), non-GAAP earnings per fully-diluted share and other non-GAAP measures when evaluating operating performance because it believes that the exclusion of the items indicated herein, for which the amounts or timing may vary significantly depending upon our activities and other factors, facilitates comparability of our operating performance from period to period. We use free cash flow to conduct and evaluate our business as an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Many investors also prefer to track free cash flow, as opposed to only GAAP earnings. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures, and therefore it is important to view free cash flow as a complement to our entire consolidated statements of cash flows. We have chosen to provide non-GAAP information to investors so they can analyze our operating results closer to the way that management does, and use this information in their assessment of our business and the valuation of our company. We compute non-GAAP operating income (loss) and non-GAAP fully-diluted earnings per share by adjusting GAAP operating income (loss) and GAAP earnings per fully-diluted share to remove the impact of certain items and the tax effect of those adjustments. These and other non-GAAP measures are not in accordance with, or an alternative to, GAAP and may be materially different from other non-GAAP measures, including similarly titled non-GAAP measures used by other companies. The presentation of this additional information should not be considered in isolation from, as a substitute for, or superior to, operating income (loss) or earnings per fully-diluted share and other measures prepared in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect certain items that may have a material impact upon our reported financial results. We may expect to continue to incur expenses of a nature similar to these non-GAAP adjustments, and exclusion of these items should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

For more information on non-GAAP measures and adjustments, please see the Supplemental Information in this presentation and available at <http://investors.formfactor.com> for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.